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COUNTY OF OGEMAW
WEST BRANCH, MICHIGAN

AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2023

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AUDITORS' REPORT

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March 19, 2024

Independent Auditors' Report

Board of Commissioners
County of Ogemaw
West Branch, 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 the County of Ogemaw, West Branch, Michigan, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw, West Branch, Michigan, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Ogemaw and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 of Ogemaw's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Ogemaw'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 of Ogemaw'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, required pension and other postemployment benefit (OPEB) schedules, and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Ogemaw's basic financial statements. The accompanying combining nonmajor fund financial statements, Ogemaw County Drains - component unit fund financial statements, Economic Development Corporation - component unit fund financial statements, Ogemaw County Public Transit - Nonurban Regular Service Revenue Report, Ogemaw County Public Transit - Nonurban Regular Service Expense Report, Ogemaw County Public Transit - Schedule of Expenditures of Federal and State Awards, Ogemaw County Public Transit - Operating Assistance Calculation, and Ogemaw County Public Transit - Nonurban Regular Service Nonfinancial Report 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, Ogemaw County Drains - component unit fund financial statements, the Economic Development Corporation - component unit fund financial statements, the Ogemaw County Public Transit - Nonurban Regular Service Revenue Report, Ogemaw County Public Transit - Nonurban Regular Service Expense Report, Ogemaw County Public Transit - Schedule of Expenditures of Federal and State Awards, and Ogemaw County Public Transit - Operating Assistance Calculation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Ogemaw County Public Transit - Nonurban Regular Service Nonfinancial Report has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 included in the Single Audit Report issued under a separate cover, on our consideration of the County of Ogemaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Ogemaw's 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 of Ogemaw's internal control over financial reporting and compliance.

Stephenson & Company, P.C.

Ogemaw County Administrator/Controller

806 W. Houghton Avenue
West Branch, MI 48661
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the County of Ogemaw's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2023. The intent of this discussion and analysis is to look at the County's overall financial performance. The discussion focuses on the County's primary government. Unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The County's assets exceeded its liabilities by \$10,390,947.
- The County's total net position increased by \$4,726,359 due to an increase in net position of governmental activities of \$3,932,700 and an increase in net position of business-type activities of \$793,659.
- The County's governmental funds reported a combined ending fund balance of \$1,900,785 this year, an increase of \$692,075. The County General Fund 2023 fiscal year end *fund balance* is \$34,436.

Overview of the Financial Statements

The financial statements are organized so the reader can understand the County as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *statement of net position* and the *statement of activities* display information about the County as a whole. These statements include the financial activities of the primary government and its component units except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for services.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

Program revenues include charges paid by the recipient for the goods or services offered by the program along with grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County

with certain limited exceptions. The comparisons of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

The County's capital assets are listed in this report. These assets are comprised of buildings, building improvements, water and sewer lines, dams, radio towers, vehicles, office equipment, computer equipment and land owned by the County. These assets total over \$15.6 million.

Property taxes for 2023 that will be received in the future are listed as taxes receivable.

The County's component units are comprised of the Ogemaw County Drains, Ogemaw County Road Commission, Ogemaw County Economic Development Corporation, and the Ogemaw County Land Bank Authority. These component units are described in the *Notes to the Financial Statements* under Note 1 – Summary of Significant Accounting Policies. The component units are legally separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

The Ogemaw County Drains' net position totaled \$410,052 and, of that amount, \$382,738 is shown as net investment in capital assets. The Ogemaw County Road Commission displays a net position totaling \$38,368,440, primarily attributable to county road infrastructure. The Ogemaw County Economic Development Corporation net position is \$127,759 and the Ogemaw County Land Bank Authority net position is \$46,716.

Fund Financial Statements

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: *Governmental, Proprietary and Fiduciary*. A thorough review and examination of fund types will reveal the strengths and weaknesses of its daily operations.

Governmental Funds:

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the source, use, and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

- General Fund – This fund accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenue.
- Housing Program Fund – This fund accounts for federal, state, and local funding used to obtain financing and construct or rehabilitate low-income housing for qualified Ogemaw County residents.
- ARPA Fund – This fund accounts for federal funding used in accordance with the requirements of the American Rescue Plan Act of 2021.
- Opioid Fund – This fund accounts for settlement funding used for opioid remediation.

The fund balance of the General Fund increased by \$10,841, which was a significant increase over the prior year decrease of \$194,901. The increase over the prior year was primarily the result of increased property tax revenue.

The fund balance of the Housing Program Fund decreased by \$10,751, which is about \$50,000 less than the prior year increase of \$39,179. This decrease was the result of expenditures exceeding revenues.

The fund balance of the ARPA Fund increased by \$66,056 because of interest earned offset by bank charges. The remaining activity did not affect fund balance as the revenue recognized was either expensed in the current year or transferred out to the General Fund.

The fund balance of the Opioid Fund increased by \$458,093 because of revenues exceeding expenditures in the current year. This is a new fund in the current year and the County has not had much expenditure as the settlements are beginning to come in.

The fund balance of Other Governmental Funds increased by \$167,836. The only fund that experienced a significant change in fund balance was the Indigent Defense Fund, which saw an increase in fund balance of \$102,244, due to revenues and transfers-in exceeding expenditures in the current year. Compared to the prior year, the main difference was the Road Patrol Fund depleting the previous fund balance for a \$300,000 decrease from the previous prior year.

Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The County's enterprise funds may be used to account for any activity for which a fee is charged to external users (citizens) for goods and services. The following are the County's major enterprise funds:

- Public Transit – This fund accounts for all activity related to providing Transportation services to the residents of the County.
- Tax Umbrella – This fund accounts for 2018 and prior delinquent property tax collection activity.
- 2022 Delinquent Tax Revolving Fund (DTRF) – This fund accounts for the purchase of the 2022 delinquent taxes from other local taxing units and subsequent tax collections.

The Ogemaw County Public Transit Fund net position increased by \$343,854, compared to the increase of 246,176 in the prior year resulting from capital grants in the current year that were not present in the prior year. The increase in net position is the result of revenues exceeding expenditures in the current year.

The Tax Umbrella Fund net position decreased by \$138,757. This compared to the prior year's decrease of \$243,771 which was due primarily to the prior year having a transfer out to the General Fund of \$274,500 where the current year transfer was \$183,000. Fiscal Year 2023 marks the second consecutive year in which the Board of Commissioners reduced the transfer amount. The Board intends to end the practice of annual transfers from the Tax Umbrella Fund to offset operational expenses in the general fund by Fiscal Year 2025.

The 2022 DTRF Fund net position increased by \$136,902 as this is a new fund in the current fiscal year and revenues exceeded expenditures.

The net position of Other Enterprise Funds increased by \$451,660, which is not a significant change compared to the prior year increase of \$443,967. This was primarily due to increases in fund balances of about \$314,000 in the DTRF because of receiving delinquent taxes during the current year, an increase in the fund balance in the Building Inspections Department Fund of about \$41,000 due to charges for services exceeding expenditures, a decrease in the fund balance in the Commissary Fund of about \$133,000, and an increase in the fund balance in the Tax Reversion Fund of about \$232,000 due to revenues exceeding expenditures.

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other post-employment benefit – OPEB) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support County programs. The County currently has one pension (and OPEB) trust fund through the Ogemaw County Road Commission. The County's custodial funds are used to account for amounts held for others in an agency capacity, primarily property tax collections, state-levied shared revenues, and fines and forfeitures.

Notes to Financial Statements

The notes provide additional information that is essential to fully understand the data provided on the County *government-wide* and *fund* financial statements. Notes to financial statements are presented following the Basic Financial Statements. They provide an expansive and thorough view of various aspects of the audited financial statements.

The Ogemaw County Drains, Ogemaw County Road Commission, Ogemaw County Economic Development Corporation, and the Ogemaw County Land Bank Authority related financial data are included throughout the notes to financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government -Wide Financial Analysis

Summary of Net Position:

The following summarizes the net position of the County of Ogemaw at September 30, 2023 and 2022:

Net Position Summary				
	Governmental Activities	Business-Type Activities	September 30, 2023	September 30, 2022
Current Assets	\$ 4,681,504	\$ 9,767,654	\$ 14,449,158	\$ 14,072,200
Other Noncurrent Assets	3,440,245	0	3,440,245	1,790,347
Capital Assets – net	<u>6,248,363</u>	<u>338,685</u>	<u>6,587,048</u>	<u>6,492,714</u>
Total Assets	<u>14,370,112</u>	<u>10,106,339</u>	<u>24,476,451</u>	<u>22,355,261</u>
Deferred Outflows of Resources	<u>3,918,442</u>	<u>160,180</u>	<u>4,078,622</u>	<u>1,937,787</u>
Current Liabilities	2,372,100	73,270	2,445,370	3,546,713
Long-Term Liabilities	<u>15,261,317</u>	<u>424,232</u>	<u>15,685,549</u>	<u>13,207,631</u>
Total Liabilities	<u>17,633,417</u>	<u>497,502</u>	<u>18,130,919</u>	<u>16,754,344</u>
Deferred Inflows of Resources	<u>33,207</u>	<u>0</u>	<u>33,207</u>	<u>1,874,116</u>
Net Position (Restated)				
Net Investment in				
Capital Assets	2,133,258	338,685	2,471,943	2,181,602
Restricted	5,367,147	0	5,367,147	3,082,077
Unrestricted (Deficit)	<u>(6,878,475)</u>	<u>9,430,332</u>	<u>2,551,857</u>	<u>400,909</u>
Total Net Position	<u>\$ 621,930</u>	<u>\$ 9,769,017</u>	<u>\$ 10,390,947</u>	<u>\$ 5,664,588</u>

Summary of Changes in Net Position:

Following is an analysis of the changes in net position for the periods ended September 30, 2023, and 2022:

In general, the County's net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction, or improvement of those assets. Ogemaw County, through its governing body (the Board of Commissioners) has taken a sensible approach regarding capital asset acquisition and amortization of the incurred debt. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws/regulations of other governments.

The County Board of Commissioners has prudently set aside funds to offset potential personnel and/or administrative liabilities. It is the County's policy to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted net position is available.

	Governmental Activities	Business-Type Activities	Year Ended September 30, 2023	Year Ended September 30, 2022
Program Revenues:				
Charges for Services	\$ 1,799,543	\$ 1,409,208	\$ 3,208,751	\$ 3,243,593
Operating Grants and Contributions	4,101,585	784,690	4,886,275	2,557,866
Capital Grants and Contributions	<u>180,807</u>	<u>63,197</u>	<u>244,004</u>	<u>21,516</u>
Total Program Revenues	<u>6,081,935</u>	<u>2,257,095</u>	<u>8,339,030</u>	<u>5,822,975</u>
General Revenues:				
Property Taxes	8,206,871	557,368	8,764,239	7,447,734
State Revenue Sharing	620,697	0	620,697	676,179
American Rescue Plan Act	1,009,092	0	1,009,092	801,361
Investment Earnings	96,625	421,555	518,180	279,819
Contributions from Local Units	208,839	0	208,839	57,100
Payments to Component Units	0	0	0	(50,000)
Gain (Loss) on Disposal of Capital Assets	0	0	0	8,927
Other	226,891	616	227,507	242,620
Transfers	<u>587,399</u>	<u>(587,399)</u>	<u>0</u>	<u>0</u>
Total General Revenues and Transfers	<u>10,956,414</u>	<u>392,140</u>	<u>11,348,554</u>	<u>9,463,740</u>
Total Revenues and Transfers	<u>17,038,349</u>	<u>2,649,235</u>	<u>19,687,584</u>	<u>15,286,715</u>
Program Expenses:				
General Government:				
Legislative and Executive	262,677	0	262,677	239,168
Financial and Tax Administration	1,073,285	0	1,073,285	1,163,708
Other General Government	2,021,159	0	2,021,159	1,847,376
Judicial	2,450,132	0	2,450,132	2,657,098
Public Safety	4,647,262	0	4,647,262	4,749,733
Public Transit	0	1,163,893	1,163,893	1,142,717
Public Works	149,931	0	149,931	105,973
Health and Welfare	2,059,211	0	2,059,211	1,858,763
Community and Economic Development	254,538	0	254,538	284,278
Interest and Fees on Long-Term Debt	187,454	0	187,454	193,041
Delinquent Tax Revolving	0	50,119	50,119	13,226
Commissary	0	148,533	148,533	149,414
County Park	0	72,277	72,277	60,942
Building Department	0	245,451	245,451	235,735
Tax Reversion	<u>0</u>	<u>175,303</u>	<u>175,303</u>	<u>163,101</u>
Total Expenses	<u>13,105,649</u>	<u>1,855,576</u>	<u>14,961,225</u>	<u>14,864,273</u>
Change in Net Position	3,932,700	793,659	4,726,359	422,442
Beginning Net Position (Restated)	<u>(3,310,770)</u>	<u>8,975,358</u>	<u>5,664,588</u>	<u>5,242,146</u>
Ending Net Position (Restated)	<u>\$ 621,930</u>	<u>\$ 9,769,017</u>	<u>\$ 10,390,947</u>	<u>\$ 5,664,588</u>

Governmental Activities

The *Statement of Activities* illustrates, by department, the expense incurred and revenue received. Total governmental activities reveal revenues of \$6,081,935 from *Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions*. The *Charges for Services* are fees for real estate transfers/recordings, fines and forfeitures related to judicial activity, and licenses and permits. While revenue collected is substantial, operating expenses totaled \$13,105,649 for these same activities. The largest expenses

were incurred by Other General Government offices (\$2,021,159), Circuit, District, and Probate Courts (\$2,450,132), Health and Welfare (\$2,059,211) and Public Safety (\$4,647,262).

Business-Type Activities

Ogemaw County’s *Business-Type Activities* include the Ogemaw County Public Transit, Tax Umbrella, 2022 DTRF, 2021 DTRF, 2020 DTRF, and 2019 DTRF activities related to delinquent tax collection; as well as the County Park, Building Inspections Department, Commissary, and Tax Reversion activities. The business-type activities reveal revenues of \$2,257,095 from *Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions*. The *Charges for Services* are for fees associated with the collection of property taxes, sales of property forfeited to the County for delinquent property taxes, camping fees at the County Park, permits and fees for the Building Inspections Department, payments from inmates for Commissary, and fare revenue at the Ogemaw County Public Transit. The operating expenses for these same activities totaled \$1,855,576, the largest of which were incurred by Public Transit (\$1,163,893).

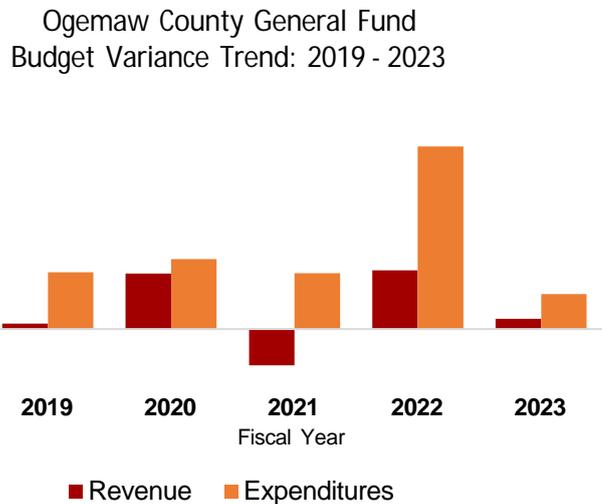
Budgetary Highlights

A budget variance is the difference between the budgeted or baseline amount of expense or revenue, and the actual amount. The budget variance is favorable when the actual revenue is higher than the budgeted amount or when the actual expense is less than the budgeted amount.

The year ending September 30, 2023, General Fund revenue variance of \$39,977 (0.4%) was led by a favorable variance of \$103,581 in federal grants and revenue and \$120,719 in charges for services. However, an unfavorable variance of \$88,958 in property taxes mitigated much of that excess.

Total General Fund expenditures showed an unfavorable variance of \$144,442 (1.4%) led by unfavorable variances in sheriff (\$125,183), health department (\$115,965) and jail (\$56,220) costs. The original budget was not significantly different from the final amended budget.

Whether favorable or unfavorable, budget variances should be monitored and analyzed to promote accurate financial reporting, reliable cash flow, and trustworthy short- and long-term budget strategies. When cumulative variances exceed 10% for the fiscal year, they must be investigated and resolved before beginning the next fiscal year. This exercise provides assurance that any known deficiencies are corrected before the next fiscal year begins. A five-year variance trend for the General Fund is shown below.



Capital Asset and Debt Administration

Capital Assets

A *capital asset* is property owned by the County and regarded as having an initial individual value of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at *historical cost* or *estimated historical cost* if purchased or constructed. Donated capital assets are recorded at estimated fair market value (FMV) on the date of donation.

The County’s infrastructure consists of roads and bridges. Improvements are capitalized, i.e., depreciated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an

asset are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Capital Assets – Governmental Activities beginning balance was \$13,216,679 with an ending balance of \$13,751,370. Governmental Activities Total Capital Assets – Net of Depreciation was \$6,248,363. An expanded and detailed presentation may be seen in Note 6 of the audit, notes to financial statements.

During 2023, the County’s governmental capital asset additions totaled \$671,834 (of which \$94,332 was included in construction in progress in 2022). The additions consisted of Annex building renovations, a security scanner, a single-phase siren, a dryer, three SUVs, three trucks, and two vans. The current year disposals consisted of two pickup trucks and a sedan, all of which were fully depreciated.

Capital Assets - Business Type Activities beginning balance was \$1,865,210 with an ending balance of \$1,933,856. Current year additions were \$130,476 (of which \$61,830 was included in construction in progress in 2022) and consisted of a Transit expansion van, two Building Inspections Department trucks, and an Animal Control truck. There were no current year disposals. Business-Type Activities Total Capital Assets – Net of Depreciation was \$338,685. An expanded and detailed presentation may be seen in Note 6 of the audit, notes to financial statements.

Long-Term Debt

The Long-Term debt of the County, as noted on the financial statements contained herein, is comprised of debt related to direct business transactions by the Board of Commissioners or business trade activity on the part of a local unit of government.

At year’s end, long-term debt amounted to \$5,069,753. Such debt includes *Bonds Payable* and the related *Deferred Amounts for Issuance Premium* (Primary Government), and *Compensated Absences*. That is, accumulated vested vacation benefits payable and contingent liability for the accumulated sick leave benefits of County employees. An expanded detailed presentation may be seen in Note 7 of the audit, notes to financial statements.

Net Pension Liability

On September 30, 2023, the County’s Net Pension Liability amounted to \$10,097,835. This constitutes the unfunded pension benefit obligation as of the measurement date of the Municipal Employees’ Retirement System Plan. Additional information on the County’s Net Pension Liability can be found in Note 11 of this report.

Net OPEB Liability

On September 30, 2023, the County’s Net OPEB Liability amounted to \$481,368. This constitutes the unfunded OPEB benefit obligation as of the measurement date of the Ogemaw County Retiree Medical Plan. Additional information on the County’s Net OPEB Liability can be found in Note 12 of this report.

Economic Factors

Ogemaw County was originally created by the Michigan Legislature in 1840 from unorganized territory but was absorbed into Iosco County in 1867. It was re-created in 1873 and finally organized in 1875. The County is situated in Northeast Lower Michigan and features 96,000 acres of public land in the Huron National Forest, State Forest, and the Rifle River State Park. Ogemaw County has a wide network of trails used by outdoor enthusiasts of every sort, including several miles of groomed trails for cross country skiing, hiking, biking and ORVs.

West Branch is an attractive place for business development. Interstate 75, the State’s major north-south artery, is in the County and provides direct access to Saginaw, Flint and Detroit. State highways M-30, M-33, and M-55 also pass through the County and provide access to other areas of the State. Commercial and airfreight services are available from MBS International Airport in Freeland and Bishop International Airport in Flint. The West Branch Community Airport provides charter air service and daily services for overnight mail delivery companies.

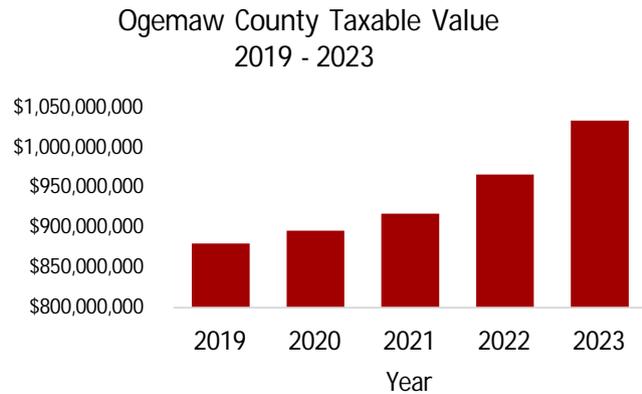
According to the most recent American Community Survey data published by the United States Census Bureau (2022), the top 10 employment sectors for those who live in Ogemaw County are Health Care and Social Assistance (19.1%), Retail Trade (15.1%), Manufacturing (12.8%), Accommodation and Food Services (9.65%),

Construction (7.62%), Educational Services (5.64%), Transportation and Warehousing (4.34%), Agriculture, Forestry, Fishing, and Hunting (4.18%), Other Services, Except Public Administration (3.79%), and Public Administration (3.53%).

The industries with the best median earnings for men are Transportation/Warehousing and Utilities (\$58,421), Information (\$50,893), and Public Administration (\$49,375). The industries with the best median earnings for women are Manufacturing (\$37,083), Construction (\$36,750), and Public Administration (\$34,688).

In 2021, the median household income grew 5.8% to \$44,165. Despite household income growth, 17% of the population live below the poverty line, a number that is higher than the national average of 12.6%.

Taxable values on real property increased by 6.98% from 2022 to 2023, which is significantly higher than the five-year average of 3.95%. Property taxes accounted for 59.3% of all General Fund revenue in Fiscal Year 2023. Revenue generated from service millages helped to reduce economic challenges in some areas of the county budget. The taxable value trend is illustrated below.



Component Units

Complete financial statements for the Ogemaw County Drains, Ogemaw County Economic Development Corporation, and Ogemaw County Land Bank Authority are included in this audit report.

Complete financial statements for the Ogemaw County Road Commission may be obtained from the Ogemaw County Road Commission’s administrative office located at 1250 South M-33, West Branch, Michigan 48661.

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 the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ogemaw County Administrator/Controller, 806 W. Houghton Avenue, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 2,734,916	\$ 6,590,649	\$ 9,325,565	\$ 3,692,151
Investments	401,068	1,085,641	1,486,709	293,318
Receivables:				
Property Taxes	1,319,599	0	1,319,599	0
Delinquent Taxes	0	1,556,544	1,556,544	0
Accounts, Net	57,327	747	58,074	4,562
Interest Receivable	0	0	0	1,433
Mortgages Receivable	128,457	0	128,457	0
Due from Local Units	73,587	50,341	123,928	42,657
Due from State	302,870	101,138	404,008	1,044,245
Due from Other Units of Government	273	31,116	31,389	0
Internal Balances	(351,478)	351,478	0	0
Prepaid Items	14,885	0	14,885	0
Inventory	0	0	0	1,092,413
Noncurrent Assets:				
Long-Term Mortgages Receivable	1,715,089	0	1,715,089	0
Long-Term Settlements Receivable	1,725,156	0	1,725,156	0
Wetland Credits	0	0	0	310,400
Capital Assets Not Being Depreciated	255,553	0	255,553	27,715,364
Capital Assets, Net of Accumulated Depreciation	5,992,810	338,685	6,331,495	8,795,619
Total Assets	<u>14,370,112</u>	<u>10,106,339</u>	<u>24,476,451</u>	<u>42,992,162</u>
Deferred Outflows of Resources				
Deferred Amounts Related to Pensions	3,486,389	160,180	3,646,569	1,980,919
Deferred Amounts Related to OPEB	0	0	0	60,573
Deferred Charge on Refunding	432,053	0	432,053	0
Total Deferred Outflows of Resources	<u>3,918,442</u>	<u>160,180</u>	<u>4,078,622</u>	<u>2,041,492</u>
Liabilities				
Accounts Payable	142,650	36,124	178,774	356,125
Due to State	0	0	0	65,733
Due to Other Units of Government	187,475	10,219	197,694	0
Advances Payable	0	0	0	236,215
Accrued Interest Payable	54,063	0	54,063	0
Accrued Liabilities	241,054	26,927	267,981	29,994
Unearned Revenue - Federal Grants	1,746,858	0	1,746,858	99,037
Long Term Liabilities:				
Due Within One Year	378,924	16,819	395,743	0
Due In More Than One Year	4,690,829	19,774	4,710,603	193,345
Net Pension Liability	9,710,196	387,639	10,097,835	4,805,321
Net OPEB Liability	481,368	0	481,368	294,855
Total Liabilities	<u>17,633,417</u>	<u>497,502</u>	<u>18,130,919</u>	<u>6,080,625</u>
Deferred Inflows of Resources				
Deferred Amounts Related to OPEB	33,207	0	33,207	62
Net Position				
Net Investment in Capital Assets	2,133,258	338,685	2,471,943	36,510,983
Restricted For:				
Judicial	663,657	0	663,657	0
Public Safety	150,038	0	150,038	0
Health and Welfare	260,716	0	260,716	0
Opioid Remediation	2,183,249	0	2,183,249	0
County Roads	0	0	0	2,240,195
Debt Service	620	0	620	0
Capital Projects	0	0	0	27,314
Community and Economic Development	1,954,441	0	1,954,441	127,759
Other State Mandated Programs	154,426	0	154,426	0
Unrestricted (Deficit)	(6,878,475)	9,430,332	2,551,857	46,716
Total Net Position	<u>\$ 621,930</u>	<u>\$ 9,769,017</u>	<u>\$ 10,390,947</u>	<u>\$ 38,952,967</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<u>Primary Government</u>								
Governmental Activities:								
General Government:								
Legislative and Executive	\$ 262,677	\$ 0	\$ 0	\$ 0	\$ (262,677)	\$ 0	\$ (262,677)	
Judicial:								
Circuit Court	206,090	19,785	0	0	(186,305)	0	(186,305)	
District Court	664,256	383,778	51,129	0	(229,349)	0	(229,349)	
Probate Court	690,244	28,531	201,356	0	(460,357)	0	(460,357)	
Other Judicial	889,542	39,863	858,780	0	9,101	0	9,101	
Financial and Tax								
Administration	1,073,285	281,089	0	0	(792,196)	0	(792,196)	
Other General Government	2,021,159	343,485	45,704	0	(1,631,970)	0	(1,631,970)	
Public Safety:								
Sheriff	1,849,610	38,290	9,265	92,400	(1,709,655)	0	(1,709,655)	
Jail	2,412,187	496,549	7,562	0	(1,908,076)	0	(1,908,076)	
Building and Zoning	0	3,305	0	0	3,305	0	3,305	
Other Public Safety	385,465	51,496	2,367,972	88,407	2,122,410	0	2,122,410	
Public Works:								
Airport	127,531	0	0	0	(127,531)	0	(127,531)	
Other Public Works	22,400	0	98,438	0	76,038	0	76,038	
Health and Welfare:								
Health Department	0	0	115,965	0	115,965	0	115,965	
Probate Child Care	803,882	74,738	345,414	0	(383,730)	0	(383,730)	
Other Health and Welfare	1,255,329	2,217	0	0	(1,253,112)	0	(1,253,112)	
Community and Economic								
Development	254,538	36,417	0	0	(218,121)	0	(218,121)	
Interest and Fees on Long-								
Term Debt	<u>187,454</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(187,454)</u>	<u>0</u>	<u>(187,454)</u>	
Total Governmental								
Activities	<u>13,105,649</u>	<u>1,799,543</u>	<u>4,101,585</u>	<u>180,807</u>	<u>(7,023,714)</u>	<u>0</u>	<u>(7,023,714)</u>	

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<u>Primary Government (Continued):</u>								
Business-Type Activities:								
Delinquent Tax Revolving	\$ 50,119	\$ 190,108	\$ 0	\$ 0	\$ 0	\$ 139,989	\$ 139,989	
County Park	72,277	60,464	9,385	0	0	(2,428)	(2,428)	
Tax Reversion	175,303	491,627	0	0	0	316,324	316,324	
Commissary	148,533	309,073	0	0	0	160,540	160,540	
Public Transit	1,163,893	67,001	775,305	63,197	0	(258,390)	(258,390)	
Building Department	245,451	290,935	0	0	0	45,484	45,484	
Total Business-Type Activities	<u>1,855,576</u>	<u>1,409,208</u>	<u>784,690</u>	<u>63,197</u>	<u>0</u>	<u>401,519</u>	<u>401,519</u>	
Total Primary Government	<u>\$ 14,961,225</u>	<u>\$ 3,208,751</u>	<u>\$ 4,886,275</u>	<u>\$ 244,004</u>	<u>(7,023,714)</u>	<u>401,519</u>	<u>(6,622,195)</u>	
<u>Component Units</u>								
Drain Commission	\$ 21,070	\$ 0	\$ 0	\$ 0				\$ (21,070)
Road Commission	8,994,420	1,308,038	6,611,321	1,488,684				413,623
Economic Development	31,796	0	59,330	0				27,534
Land Bank Authority	19,450	0	0	0				(19,450)
Total Component Units	<u>\$ 9,066,736</u>	<u>\$ 1,308,038</u>	<u>\$ 6,670,651</u>	<u>\$ 1,488,684</u>				<u>400,637</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
General Revenues:								
Property Taxes Levied For:								
General Operating					\$ 6,231,956	\$ 0	\$ 6,231,956	\$ 0
Payment in Lieu of Taxes					3,012	0	3,012	0
Road Patrol					954,585	0	954,585	0
MSU Extension					139,592	0	139,592	0
Veterans Services					157,581	0	157,581	0
Public Transit					0	557,368	557,368	0
Senior Services					720,145	0	720,145	0
State Revenue Sharing					620,697	0	620,697	0
American Rescue Plan Act					1,009,092	0	1,009,092	0
Contributions from Local Units					208,839	0	208,839	0
Interest and Investment Earnings					96,625	421,555	518,180	170,153
Other					226,891	616	227,507	119,171
Transfers					587,399	(587,399)	0	0
Total General Revenues and Transfers					<u>10,956,414</u>	<u>392,140</u>	<u>11,348,554</u>	<u>289,324</u>
Change in Net Position					3,932,700	793,659	4,726,359	689,961
Net Position - Beginning (Restated)					<u>(3,310,770)</u>	<u>8,975,358</u>	<u>5,664,588</u>	<u>38,263,006</u>
Net Position - Ending					<u>\$ 621,930</u>	<u>\$ 9,769,017</u>	<u>\$ 10,390,947</u>	<u>\$ 38,952,967</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Housing Program Fund	ARPA Fund	Opioid Fund		
<u>Assets</u>						
Cash and Cash Equivalents	\$ 0	\$ 130,183	\$ 894,738	\$ 412,516	\$ 1,297,479	\$ 2,734,916
Investments	0	0	401,068	0	0	401,068
Receivables:						
Property Taxes	1,319,599	0	0	0	0	1,319,599
Accounts, Net	9,022	0	0	45,577	2,728	57,327
Mortgages Receivable	0	128,457	0	0	0	128,457
Due from Local Units	73,587	0	0	0	0	73,587
Due from State	242,899	0	0	0	59,971	302,870
Due from Other Units of Government	17	0	0	0	256	273
Due from Other Funds	194	0	520,488	0	0	520,682
Prepaid Items	14,885	0	0	0	0	14,885
Noncurrent Assets:						
Long-Term Mortgages Receivable	0	1,715,089	0	0	0	1,715,089
Long-Term Settlements Receivable	0	0	0	1,725,156	0	1,725,156
Total Assets	<u>\$ 1,660,203</u>	<u>\$ 1,973,729</u>	<u>\$ 1,816,294</u>	<u>\$ 2,183,249</u>	<u>\$ 1,360,434</u>	<u>\$ 8,993,909</u>
<u>Liabilities</u>						
Accounts Payable	\$ 64,691	\$ 21,881	\$ 3,380	\$ 0	\$ 52,698	\$ 142,650
Due to Other Funds	871,966	0	0	0	194	872,160
Due to Other Units of Government	155,617	0	0	0	31,858	187,475
Accrued Liabilities	199,268	0	0	0	41,786	241,054
Unearned Revenue - Federal Grants	0	0	1,746,858	0	0	1,746,858
Total Liabilities	<u>1,291,542</u>	<u>21,881</u>	<u>1,750,238</u>	<u>0</u>	<u>126,536</u>	<u>3,190,197</u>
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Property Taxes	286,817	0	0	0	0	286,817
Unavailable Revenue - Mortgages	0	1,843,546	0	0	0	1,843,546
Unavailable Revenue - Grants	47,408	0	0	0	0	47,408
Unavailable Revenue - Settlements	0	0	0	1,725,156	0	1,725,156
Total Deferred Inflows of Resources	<u>334,225</u>	<u>1,843,546</u>	<u>0</u>	<u>1,725,156</u>	<u>0</u>	<u>3,902,927</u>
<u>Fund Equity</u>						
Fund Balances:						
Nonspendable	14,885	0	0	0	0	14,885
Restricted	0	108,302	0	458,093	1,184,642	1,751,037
Committed	0	0	0	0	49,209	49,209
Assigned	9,139	0	66,056	0	47	75,242
Unassigned	10,412	0	0	0	0	10,412
Total Fund Equity	<u>34,436</u>	<u>108,302</u>	<u>66,056</u>	<u>458,093</u>	<u>1,233,898</u>	<u>1,900,785</u>
Total Liabilities, Deferred Inflows of Resources and Fund Equity	<u>\$ 1,660,203</u>	<u>\$ 1,973,729</u>	<u>\$ 1,816,294</u>	<u>\$ 2,183,249</u>	<u>\$ 1,360,434</u>	<u>\$ 8,993,909</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2023

Total Governmental Fund Balances		\$	1,900,785
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. Capital assets at year end consist of:			
Capital Assets Cost		\$ 13,751,370	
Accumulated Depreciation		<u>(7,503,007)</u>	6,248,363
Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds:			
Real and Personal Property Taxes		286,817	
Mortgages Receivable		1,843,546	
Opioid Settlements Receivable		1,725,156	
Grants Receivable		<u>47,408</u>	3,902,927
Accrued Interest on Long-Term Liabilities			(54,063)
Governmental funds report actual pension and OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability and net OPEB liability as of the measurement date. Pension and OPEB contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension and OPEB plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:			
Deficit Investment Return - Pension		2,171,554	
Employer Pension Contributions		1,314,835	
Change in Assumptions - OPEB		<u>(33,207)</u>	3,453,182
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:			
Bonds Payable (Net of Unamortized Premium and Deferred Amounts on Refunding)		(4,115,105)	
Net OPEB Liability		(481,368)	
Net Pension Liability		(9,710,196)	
Compensated Absences Payable		<u>(522,595)</u>	
Total Long-Term Liabilities			<u>(14,829,264)</u>
Total Net Position - Governmental Activities		\$	<u>621,930</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Housing Program Fund	ARPA Fund	Opioid Fund		
<u>Revenue</u>						
Property Taxes	\$ 7,034,593	\$ 0	\$ 0	\$ 0	\$ 1,213,629	\$ 8,248,222
Federal Grants and Revenue	325,666	225,620	1,009,092	0	232,310	1,792,688
State Grants and Revenue	956,175	0	0	0	844,019	1,800,194
State Shared Revenue	520,224	0	0	0	0	520,224
Contributions from Other Governments	208,839	0	0	0	0	208,839
Licenses and Permits	20,198	0	0	0	0	20,198
Charges for Services	1,554,330	0	0	0	150,368	1,704,698
Fines and Forfeits	3,540	0	0	0	0	3,540
Interest and Rentals	77,447	644	66,256	892	4,297	149,536
Other Revenue	63,232	0	0	467,245	12,407	542,884
Total Revenue	10,764,244	226,264	1,075,348	468,137	2,457,030	14,991,023
<u>Expenditures</u>						
Current:						
General Government:						
Legislative and Executive	270,509	0	0	0	0	270,509
Financial and Tax Administration	1,225,054	0	0	0	0	1,225,054
Other General Government	1,854,003	0	40,090	0	33,839	1,927,932
Judicial	1,830,052	0	0	0	934,154	2,764,206
Public Safety	4,096,005	0	0	10,000	942,405	5,048,410
Public Works	158,345	0	0	0	1	158,346
Health and Welfare	1,182,048	237,015	0	0	935,247	2,354,310
Community and Economic Development	81,771	0	0	0	155,397	237,168
Other	0	0	0	44	0	44
Capital Outlay	58,143	0	469,202	0	1,748	529,093
Debt Service:						
Principal	0	0	0	0	210,000	210,000
Interest and Fiscal Charges	0	0	0	0	156,575	156,575
Total Expenditures	10,755,930	237,015	509,292	10,044	3,369,366	14,881,647
Excess of Revenue Over (Under) Expenditures	8,314	(10,751)	566,056	458,093	(912,336)	109,376
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In	1,092,399	0	0	0	1,094,872	2,187,271
Operating Transfers Out	(1,089,872)	0	(500,000)	0	(10,000)	(1,599,872)
Payment to Refunded Bond Escrow Agent	0	0	0	0	(4,700)	(4,700)
Total Other Financing Sources (Uses)	2,527	0	(500,000)	0	1,080,172	582,699
Net Change in Fund Balances	10,841	(10,751)	66,056	458,093	167,836	692,075
Fund Balances - Beginning of Year	23,595	119,053	0	0	1,066,062	1,208,710
Fund Balances - End of Year	\$ 34,436	\$ 108,302	\$ 66,056	\$ 458,093	\$ 1,233,898	\$ 1,900,785

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	692,075
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Receivables not currently available are reported as revenue when collected or when currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements:</p>		
Real and Personal Property Taxes	\$ (41,351)	
Mortgages Receivable	(6,713)	
Opioid Settlements Receivable	1,725,156	
Grants Receivable	<u>(48,622)</u>	1,628,470
<p>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 as depreciation expense.</p>		
Capital Outlay	577,502	
Depreciation Expense	<u>(385,859)</u>	191,643
<p>Principal repayments on long-term debt are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of repayments reported as expenditures in the governmental funds consist of:</p>		
Bonds Payable		210,000
<p>Governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term liabilities is as follows:</p>		
Amortization of Bond Costs/Premiums		(13,993)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Net Change in Net OPEB Liability and Related Deferred Inflows/Outflows of Resources	82,499	
Net Change in Accrued Interest	2,625	
Net Change in Net Pension Liability and Related Deferred Inflows/Outflows of Resources	1,144,974	
Net Change in Accrued Compensated Absences	<u>(5,593)</u>	<u>1,224,505</u>
Change in Net Position of Governmental Activities	\$	<u><u>3,932,700</u></u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2022 DTRF		
<u>Assets</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,465,596	\$ 1,499,189	\$ 1,342,923	\$ 2,282,941	\$ 6,590,649
Investments	151,605	805,992	0	128,044	1,085,641
Receivables:					
Delinquent Taxes	0	18,870	1,339,947	197,727	1,556,544
Accounts, Net	747	0	0	0	747
Due from Local Units	0	0	0	50,341	50,341
Due from State	101,138	0	0	0	101,138
Due from Other Units of Government	2,103	0	0	29,013	31,116
Due from Other Funds	0	3,435,114	0	0	3,435,114
Total Current Assets	<u>1,721,189</u>	<u>5,759,165</u>	<u>2,682,870</u>	<u>2,688,066</u>	<u>12,851,290</u>
Noncurrent Assets:					
Capital Assets, Net of Accumulated Depreciation	<u>196,291</u>	<u>0</u>	<u>0</u>	<u>142,394</u>	<u>338,685</u>
Total Assets	<u>1,917,480</u>	<u>5,759,165</u>	<u>2,682,870</u>	<u>2,830,460</u>	<u>13,189,975</u>
<u>Deferred Outflows of Resources</u>					
Deferred Amounts Related to Pensions	<u>160,180</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>160,180</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	14,796	0	0	21,328	36,124
Due to Other Funds	0	0	2,545,968	537,668	3,083,636
Due to Other Units of Government	306	9,913	0	0	10,219
Accrued Liabilities	22,689	0	0	4,238	26,927
Current Portion of Long-Term Liabilities	<u>16,819</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,819</u>
Total Current Liabilities	<u>54,610</u>	<u>9,913</u>	<u>2,545,968</u>	<u>563,234</u>	<u>3,173,725</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
September 30, 2023

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2022 DTRF		
Long-Term Liabilities:					
Due in More Than One Year	\$ 19,774	\$ 0	\$ 0	\$ 0	\$ 19,774
Net Pension Liability	<u>387,639</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>387,639</u>
Total Long-Term Liabilities	<u>407,413</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>407,413</u>
 Total Liabilities	 <u>462,023</u>	 <u>9,913</u>	 <u>2,545,968</u>	 <u>563,234</u>	 <u>3,581,138</u>
 <u>Net Position</u>					
Net Investment in Capital Assets	196,291	0	0	142,394	338,685
Unrestricted	<u>1,419,346</u>	<u>5,749,252</u>	<u>136,902</u>	<u>2,124,832</u>	<u>9,430,332</u>
 Total Net Position	 <u>\$ 1,615,637</u>	 <u>\$ 5,749,252</u>	 <u>\$ 136,902</u>	 <u>\$ 2,267,226</u>	 <u>\$ 9,769,017</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2022 DTRF		
<u>Operating Revenue</u>					
Charges For Services	\$ 62,276	\$ 545	\$ 0	\$ 1,155,043	\$ 1,217,864
Tax Collection Fees	0	3,909	69,877	52,369	126,155
User Fees	0	0	0	60,464	60,464
Interest and Penalties on Taxes	0	3,454	57,218	209,060	269,732
Other Revenue	4,725	0	0	0	4,725
Total Operating Revenue	<u>67,001</u>	<u>7,908</u>	<u>127,095</u>	<u>1,476,936</u>	<u>1,678,940</u>
<u>Operating Expenses</u>					
Salaries and Wages	536,990	0	0	106,914	643,904
Payroll Taxes and Employee Benefits	244,352	0	0	107,336	351,688
Administrative Costs	49,671	0	0	0	49,671
Contractual Services	965	0	0	1,910	2,875
Depreciation	141,863	0	0	24,092	165,955
Dues and Subscriptions	1,100	0	0	5,344	6,444
Equipment	0	0	0	19,971	19,971
Equipment Rental	336	0	0	119	455
Gasoline and Oil	85,077	0	0	4,108	89,185
Insurance and Bonds	44,888	0	0	11,158	56,046
Licenses and Permits	202	0	0	367	569
Office Supplies	829	0	0	1,737	2,566
Operating Supplies	949	0	0	168,227	169,176
Postage	0	0	0	9	9
Printing and Advertising	787	0	0	2,606	3,393
Professional Fees and Services	6,010	0	0	21,389	27,399
Repair and Maintenance	34,477	0	0	55,968	90,445
Telephone	3,689	0	0	0	3,689
Travel and Training	183	0	0	2,076	2,259
Uniforms	1,362	0	0	0	1,362
Utilities	10,163	0	0	31,897	42,060
Other	0	0	57	126,498	126,555
Total Operating Expenses	<u>1,163,893</u>	<u>0</u>	<u>57</u>	<u>691,726</u>	<u>1,855,676</u>
Operating Income (Loss)	<u>(1,096,892)</u>	<u>7,908</u>	<u>127,038</u>	<u>785,210</u>	<u>(176,736)</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2022 DTRF		
<u>Nonoperating Revenue (Expenses)</u>					
Property Taxes	\$ 557,368	\$ 0	\$ 0	\$ 0	\$ 557,368
State Grants and Revenue	380,486	0	0	0	380,486
Federal Grants and Revenue	394,819	0	0	0	394,819
Interest and Investment Earnings	39,065	33,300	9,864	69,594	151,823
Contributions	0	0	0	9,385	9,385
Rental and Other Income	241	0	0	475	716
Total Nonoperating Revenue (Expenses)	<u>1,371,979</u>	<u>33,300</u>	<u>9,864</u>	<u>79,454</u>	<u>1,494,597</u>
Income (Loss) Before Capital Contributions and Transfers	<u>275,087</u>	<u>41,208</u>	<u>136,902</u>	<u>864,664</u>	<u>1,317,861</u>
<u>Capital Contributions and Transfers</u>					
Capital Contributions - Federal	50,558	0	0	0	50,558
Capital Contributions - State	12,639	0	0	0	12,639
Operating Transfers Out	0	(183,000)	0	(413,004)	(596,004)
Operating Transfers In	5,570	3,035	0	0	8,605
Total Capital Contributions and Transfers	<u>68,767</u>	<u>(179,965)</u>	<u>0</u>	<u>(413,004)</u>	<u>(524,202)</u>
Change in Net Position	343,854	(138,757)	136,902	451,660	793,659
Net Position - Beginning of Year (Restated)	<u>1,271,783</u>	<u>5,888,009</u>	<u>0</u>	<u>1,815,566</u>	<u>8,975,358</u>
Net Position - End of Year	<u>\$ 1,615,637</u>	<u>\$ 5,749,252</u>	<u>\$ 136,902</u>	<u>\$ 2,267,226</u>	<u>\$ 9,769,017</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2022 DTRF		
<u>Cash Flows From Operating Activities</u>					
Receipts From Customers and Taxpayers	\$ 66,973	\$ 13,242	\$ 127,095	\$ 1,501,757	\$ 1,709,067
Payments to Suppliers for Goods and Services	(246,407)	0	2,545,911	(477,541)	1,821,963
Payments to Employees for Services	(867,697)	0	0	(213,969)	(1,081,666)
Delinquent Taxes Collected (Purchased)	0	38,268	(1,339,947)	1,200,121	(101,558)
Net Cash Provided (Used) by Operating Activities	<u>(1,047,131)</u>	<u>51,510</u>	<u>1,333,059</u>	<u>2,010,368</u>	<u>2,347,806</u>
<u>Cash Flows From Non-Capital Financing Activities</u>					
Federal/State Operating Grants	749,164	0	0	0	749,164
Property Taxes	557,239	0	0	0	557,239
Operating Subsidies and Transfers From (To) Other Funds/Component Units	5,570	722,146	0	(3,861,083)	(3,133,367)
Rent and Other Income	241	0	0	475	716
Intergovernmental Contributions	0	0	0	9,385	9,385
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,312,214</u>	<u>722,146</u>	<u>0</u>	<u>(3,851,223)</u>	<u>(1,816,863)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>					
Federal/State Capital Grants	63,197	0	0	0	63,197
Acquisition and Construction of Capital Assets	(68,646)	0	0	0	(68,646)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,449)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,449)</u>
<u>Cash Flows From Investing Activities</u>					
Interest Earned	39,065	33,300	9,864	69,594	151,823
Redemption (Purchase) of Investment Securities	(151,605)	(805,992)	0	247,103	(710,494)
Net Cash Provided (Used) by Investing Activities	<u>(112,540)</u>	<u>(772,692)</u>	<u>9,864</u>	<u>316,697</u>	<u>(558,671)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	147,094	964	1,342,923	(1,524,158)	(33,177)
Cash and Cash Equivalents at Beginning of Year (Restated)	\$ 1,318,502	\$ 1,498,225	\$ 0	\$ 3,807,099	\$ 6,623,826
Cash and Cash Equivalents at End of Year	<u>\$ 1,465,596</u>	<u>\$ 1,499,189</u>	<u>\$ 1,342,923</u>	<u>\$ 2,282,941</u>	<u>\$ 6,590,649</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2022 DTRF		
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>					
Operating Income (Loss)	\$ (1,096,892)	\$ 7,908	\$ 127,038	\$ 785,210	\$ (176,736)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	141,863	0	0	24,092	165,955
Change in Assets and Liabilities:					
Receivables	(28)	38,268	(1,339,947)	1,224,942	(76,765)
Accounts and Other Payables	(14,164)	5,334	2,545,968	(23,876)	2,513,262
Net Pension Liability and Deferred Outflows and Inflows of Resources	<u>(77,910)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(77,910)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,047,131)</u>	<u>\$ 51,510</u>	<u>\$ 1,333,059</u>	<u>\$ 2,010,368</u>	<u>\$ 2,347,806</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023

	Primary Government					Total	Component Unit Pension (and Other Employee Benefit) Trust Fund
	Custodial Funds						
	Custodial Fund	Library Penal Fines	Tax Fund	Inmate Fund	Public Employee Health Care Fund		Ogemaw County Road Commission Retiree Health Care Trust
<u>Assets</u>							
Cash and Cash Equivalents	\$ 386,772	\$ 31,487	\$ 1,482,828	\$ 33,434	\$ 0	\$ 1,934,521	\$ 1,280
Investments	0	0	0	0	0	0	221,434
Receivables:							
Accounts, Net	<u>52,067</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,067</u>	<u>0</u>
Total Assets	<u>438,839</u>	<u>31,487</u>	<u>1,482,828</u>	<u>33,434</u>	<u>0</u>	<u>1,986,588</u>	<u>222,714</u>
<u>Liabilities</u>							
Accounts Payable	62,732	0	0	0	0	62,732	0
Due to Local Units	37,533	0	0	26,454	0	63,987	0
Due to State	207,900	0	1,482,056	0	0	1,689,956	0
Due to Other Units of Government	0	30,830	763	0	0	31,593	0
Due to Other Agencies and Individuals	<u>130,674</u>	<u>657</u>	<u>9</u>	<u>6,980</u>	<u>0</u>	<u>138,320</u>	<u>0</u>
Total Liabilities	<u>438,839</u>	<u>31,487</u>	<u>1,482,828</u>	<u>33,434</u>	<u>0</u>	<u>1,986,588</u>	<u>0</u>
<u>Net Position</u>							
Restricted For:							
Pensions	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 222,714</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2023

	Primary Government						Component Unit
	Custodial Funds						Pension (and Other Employee Benefit Trust Fund
	Custodial Fund	Library Penal Fines	Tax Fund	Inmate Fund	Public Employee Health Care Fund	Total	Ogemaw County Road Commission Retiree Health Care Trust
<u>Additions</u>							
Property Taxes Collected for Other Governments	\$ 0	\$ 0	\$ 6,982,860	\$ 0	\$ 0	\$ 6,982,860	\$ 0
Other Collections for Other Governments	1,969,236	0	0	0	0	1,969,236	0
Other Collections for Individuals and Agencies	305,180	0	0	0	0	305,180	0
Contributions							
Employer	0	0	0	0	35,628	35,628	111,337
Penal Fines	0	131,371	0	0	0	131,371	0
Inmate	0	0	0	623,480	0	623,480	0
Investment Income							
Net Decrease in the Fair Value of Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,449</u>
Total Additions	<u>2,274,416</u>	<u>131,371</u>	<u>6,982,860</u>	<u>623,480</u>	<u>35,628</u>	<u>10,047,755</u>	<u>130,786</u>
<u>Deductions</u>							
Property Taxes Distributed to Other Governments	0	0	6,982,860	0	0	6,982,860	0
Other Distributions to Other Governments	1,969,236	0	0	0	0	1,969,236	0
Other Distributions to Individuals and Agencies	305,180	0	0	0	0	305,180	0
Benefit Payments	0	0	0	0	35,628	35,628	47,337
Distribution of Penal Fines	0	131,371	0	0	0	131,371	0
Distribution to Inmates	<u>0</u>	<u>0</u>	<u>0</u>	<u>623,480</u>	<u>0</u>	<u>623,480</u>	<u>0</u>
Total Deductions	<u>2,274,416</u>	<u>131,371</u>	<u>6,982,860</u>	<u>623,480</u>	<u>35,628</u>	<u>10,047,755</u>	<u>47,337</u>
Change in Net Position	0	0	0	0	0	0	83,449
Net Position - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>139,265</u>
Net Position - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 222,714</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGE MAW
West Branch, Michigan

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2023

	Ogemaw County Road Commission	Ogemaw County Drains	Economic Development Corporation	Ogemaw County Land Bank Authority	Total
<u>Assets</u>					
Cash and Cash Equivalents	\$ 3,541,795	\$ 27,314	\$ 76,326	\$ 46,716	\$ 3,692,151
Investments	243,318	0	50,000	0	293,318
Receivables:					
Accounts, Net	4,562	0	0	0	4,562
Interest Receivable	0	0	1,433	0	1,433
Due from Local Units	42,657	0	0	0	42,657
Due from State	1,044,245	0	0	0	1,044,245
Inventory	1,092,413	0	0	0	1,092,413
Noncurrent Assets:					
Wetland Credits	310,400	0	0	0	310,400
Capital Assets Not Being Depreciated	27,715,364	0	0	0	27,715,364
Capital Assets, Net of Accumulated Depreciation	8,412,881	382,738	0	0	8,795,619
Total Assets	<u>42,407,635</u>	<u>410,052</u>	<u>127,759</u>	<u>46,716</u>	<u>42,992,162</u>
<u>Deferred Outflows of Resources</u>					
Deferred Amounts Related to Pensions	1,980,919	0	0	0	1,980,919
Deferred Amounts Related to OPEB	60,573	0	0	0	60,573
Total Deferred Outflows of Resources	<u>2,041,492</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,041,492</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	356,125	0	0	0	356,125
Due to State	65,733	0	0	0	65,733
Advances Payable	236,215	0	0	0	236,215
Accrued Liabilities	29,994	0	0	0	29,994
Unearned Revenue	99,037	0	0	0	99,037
Long-Term Liabilities:					
Due In More Than One Year	193,345	0	0	0	193,345
Net OPEB Liability	294,855	0	0	0	294,855
Net Pension Liability	4,805,321	0	0	0	4,805,321
Total Liabilities	<u>6,080,625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,080,625</u>
<u>Deferred Inflows of Resources</u>					
Deferred Amounts Related to OPEB	62	0	0	0	62
<u>Net Position</u>					
Net Investment in Capital Assets	36,128,245	382,738	0	0	36,510,983
Restricted For:					
County Roads	2,240,195	0	0	0	2,240,195
Capital Projects	0	27,314	0	0	27,314
Economic Development	0	0	127,759	0	127,759
Unrestricted	0	0	0	46,716	46,716
Total Net Position	<u>\$ 38,368,440</u>	<u>\$ 410,052</u>	<u>\$ 127,759</u>	<u>\$ 46,716</u>	<u>\$ 38,952,967</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2023

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units				
					Ogemaw County Road Commission	Ogemaw County Drains	Economic Development Corporation	Ogemaw County Land Bank Authority	
Governmental Activities:									
Drains	\$ 21,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ (21,070)	\$ 0	\$ 0	\$ (21,070)
Road Commission	8,994,420	1,308,038	6,611,321	1,488,684	413,623	0	0	0	413,623
Economic Development	31,796	0	59,330	0	0	0	27,534	0	27,534
Business-Type Activities:									
Land Bank Authority	<u>19,450</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,450)</u>	<u>(19,450)</u>
Total Component Units	<u>\$ 9,066,736</u>	<u>\$ 1,308,038</u>	<u>\$ 6,670,651</u>	<u>\$ 1,488,684</u>	<u>413,623</u>	<u>(21,070)</u>	<u>27,534</u>	<u>(19,450)</u>	<u>400,637</u>
General Revenues:									
Interest and Investment Earnings					168,280	84	1,606	183	170,153
Other					<u>114,131</u>	<u>2,253</u>	<u>0</u>	<u>2,787</u>	<u>119,171</u>
Total General Revenue					<u>282,411</u>	<u>2,337</u>	<u>1,606</u>	<u>2,970</u>	<u>289,324</u>
Change in Net Position					696,034	(18,733)	29,140	(16,480)	689,961
Net Position - Beginning					<u>37,672,406</u>	<u>428,785</u>	<u>98,619</u>	<u>63,196</u>	<u>38,263,006</u>
Net Position - Ending					<u>\$ 38,368,440</u>	<u>\$ 410,052</u>	<u>\$ 127,759</u>	<u>\$ 46,716</u>	<u>\$ 38,952,967</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Ogemaw (County) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. The following is a summary of the significant accounting policies:

A. Description of County Operations and Fund Types

The County of Ogemaw, (the County), was organized in 1875 and covers an area of 624 square miles divided into 14 townships, 1 village and 2 cities. The County seat is located in the City of West Branch. The County operates under a five member elected Board of Commissioners and provides services to its more than 21,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The primary government is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In addition, the County is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

1. Discretely Presented Component Units

The component unit columns on the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

a. Governmental Activity and Fund Type Component Units

The Ogemaw County Drains - The Ogemaw County Drains is the Agency through which the County carries on the activities related to construction and maintenance of County drains. The Drains is fiscally dependent on Ogemaw County. Public Act 40 (The Drain Code) of 1956 established each drainage district as a separate legal entity with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The Drains may issue debt and levy special assessments without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for debt of the drainage districts. The Drains deposits its receipts with the County Treasurer. The financial statements of the Drains are presented as part of Other Supplementary Information and are not audited separately.

The Ogemaw County Road Commission - The governing body of this component unit is elected by the residents of the County of Ogemaw. The Road Commission was established to control the expenditures of Michigan Transportation Fund money distributed to the County which is earmarked by law for street and highway construction and repair purposes. Complete financial statements for the Ogemaw County Road Commission can be obtained from the Ogemaw County Road Commission's administrative office located at 1250 South M-33, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

The Ogemaw County Economic Development Corporation - The governing body of this component unit is appointed by the County Board of Commissioners. The EDC was established in 1977, under Public Act 338 of 1974, as amended. The EDC is governed by a 14 member board appointed by the County Board of Commissioners. The EDC's purpose is to support, enhance and sustain economic development in Ogemaw County. The financial statements of the EDC are presented as part of Other Supplementary Information and are not audited separately.

b. Business-Type Activity and Proprietary Fund Type Component Unit

The Ogemaw County Land Bank Authority - The Ogemaw County Land Bank Authority is a public corporation organized pursuant to the Michigan Land Bank Fast Track Public Act 258 and an intergovernmental agreement entered into between the Michigan Land Bank Fast Track Authority and the Treasurer of the County of Ogemaw. The Authority was legally established February 14, 2008. The Authority Board is comprised of nine members, as follows: Treasurer of Ogemaw County, at least one supervisor of a township located in Ogemaw County, nine members that are residents of Ogemaw County and a representative from the City of West Branch or City of Rose City. All members, except the County Treasurer are appointed by the Ogemaw County Board. The Land Bank Authority was created to acquire, hold, manage, develop and dispose of vacant, abandoned and tax-foreclosed properties. The financial statements of the Authority, a Business-Type Activity, are presented as part of the Combining Component Unit Financial Statements and are not audited separately.

C. Joint Ventures

The County has entered into three joint ventures with governmental entities as follows:

AuSable Valley Community Mental Health Services Board

Ogemaw County, along with Iosco and Oscoda Counties, contributes to the AuSable Valley Community Mental Health Services Board. This Board operates autonomously under an appointed board (12 members) and provides services to residents in these counties under a full management contract with the Michigan Department of Mental Health. Ogemaw County's 2023 contribution to the AuSable Valley Community Mental Health Services Board was \$56,944. On dissolution of the Mental Health Services Board, the net position of the Board will be shared by each county in proportion to each county's total economic contribution since the existence of the Board. The Mental Health Board deposits their receipts with the Iosco County Treasurer, is part of Iosco County's common bank account and has investments through the County. At September 30, 2022, the most recent financial statements available, the Mental Health Board had total net position of \$4,801,317. Complete financial statements for the AuSable Valley Community Mental Health Services Board can be obtained from the Mental Health Services Board's administrative offices at 1199 Harris, Tawas City, Michigan 48763.

District Health Department No. 2

Ogemaw County, along with Alcona, Iosco and Oscoda Counties, contributes to the District Health Department No. 2. This Board operates autonomously under an appointed board and provides various health services to residents of the above aforementioned counties. The funding formula is based prorata on each unit's population and equalized valuation to the District's total population and valuations. Ogemaw County's 2023 contribution to the District Health Department No. 2 was \$134,588. The District Health Department No. 2 deposits their receipts with the Ogemaw County Treasurer through the common cash bank account. At September 30, 2023, the most recent financial statements available, the District Health Department No. 2 had total net position of \$2,633,652. Complete financial statements for the District Health Department No. 2 can be obtained from the District's administrative offices at 630 Progress Street, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Ventures (Continued)

West Branch Community Airport

Ogemaw County, along with the City of West Branch, contributes to the West Branch Community Airport. The board operates autonomously under an appointed board and was established in 1965 to construct, maintain, and operate the Airport. Ogemaw County's 2023 contribution to the West Branch Community Airport was \$63,773. On dissolution of the West Branch Community Airport, the net position of the Airport will be shared by the municipalities equally. At September 30, 2023, the most recent financial statements available, the West Branch Community Airport had total net position of \$3,951,871. Complete financial statements for the West Branch Community Airport can be obtained from the Airport Board's administrative offices at 1519 W. Airport Road, West Branch, Michigan 48661.

D. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government and its component units, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type, and are excluded from the government-wide financial statements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting

The County uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund - This fund accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenue.

Housing Program Fund - This fund accounts for federal, state and local funding used to obtain financing and construct or rehabilitate low income housing for qualified Ogemaw County residents.

ARPA Fund - This fund accounts for federal funding used in accordance with the requirements of the American Rescue Plan Act of 2021.

Opioid Fund - This fund accounts for the settlement funding used for opioid remediation.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital facilities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The County's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the County's major enterprise funds:

Public Transit - This fund accounts for all activity related to providing Transportation services to the residents of the County.

Tax Umbrella - This fund accounts for 2018 and prior delinquent property tax collection activity.

2022 DTRF - This fund accounts for the purchase of the 2022 delinquent taxes from other local taxing units and subsequent tax collections.

The other enterprise funds of the County account for the sale of property that was forfeited by property owners to pay delinquent property taxes; delinquent property tax collections; the accumulation of resources for, and the payment of debt; and for fees collected for park services by the County.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and OPEB) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own program. The County currently has one pension (and OPEB) trust fund through the Ogemaw County Road Commission. The County's custodial funds are used to account for amounts held for others in an agency capacity, primarily property tax collections, state-levied shared revenues, and fines and forfeitures.

F. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus.

All assets and all liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenue, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

G. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, proprietary and fiduciary funds financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Basis of Accounting (Continued)

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within 60 days of the fiscal year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including sales tax), grants, interest and rent.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Cash Equivalents

For presentation on the financial statements, investments in cash management pools and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Investments are reported at fair value, except for repurchase agreements and certificates of deposit which are reported at cost which approximates fair value. Fair value is based on quoted market prices. Mutual funds are reported at current share price.

I. Receivables

Receivables generally consist of accounts (fees), sales taxes, shared revenues, property taxes, mortgages receivable, special assessments, intergovernmental grants, and interest. All receivables are net of estimated uncollectible accounts. Receivables are recognized to the extent the amounts are determined material and substantiated, not only by supporting documentation but also by a reasonable systematic method of determining their existence, completeness, valuation, and collectability.

Using this criteria, the County has elected to not record child support arrearages in the agency funds. These amounts, while potentially significant, are not considered measurable, and because collections are significantly in arrears, the County is unable to determine a reasonable value.

The allowance for doubtful accounts at September 30, 2023 was \$0 for the primary government and the component units.

J. Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "due from/to other funds". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. Balances due from/to component units are reported on the government-wide statement of net position.

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide and fund financial statements.

L. Inventory

Inventory is presented at cost on a first-in, first-out method of accounting and is expensed when used.

Road Commission inventories are charged to road construction, maintenance, equipment repairs, and operations as used. No other County inventories have been recognized in the financial statements as they are not material and have been expensed when purchased.

M. Long-Term Mortgages Receivable

Long-term mortgages receivable represent amounts due from individuals for housing loans and grants received, and are reported at their gross value.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amount, are capitalized.

The County's infrastructure consists of roads, bridges, dams and water and sewer lines. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Capital assets are depreciated using the straight-line method over the useful lives. Useful lives for Transit assets are as defined in the Local Public Transit Revenue and Expense Manual and/or as approved by the Bureau of Passenger Transportation. The useful lives for the Primary Government and all Component Units are as follows:

<u>Descriptions</u>	<u>Estimated Lives</u>
Land Improvements	15 years
Buildings	15 - 50 years
Machinery and Equipment	3 - 25 years
Equipment - Road	5 - 8 years
Equipment - Shop	10 years
Equipment - Office	3 - 10 years
Equipment - Engineer's	10 years
Equipment - Yard	10 - 30 years
Vehicles and Boats	5 years
Infrastructure	20 - 50 years
Infrastructure - Bridges	12 - 50 years
Infrastructure - Roads	8 - 30 years
Infrastructure - Whitney Drain	20 - 50 years
Infrastructure - Flowage Lake Dam	20 - 50 years
Infrastructure - Stylus Lake Dam	20 - 50 years

For the Ogemaw County Public Transit, the eligible depreciation of \$600 (\$141,863 total depreciation less ineligible depreciation of \$141,263) includes only the depreciation of assets purchased with local funds and where the useful life of the asset purchased has been approved by the Bureau of Passenger Transportation.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements at the time they are incurred, to the extent that they will be paid from current, expendable, financial resources. However, bonds and other long-term obligations, compensated absences, claims and judgments, contractually required pension contributions and special termination benefits that are paid from governmental funds are recognized as liabilities in the fund financial statements only to the extent that they are due for payment during the current year.

P. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made based on accumulated sick leave and the employee wage rates at year end taking into consideration limits specified in the County's termination policy. The County records a liability for sick leave earned at varying rates depending on County policy. The County records a liability for accumulated unused vacation time when earned for all employees with more than six months of service.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, the current portion of unpaid compensated absences is recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts, if any, are recorded in the account "Accrued Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the governmental fund financial statements. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Q. Net Pension Liability

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported to MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Ogemaw County Retiree Medical Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The County reports three categories of net position as follows:

Net investment in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the County's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The restricted net position shown in the Statement of Net Position is the same as the restricted fund balances detailed in Note 17, plus the Unavailable Revenue - Mortgages balance, shown on the Housing Commission Fund's Balance Sheet, Unavailable Revenue - Grants balance, shown on the General Fund's Balance Sheet, and Unavailable Revenue - Settlements balance, shown on the Opioid Fund's Balance Sheet..

Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the County.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The County's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

T. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the County Board of Commissioners—the County's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County Board of Commissioners removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balances (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. The County Board of Commissioners has authorized the Budget & Finance Committee to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. If any portion of existing fund balance will be used to eliminate a projected deficit in the budget for the subsequent year, this amount would also be categorized as Assigned fund balance.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

U. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the County, these revenues are charges for services for camping at the County Park, fares collected for public transit, tax collections and title collection fees. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

V. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

W. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended September 30, 2023.

X. Budgets and Budgetary Accounting

The County of Ogemaw normally follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following October 1. This operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the governmental center to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Budgets and Budgetary Accounting (Continued)

4. All budget appropriations lapse at year-end. Budgetary amounts reported herein are as originally adopted, and as amended by the Board of Commissioners throughout the operating year.

The County adopts budgets for the General Fund and Special Revenue Funds.

The budgets of the County are prepared on the same basis of accounting as the financial statement presentation. The budgets were adopted at the activity level.

The legal level of control is at the activity level for the General Fund, and at fund expenditure totals for the Special Revenue Funds.

The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the County Board of Commissioners. The financial statements include budgetary amounts as amended.

Y. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Z. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLES

For 2023, the County implemented GASB Statement No. 96 "Subscription-Based Information Technology Arrangements" (SBITA). The objective of this Statement is to increase the usefulness of government's financial statements by requiring recognition of certain SBITA assets and related liabilities. A SBITA, in short, is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in exchange-like transaction.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end, the County's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$ 2,734,916	\$ 6,590,649	\$ 1,934,521	\$ 11,260,086	\$ 3,693,431
Investments	<u>401,068</u>	<u>1,085,641</u>	<u>0</u>	<u>1,486,709</u>	<u>514,752</u>
Total	<u>\$ 3,135,984</u>	<u>\$ 7,676,290</u>	<u>\$ 1,934,521</u>	<u>\$ 12,746,795</u>	<u>\$ 4,208,183</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The breakdown between deposits and investments is as follows:

	Primary Government	Component Units
Bank Deposits (Checking and Savings Accounts and Certificates of Deposit)	\$ 7,903,526	\$ 1,271,797
Investments in Securities, Municipal Investment Account Pooled Funds, Repurchase Agreement Securities and Similar Vehicles	4,835,194	2,936,236
Petty Cash and Cash on Hand	8,075	150
Total	\$ 12,746,795	\$ 4,208,183

As of September 30, 2023, the County had the following investments.

Investment Type	Fair Value	Weighted Average Maturities
Primary Government:		
Investment Pools	\$ <u>4,835,194</u>	Daily
Component Units:		
Mutual Funds	\$ 222,714	Daily
Investment Pools	<u>2,713,522</u>	Daily
	\$ <u>2,936,236</u>	

Interest Rate Risk

In accordance with its investment policy, the County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's known cash requirements.

Credit Risk

State law authorizes investments in accordance with Act 196, PA 1997 and in investment pools as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a local government unit in Michigan. The County's and the Road Commission's MBIA Asset Management Group investment pools are rated AAAM By Standard & Poors.

Custodial Credit Risk - Deposits - Primary Government

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of September 30, 2023, \$8,917,418 of the County's bank balance of \$9,667,418 was exposed to custodial credit risk because it was uninsured and uncollateralized.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits - Component Units

In the case of deposits, this is the risk that in the event of a bank failure, the component unit's deposits may not be returned to it. As of September 30, 2023, \$0 of the Drains' bank balance of \$27,314 was exposed to custodial credit risk, \$3,757 of the Road Commission's bank balance of \$1,236,973 was exposed to custodial credit risk, \$50,000 of the Economic Development Corporation's bank balance of \$126,202, and \$46,840 of the Land Bank Authority's bank balance of \$46,840 was exposed to custodial credit risk because they were uninsured and uncollateralized.

Concentration of Credit Risk - Primary Government

The County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The County's investment policy requires that no more than 60% of the total investment portfolio, with the exception of U. S. Treasury Securities, can be invested in a single security type or with a single financial institution.

Concentration of Credit Risk - Component Units

The Component Units will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Component Unit's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County and its Component Units will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The County and its Component Units will minimize custodial credit risk, by; limiting investments to the types of securities approved in the County's investment policy which is in accordance with State law, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the County and its Component Units will do business.

Foreign Currency Risk

The County and its Component Units are not authorized to invest in investments which have this type of risk.

Investments

The County Board and its Component Units have adopted an investment policy in accordance with Act 196, PA 1997 which authorizes them to deposit and invest in the following:

- λ Accounts of federally insured banks, credit unions and savings and loan associations
- λ Bonds and other direct obligations of the United States or an agency or instrumentality of the United States
- λ United States government or federal agency obligation repurchase agreements
- λ Banker's acceptances of United States banks
- Commercial paper rated within the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks and credit unions that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States. The County's and its Component Units' deposits and investments are in accordance with statutory authority.

NOTE 4 - OGEMAW COUNTY PUBLIC TRANSIT STATE AND FEDERAL GRANTS RECEIVABLE (PAYABLE)

The following is a summary of the state and federal grants receivable (payable) for the Ogemaw County Public Transit as of September 30, 2023:

Federal Section 5311 Operating Assistance - FY19	178
Federal Section 5311 Operating Assistance - FY20	(31,150)
Federal Section 5311 Operating Assistance - FY21	17,940
Federal Section 5311 Operating Coronavirus Response and Relief Supplemental Appropriations Act - FY22	30,341
Federal Section 5311 Operating Coronavirus Response and Relief Supplemental Appropriations Act - FY23	125,513
State Act 51 Operating Assistance - FY20	(6,080)
State Act 51 Operating Assistance - FY21	(42,741)
State Act 51 Operating Assistance - FY22	30
State Act 51 Operating Assistance - FY23	<u>7,107</u>
Total	<u>\$ 101,138</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables as of September 30, 2023 were as follows:

Due to	Due from				Total
	General Fund	Non-major Governmental Funds	2022 DTRF	Non-major Enterprise Funds	
General Fund	\$ 0	\$ 194	\$ 0	\$ 0	\$ 194
ARPA Fund	520,488	0	0	0	520,488
Tax Umbrella Fund	<u>351,478</u>	<u>0</u>	<u>2,545,968</u>	<u>537,668</u>	<u>3,435,114</u>
	<u>\$ 871,966</u>	<u>\$ 194</u>	<u>\$ 2,545,968</u>	<u>\$ 537,668</u>	<u>\$ 3,955,796</u>

These balances result from the time lag between the dates that interfund goods and services are provided, transactions are recorded in the accounting system, and payments between funds are made.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the fiscal year ended September 30, 2023, was as follows:

	Balance 10/01/22	Additions	Deletions	Balance 09/30/23
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 255,553	\$ 0	\$ 0	\$ 255,553
Construction in Progress	<u>94,332</u>	<u>0</u>	<u>(94,332)</u>	<u>0</u>
Subtotal	<u>349,885</u>	<u>0</u>	<u>(94,332)</u>	<u>255,553</u>
Capital Assets Being Depreciated:				
Land Improvements	75,262	0	0	75,262
Buildings	9,809,073	203,597	0	10,012,670
Machinery and Equipment	2,241,089	47,687	0	2,288,776
Vehicles and Boats	592,141	420,550	(42,811)	969,880
Infrastructure	<u>149,229</u>	<u>0</u>	<u>0</u>	<u>149,229</u>
Subtotal	<u>12,866,794</u>	<u>671,834</u>	<u>(42,811)</u>	<u>13,495,817</u>
Less Accumulated Depreciation for:				
Land Improvements	(61,716)	(5,017)	0	(66,733)
Buildings	(4,633,265)	(204,858)	0	(4,838,123)
Machinery and Equipment	(1,964,352)	(68,263)	0	(2,032,615)
Vehicles and Boats	(367,051)	(107,146)	42,811	(431,386)
Infrastructure	<u>(133,575)</u>	<u>(575)</u>	<u>0</u>	<u>(134,150)</u>
Subtotal	<u>(7,159,959)</u>	<u>(385,859)</u>	<u>42,811</u>	<u>(7,503,007)</u>
Capital Assets Being Depreciated	<u>5,706,835</u>	<u>285,975</u>	<u>0</u>	<u>5,992,810</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 6,056,720</u>	<u>\$ 285,975</u>	<u>\$ (94,332)</u>	<u>\$ 6,248,363</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Balance 10/01/22	Additions	Deletions	Balance 09/30/23
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 61,830	\$ 0	\$ (61,830)	\$ 0
Capital Assets Being Depreciated:				
Land Improvements	77,336	0	0	77,336
Buildings	497,223	0	0	497,223
Machinery and Equipment	204,880	0	0	204,880
Vehicles	1,016,501	130,476	0	1,146,977
Infrastructure	7,440	0	0	7,440
Subtotal	1,803,380	130,476	0	1,933,856
Less Accumulated Depreciation for:				
Land Improvements	(1,628)	(4,938)	0	(6,566)
Buildings	(484,139)	(2,181)	0	(486,320)
Machinery and Equipment	(171,430)	(13,437)	0	(184,867)
Vehicles	(771,616)	(145,027)	0	(916,643)
Infrastructure	(403)	(372)	0	(775)
Subtotal	(1,429,216)	(165,955)	0	(1,595,171)
Capital Assets Being Depreciated	\$ 374,164	\$ (35,479)	\$ 0	\$ 338,685
Business-Type Activities Total	\$ 435,994	\$ (35,479)	\$ (61,830)	\$ 338,685
Capital Assets - Net of Depreciation	\$ 435,994	\$ (35,479)	\$ (61,830)	\$ 338,685

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

Governmental Activities

General Government:	
Judicial:	
Other Judicial	\$ 6,095
Other General Government	138,305
Public Safety:	
Sheriff	91,540
Jail	135,395
Other Public Safety	13,950
Public Works:	
Other Public Works	574
Total Governmental Activities	\$ 385,859

Business-Type Activities

County Park	\$ 5,507
Public Transit	141,863
Tax Reversion	9,752
Building Department	8,833
Total Business-Type Activities	\$ 165,955

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Capital asset activity of the Drains for the current year is as follows:

	Balance 10/01/22	Additions	Deletions	Balance 09/30/23
<u>Governmental Activities</u>				
Capital Assets Being Depreciated:				
Infrastructure - Whitney Drain	\$ 36,504	\$ 0	\$ 0	\$ 36,504
Infrastructure - Flowage Lake Dam	525,000	0	0	525,000
Infrastructure - Stylus Lake Dam	<u>192,697</u>	<u>0</u>	<u>0</u>	<u>192,697</u>
Subtotal	<u>754,201</u>	<u>0</u>	<u>0</u>	<u>754,201</u>
Less Accumulated Depreciation for:				
Infrastructure - Whitney Drain	(10,951)	(730)	0	(11,681)
Infrastructure - Flowage Lake Dam	(280,875)	(10,500)	0	(291,375)
Infrastructure - Stylus Lake Dam	<u>(64,553)</u>	<u>(3,854)</u>	<u>0</u>	<u>(68,407)</u>
Subtotal	<u>(356,379)</u>	<u>(15,084)</u>	<u>0</u>	<u>(371,463)</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 397,822</u>	<u>\$ (15,084)</u>	<u>\$ 0</u>	<u>\$ 382,738</u>

Depreciation expense was charged to programs of the Drains as follows:

<u>Governmental Activities</u>	
Public Works	\$ <u>15,084</u>

Capital asset activity of the Road Commission for the current year is as follows:

	Balance 10/01/22	Additions	Deletions	Balance 09/30/23
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ <u>26,964,051</u>	\$ <u>751,313</u>	\$ <u>0</u>	\$ <u>27,715,364</u>
Capital Assets Being Depreciated:				
Buildings	1,586,321	71,769	0	1,658,090
Equipment - Road	9,027,761	559,884	0	9,587,645
Equipment - Shop	201,205	73,507	0	274,712
Equipment - Office	202,127	0	0	202,127
Equipment - Engineer's	4,652	0	0	4,652
Equipment - Yard	300,553	14,790	0	315,343
Infrastructure - Bridges	2,364,092	0	0	2,364,092
Infrastructure - Roads	<u>16,729,712</u>	<u>612,311</u>	<u>(1,004,355)</u>	<u>16,337,668</u>
Subtotal	<u>30,416,423</u>	<u>1,332,261</u>	<u>(1,004,355)</u>	<u>30,744,329</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>10/01/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2023</u>
<u>Governmental Activities (Continued)</u>				
Less Accumulated Depreciation for:				
Buildings	\$ (1,171,586)	\$ (49,068)	\$ 0	\$ (1,220,654)
Equipment - Road	(7,430,564)	(765,163)	0	(8,195,727)
Equipment - Shop	(178,909)	(7,527)	0	(186,436)
Equipment - Office	(174,676)	(8,849)	0	(183,525)
Equipment - Engineer's	(2,926)	(241)	0	(3,167)
Equipment - Yard	(273,649)	(4,428)	0	(278,077)
Infrastructure - Bridges	(1,410,640)	(64,316)	0	(1,474,956)
Infrastructure - Roads	<u>(10,743,358)</u>	<u>(1,049,903)</u>	<u>1,004,355</u>	<u>(10,788,906)</u>
Subtotal	<u>(21,386,308)</u>	<u>(1,949,495)</u>	<u>1,004,355</u>	<u>(22,331,448)</u>
Capital Assets Being Depreciated	<u>9,030,115</u>	<u>(617,234)</u>	<u>0</u>	<u>8,412,881</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 35,994,166</u>	<u>\$ 134,079</u>	<u>\$ 0</u>	<u>\$ 36,128,245</u>

Depreciation expense was charged to programs of the Road Commission as follows:

County

Direct Equipment Expense	\$ 765,164
Indirect Equipment Expense	55,396
Administrative Expense	14,717
Infrastructure	<u>1,114,218</u>

Total Depreciation Expense \$ 1,949,495

NOTE 7 - LONG-TERM LIABILITIES

Primary Government:

A. Bonds Payable

	<u>Governmental</u>	<u>Business-Type</u>
Limited Tax General Obligation Refunding Bonds, Series 2022	<u>\$ 4,325,000</u>	<u>\$ 0</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

B. Detailed Long-Term Debt Disclosures

Direct Borrowing

Primary Government:

2022 Limited Tax General Obligation Refunding Bonds

The Limited Tax General Obligation Refunding Bonds, Series 2022, dated February 22, 2022 for the purpose of advance refunding the \$6,390,000 2012 Limited Tax General Obligation Refunding Bonds in the amount of \$4,670,000. The bonds bear interest at the rate of 3.00% and are due in annual installments through May 1, 2038. The original bonds were issued for the purpose of constructing a new jail. Payments are made from the Jail Renovation Debt Service Fund. The full faith and credit of the County have been pledged for the prompt payment of principal and interest on the Bonds. The Bonds are a first budget obligation of the County, payable from ad valorem taxes on all taxable property in the County.

C. Compensated Absences Payable

The County has an accrued liability for accumulated vested vacation and sick leave benefits of its employees. As of September 30, 2023, the accumulated vested vacation and sick leave benefits of the employees of various County departments and its component units were as follows:

<u>Accrued Employee Benefits Payable</u>	<u>Current Liability</u>	<u>Long-Term Liability</u>	<u>Total Balance</u>
<u>Primary Government</u>			
Governmental Activities	\$ 129,113	\$ 393,482	\$ 522,595
Business-Type Activities	<u>16,819</u>	<u>19,774</u>	<u>36,593</u>
	<u>\$ 145,932</u>	<u>\$ 413,256</u>	<u>\$ 559,188</u>
<u>Component Unit</u>			
Road Commission	<u>\$ 0</u>	<u>\$ 193,345</u>	<u>\$ 193,345</u>

The employment policies for accumulation of vacation and sick leave benefits vary based on union membership and employee group.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the County for the year ended September 30, 2023:

	<u>Balance</u> <u>10/01/22</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>09/30/23</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Primary Government:					
Direct Borrowing:					
Bonds Payable	\$ 4,535,000	\$ 0	\$ (210,000)	\$ 4,325,000	\$ 235,000
Deferred Amounts for Issuance Premium	<u>236,969</u>	<u>0</u>	<u>(14,811)</u>	<u>222,158</u>	<u>14,811</u>
Total Bonds Payable	4,771,969	0	(224,811)	4,547,158	249,811
Compensated Absences	<u>517,002</u>	<u>5,593</u> *	<u>0</u>	<u>522,595</u>	<u>129,113</u>
Total Primary Government	<u>\$ 5,288,971</u>	<u>\$ 5,593</u>	<u>\$ (224,811)</u>	<u>\$ 5,069,753</u>	<u>\$ 378,924</u>
Component Units:					
Direct Borrowing:					
Compensated Absences	<u>\$ 185,289</u>	<u>\$ 8,056</u> *	<u>\$ 0</u>	<u>\$ 193,345</u>	<u>\$ 0</u>
Total Component Units	<u>\$ 185,289</u>	<u>\$ 8,056</u>	<u>\$ 0</u>	<u>\$ 193,345</u>	<u>\$ 0</u>
<u>Business-Type Activities</u>					
Primary Government:					
Compensated Absences	<u>\$ 44,622</u>	<u>\$ 0</u>	<u>\$ (8,029)</u>	<u>\$ 36,593</u>	<u>\$ 16,819</u>

*Represents net of additions and retirements for the year.

The interest expenditures on long-term obligations for the year were \$188,398.

Compensated absences for the governmental funds are generally liquidated by the General Fund and various Special Revenue Funds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

The annual aggregate maturities for all debt outstanding (excluding compensated absences) as of September 30, 2023 are as follows:

Direct Borrowing:

Primary Government

Bonds Payable	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 235,000	\$ 129,750	\$ 0	\$ 0	\$ 364,750
2025	240,000	122,700	0	0	362,700
2026	245,000	115,500	0	0	360,500
2027	255,000	108,150	0	0	363,150
2028	260,000	100,500	0	0	360,500
2029 - 2033	1,435,000	379,950	0	0	1,814,950
2034 - 2038	<u>1,655,000</u>	<u>151,650</u>	<u>0</u>	<u>0</u>	<u>1,806,650</u>
Total	<u>\$ 4,325,000</u>	<u>\$ 1,108,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,433,200</u>

NOTE 8 - PROPERTY TAXES

Property taxes include amounts levied against all real property and tangible personal property located in the County. Property taxes become an enforceable lien on property as of December 1, 2022 for winter taxes and July 1, 2023 for summer taxes. Taxes are levied on December 1, 2022 and July 1, 2023 and are payable by February 28, 2023 and September 15, 2023, respectively. The cities and townships within the County bill and collect the property taxes for the County.

County taxes levied December 1, 2022, are collected in and are intended to finance 2023 operations. The taxable value of real and personal property for the December 1, 2022 levy was \$964,514,751. The 2022 tax rate is currently 0.1247 for veteran's 0.0400 for soldiers and sailors relief, 0.7486 mills for seniors, 0.1461 mills for MSU extension, 0.5988 mills for public transit, and 0.9983 mills for road patrol.

County taxes levied July 1, 2023, are collected in and are intended to finance 2023 operations. The taxable value of real and personal property for the July 1, 2023 levy was \$1,037,060,737. The 2023 tax rate is currently 6.0931 mills for operations.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2023. County funds were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to replenish County funds. This activity is recorded in the Delinquent Tax Revolving Funds, which are Enterprise Funds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 9 - OPERATING TRANSFERS

During the year ended September 30, 2023, the following transfers were made:

Transfer to	Transfer from					Total
	General Fund	ARPA Fund	Tax Umbrella Fund	Non-major Governmental Funds	Non-major Business-Type Funds	
General Fund	\$ 0	\$ 500,000	\$ 183,000	\$ 10,000	\$ 399,399	\$ 1,092,399
Non-major Governmental Funds	1,089,872	0	0	0	5,000	1,094,872
Tax Umbrella Fund	0	0	0	0	3,035	3,035
Ogemaw County Public Transit Fund	0	0	0	0	5,570	5,570
	<u>\$ 1,089,872</u>	<u>\$ 500,000</u>	<u>\$ 183,000</u>	<u>\$ 10,000</u>	<u>\$ 413,004</u>	<u>\$ 2,195,876</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 - EXCESS OF EXPENDITURES OVER APPROPRIATION IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the County's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the County for these budgetary funds were adopted at the activity level.

During the year ended September 30, 2023, the County incurred expenditures which were in excess of the amounts appropriated as follows:

Fund/Activity	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund/Clerk	\$ 468,250	\$ 487,168	\$ 18,918
General Fund/Assessor/Equalization Department	\$ 319,737	\$ 327,219	\$ 7,482
General Fund/Building and Grounds	\$ 455,230	\$ 455,620	\$ 390
General Fund/County Counsel	\$ 120,000	\$ 125,145	\$ 5,145
General Fund/District Court	\$ 749,218	\$ 787,351	\$ 38,133
General Fund/Prosecuting Attorney	\$ 501,724	\$ 525,313	\$ 23,589
General Fund/Sheriff	\$ 1,024,339	\$ 1,149,522	\$ 125,183
General Fund/Secondary Road Patrol	\$ 128,372	\$ 129,633	\$ 1,261
General Fund/Jail	\$ 2,398,596	\$ 2,454,816	\$ 56,220
General Fund/Animal Control	\$ 41,956	\$ 44,719	\$ 2,763
General Fund/Drain Commissioner	\$ 16,155	\$ 16,515	\$ 360
General Fund/Health Department	\$ 134,588	\$ 250,553	\$ 115,965
General Fund/Agency on Aging	\$ 698,828	\$ 720,145	\$ 21,317
General Fund/Zoning	\$ 0	\$ 2,467	\$ 2,467
General Fund/Register of Deeds	\$ 260,304	\$ 268,890	\$ 8,586
ARPA Fund/Capital Outlay	\$ 255,659	\$ 469,202	\$ 213,543
APRA Fund/Operating Transfers Out	\$ 0	\$ 500,000	\$ 500,000
Opioid Fund/Opioid Remediation	\$ 0	\$ 10,000	\$ 10,000
Opioid Fund/Other Public Safety	\$ 9	\$ 44	\$ 35

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED

Defined Benefit Plan

Primary Government

Plan Description

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

Benefits Provided

01 - General: Closed to new hires

	<u>2022 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	0
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	5.50%
DC Plan for New Hires:	10/1/2006
Act 88:	No

02 - Sheriff: Closed to new hires

	<u>2022 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	0
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	5.50%
DC Plan for New Hires:	10/1/2007
Act 88:	No

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Benefits Provided (Continued)

11 - Admin-Super: Closed to new hires	2022 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
	55/15
Early Retirement (Reduced):	0
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	0%
DC Plan for New Hires:	10/1/2007
Act 88:	No

20 - Command Officers: Open Division	2022 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	20 and Out
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	7.50%
Act 88:	No

Employees Covered by Benefit Terms

At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	116
Inactive employees entitled to but not yet receiving benefits	11
Active employees	21
Pending refunds	5
	153

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Employer contributions were as follows:

<u>Division</u>	<u>Contribution Range</u>
General: Closed	\$70,281 to \$75,597 per month
Sheriff: Closed	\$41,491 to \$42,206 per month
Admin-Super: Closed	\$13,404 to \$13,502 per month
Command Officers: Open	183.57% to 190.93% of annual payroll

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation: 2.5%

Salary increases: 3.00% in the long-term, plus a percentage based on an age-related scale to reflect merit, longevity, and promotional pay increases.

Investment rate of return: 7.00%, net of administrative and investment expenses, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.0%	9.50%	1.90%	2.50%	1.40%
Total	<u>100.0%</u>		<u>7.00%</u>		<u>4.50%</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Calculating the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/21	\$ 34,543,511	\$ 27,267,733	\$ 7,275,778
Changes for the Year			
Service Cost	203,518	0	203,518
Interest on Total Pension Liability	2,435,523	0	2,435,523
Changes in benefits	0	0	0
Difference between expected and actual experience	(662,962)	0	(662,962)
Changes in assumptions	0	0	0
Employer contributions	0	1,969,928	(1,969,928)
Employee contributions	0	64,053	(64,053)
Net investment income	0	(2,829,332)	2,829,332
Benefit payments, including employee refunds	(2,103,708)	(2,103,708)	0
Administrative expense	0	(50,628)	50,628
Other changes	(1)	0	(1)
Net changes	(127,630)	(2,949,687)	2,822,057
Balances as of 12/31/22	\$ 34,415,881	\$ 24,318,046	\$ 10,097,835

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's Net Pension Liability	\$ 13,892,937	\$ 10,097,835	\$ 6,899,786

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the employer recognized pension expense of \$635,125. The employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Investment Returns	\$ 2,287,041	\$ 0
Contributions Subsequent to the Measurement Date*	1,359,528	0
Total	\$ 3,646,569	\$ 0

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2024.

Amounts reported as deferred inflows of resources related to net investment returns will be recognized in pension expense as follows:

Year Ended	Pension Expense
2024	\$ 211,944
2025	433,609
2026	662,066
2027	979,422

Road Commission

Plan Description

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

The Ogemaw County Road Commission's net pension liability as of September 30, 2023 was \$4,805,321. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by the annual actuarial valuation as of December 31, 2022. For the year ended, September 30, 2023, the Ogemaw County Road Commission recognized pension expense of \$983,530. At September 30, 2023 the Ogemaw County Road Commission reported total deferred outflows of \$1,980,919 and deferred inflows of \$0.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Contribution Plan

Primary Government

Plan Description

The County's defined contribution pension plan provides retirement benefits to plan members and beneficiaries. The plan covers employees hired on or after October 1, 2006 for new employees that would have formerly been eligible as part of the General Members of the defined benefit plan and employees hired on or after October 1, 2007 for new employees that would have formerly been eligible as part of the Sheriff and Admin-Super Members of the defined benefit plan. The plan is affiliated with the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer, state-wide, public employee pension created under Public Act 135 of 1945, and now operated under Public Act 220 of 1996, and the MERS Plan Document as revised. The plan services are provided by an Alliance Agreement of May 1997 by MERS, exclusively through the ICMA Retirement Corporation as the plan administrator. Any municipality within the State may elect to become a participating member of MERS or elect to terminate participation by a majority vote of the municipality's governing body. Changes in benefit coverage are available to bargaining units after approval by a majority of the municipality's governing body. The MERS of Michigan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing MERS of Michigan, 1134 Municipal Way, Lansing, Michigan, 48917 or by calling 1-800-767-6377.

Funding Policy

The County is required to match employee contributions up to 7% of each eligible employee's earnings for the plan year, subject to the limitations of sections 415(c) and (e) of the Internal Revenue Code. Employees are not required to contribute. However, when an employee is hired they can elect to contribute up to 7% of eligible earnings.

Vesting

Employees become vested in the plan at the rate of 25% per year after two years of service with 100% vesting after six years of service.

Plan Contributions

During the year ended September 30, 2023, the County contributed \$216,929 on behalf of eligible employees. Employee contributions amounted to \$216,929.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Primary Government

Plan Description

The Ogemaw County Retiree Medical Plan is a single-employer defined benefit postemployment health care plan administered by the County.

The Public Employee Health Care fund financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan 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 plan. Plan provisions and contribution requirements are established and may be amended by the County Board. The Plan does not issue a separate or stand-alone report.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Benefits Provided

Eligibility

- λ USWA - Any retiree who has applied for a MERS annuity and retired on or before October 1, 2009.
- λ POAM 2 - Closed group of retirees. No new retirees may join.
- λ POLC - Any retiree who has applied for a MERS annuity and was hired before December 4, 2012.
- Teamsters - Sheriff/Jail employees (including POAM 1) are eligible if hired on or before October 1, 2014. Court employees are not eligible.

Benefits

- λ USWA - \$100 for all Medicare and non-Medicare retirees with no CPI.
- λ POAM 2 - \$100 for all Medicare and non-Medicare retirees with no CPI.
- λ POLC - \$100 for all Medicare and non-Medicare retirees with no CPI.
- Teamsters (Sheriffs and POAM1) - \$100 for all Medicare and non-Medicare retirees with no CPI excepts that current POAM 1 retirees receive \$83.89 with CPI inflation. Employees hired after June 23, 2010 (ratification date of Union Agreement) are not entitled to the benefit.
- λ Teamsters (Court Employees): No retiree health benefits.
- λ 34th Circuit Court: \$153.03 with CPI inflation.

Employees Covered by Benefit Terms

As of September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>8</u>
	<u><u>37</u></u>

Contributions

The County Commissioners have the authority to establish and amend the contribution requirements of the County and employees to the Plan. The Board of Commissioners establishes rates based on an actuarially determined rate. For the year ended September 30, 2023, the County contributed \$35,628. Employees are not required to contribute to the plan.

Net OPEB Liability

The County's net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of that date.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Actuarial Assumptions

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate: 4.02% as of September 30, 2023 based on the expected return of assets expected to be available to pay plan benefits.

Mortality rates used were based on Pub 2010 General Headcount-weighted mortality table (Employee, Disabled and Healthy Annuitant, and male and female, as appropriate).

Projection: General projection using Projection Scale MP-2020 (male and female as appropriate).

Employee turnover/withdrawal: MERS for all employees. Rates are shown in the table below.

<u>Year of Service</u>	<u>Rate</u>
0	23.40%
1	19.50%
2	15.80%
3	12.50%
4	10.30%
5	8.30%
10	5.40%
15	4.00%
20	3.10%
25 and over	2.60%

Disablement: MERS disability rates for all employees. Rates are shown in the table below.

<u>Age</u>	<u>Percent Becoming Disabled Within One Year</u>
20	0.02%
25	0.02%
30	0.02%
35	0.05%
40	0.08%
45	0.20%
50	0.29%
55	0.38%
60	0.39%
65	0.39%

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Retirement rates are based on the "replacement index" as follows: Age 75+, 100%.

<u>Years of Service</u>	<u>Rate</u>
5-9	5%
10-14	15%
15-19	20%
20-24	20%
25-29	20%
30-34	30%
35+	40%

Participation rate: 100% of current employees are expected to participate in Ogemaw County's retiree health insurance plan.

CPI: 2.5% compounded annually.

Actual monthly 2023 medical costs per retiree:

<u>Age</u>	<u>"POAM 1" Group</u>	<u>34th Circuit Court</u>	<u>All Other Groups</u>
64	N/A	153.03	\$100
65	83.89	153.03	\$100

Salary increases: 3.5% compounded annually. For groups whose reimbursement benefits include a CPI increase, an annual increase of 2.5% is assumed.

Discount Rate

The discount rate used to measure the total OPEB liability is 4.02%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at the rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. 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.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Changes in Net OPEB Liability

Calculating the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 9/30/22	\$ 598,260	\$ 0	\$ 598,260
Changes for the Year			
Service Cost	3,846	0	3,846
Interest on Total OPEB Liability	13,208	0	13,208
Effect of Assumptions Changes or Inputs	(98,318)	0	(98,318)
Employer Contributions	0	35,628	(35,628)
Benefit Payments, Including Employee Refunds	(35,628)	(35,628)	0
Net Changes	(116,892)	0	(116,892)
Balances as of 9/30/23	\$ 481,368	\$ 0	\$ 481,368

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the Net OPEB Liability of the County, as well as what the County's Net OPEB Liability would be using a discount rate that is 1-percentage-point lower (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate.

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
County's net OPEB liability (asset)	\$ 533,390	\$ 481,368	\$ 437,530

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates

The following presents the Net OPEB Liability of the County, as well as what the County's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
County's net OPEB liability (asset)	\$ 475,721	\$ 481,368	\$ 487,747

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the employer recognized OPEB expense of (\$46,871). At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 33,207	\$ 0

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

Year Ended	OPEB Expense
2024	\$ (33,207)

Road Commission

Plan Description

The Ogemaw County Road Commission Retiree Medical Plan is a single-employer defined benefit postemployment health care plan administered by the Road Commission and can be amended at its discretion. Plan provisions and contribution requirements are established and may be amended by the Road Commission Board. The Plan is reported as an other employee benefit trust fund in the accompanying financial statements. The Plan does not issue a separate or stand-alone report.

The Ogemaw County Road Commission's net OPEB liability as of September 30, 2023 was \$294,855. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by the annual actuarial valuation as of December 31, 2022. For the year ended, September 30, 2023, the Ogemaw County Road Commission recognized OPEB expense of \$37,390. At September 30, 2023 the Ogemaw County Road Commission reported total deferred outflows of \$60,573 and deferred inflows of \$62.

NOTE 13 - DEFERRED COMPENSATION PLAN

The County offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457. The assets of the plans are held in trust, in a custodial account as described in IRC Section 457 (g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the County for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the County's financial statements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The County has purchased commercial insurance for risks of loss. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 15 - CONTINGENCIES AND COMMITMENTS

The County participates in a number of federally assisted grant programs which are subject to program compliance audits. The audits of these programs for and including the year ended September 30, 2023, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the County expects such amounts, if any, to be immaterial.

The County is currently a defendant in multiple lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of the County's attorneys, it is too premature to determine whether or not the resolution of these matters will have a material adverse effect on the financial condition of the County.

On May 11, 2023, the Board of Commissioners approved a quote from Miller Construction for a laminated pole frame building with bus wash bay for Ogemaw County Public Transit for \$439,968.

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

The following prior period adjustment was required to adjust the balances as of September 30, 2022:

PPA 1 - To adjust prior year revenue and due from state for prior year state and federal projects that were closed out during the current year. These projects are reimbursement based and calculated from audited numbers and subject to availability of funds, making the receivables estimates until the projects are finalized and closed out.

PPA 2 - In the prior year, a fence was capitalized in the County Park Fund, however, in the current year, it was determined that there were additional costs that should have been capitalized as part of the total fence project. As a result, a prior period adjustment was recorded to capitalize that additional cost in the County Park Fund.

PPA 3 - A prior period adjustment was recorded to close out old 2019 Delinquent Tax Revolving Fund into the Tax Umbrella Fund.

	Net Position/Fund Balance - Beginning	PPA 1	PPA 2	PPA 3	Net Position/Fund Balance - Beginning (Restated)
Business-Type Activities	\$ 8,942,567	\$ 637	\$ 32,154	\$ 0	\$ 8,975,358
County Park Fund	60,665	0	32,154	0	92,819
Ogemaw County Public Transit	1,271,146	637	0	0	1,271,783
Tax Umbrella	5,522,442	0	0	365,567	5,888,009
2019 DTRF	365,567	0	0	(365,567)	0

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 17 - FUND BALANCES

Amounts for specific purposes by fund and fund balance classifications for the year ended September 30, 2023, are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	
Nonspendable		
General Fund	Prepaid Expenses	\$ <u>14,885</u>
Restricted:		
Friend of the Court	Child Support Establishment and Enforcement	95,302
Housing Program Fund	Home Rehabilitation	108,302
Jail Renovation Debt Service Fund	Debt Service Activities for Jail Renovation	620
MSU Extension Fund	MSU Extension Activities	2,593
Veterans Office Fund	Veterans Relief	260,716
Indigent Defense Counsel	Indigent Defense Counsel	337,059
Local Corrections Officer's Training Fund	Training of Corrections Officers	32,787
Register of Deeds Automation	Register of Deeds Equipment	59,124
Road Patrol Fund	Road Patrol Activities	23,412
Opioid Fund	Opioid Remediation Activities	458,093
Concealed Weapons Licensing Fund	Concealed Weapons Licensing	15,064
ORV Fund	ORV Law Enforcement	2,082
Probate Child Care Fund	Probate Child Care	326,598
Sheriff K-9 Fund	Sheriff Department K-9 Unit	7,236
Drug Forfeiture Fund	Prosecutor's Office Drug Enforcement	1,489
Law Enforcement Drug Forfeiture Fund	Sheriff Department Drug Enforcement	12,213
Community Corrections Fund	Community Corrections	<u>8,347</u>
Total Restricted		<u>1,751,037</u>
Committed:		
Marriage Counseling Fund	Marriage Counseling Activities	43,758
Streets and Address Committee Fund	Streets and Address Committee Activities	3,604
Capital Improvement Fund	Capital Projects	<u>1,847</u>
Total Committed		<u>49,209</u>
Assigned:		
General Fund	Sheriff's Posse	9,139
ARPA Fund	ARPA Approved Activities	66,056
COVID Emergency Supplemental Funding Fund	COVID Related Activities	<u>47</u>
Total Assigned		<u>75,242</u>
Unassigned:		
General Fund	County Operations	<u>10,412</u>
Total Fund Balances		\$ <u><u>1,900,785</u></u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 18 - PUBLIC TRANSIT ASSURANCES

Cost Allocation Plans

The Ogemaw County Public Transit has one cost allocation plan in use in the year ended September 30, 2023 where the methodology has been approved by the Office of Passenger Transportation (OPT). This cost allocation plan was for central service costs and was adhered to in the preparation of these statements.

Explanation of Ineligible Expenses per the OPT R&E Manual

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual).

Ogemaw County Public Transit utilizes the services of a third party to attract advertisers and negotiate terms. Subsequently, the Transit receives proceeds from the advertising. As a result, Ogemaw County Public Transit did not incur any expenses associated with #40615 advertising revenue and, therefore no expenses are subtracted out as ineligible on the Nonurban Regular Service Expense Report on page 89.

Audit costs are typically the only costs in which eligibility differs from the State R&E Manual and the Uniform Guidance. Since the audit costs included on page 89 did not include a Single Audit, conducted under the provisions of the Uniform Guidance, these costs are eligible in the current year for State Assistance but considered ineligible in the current year for Federal Assistance.

The Nonurban Regular Service Revenue Report on page 88 shows Other Revenue (including Other Nontransportation Revenue) of \$39,306. None of this amount is applicable to 40710 Sale of Maintenance Services, but \$241 of the balance is applicable to 44000 Refunds and Credits and the associated expenses are subtracted out as ineligible. None of the Other Revenue is applicable to the other 406/407 codes. The entire remaining amount of \$39,065 was interest income and no expenses were incurred as a result of the nature of the interest income.

Depreciation

Depreciation Expense included as eligible only includes assets purchased with local funds where the useful life of the asset has been approved by the OPT.

Capital Grants

Capital grant funds used to pay operating expenses are required to be treated as ineligible for calculating state and federal operating assistance. During the current year, the Transit did not have any of these type of grants that were used to pay for operating expenses.

Retirement Benefits

Ogemaw County has a Defined Benefit Plan and a Defined Contribution Plan in which Transit employees can participate. Pension costs incurred for the plans were calculated pursuant to the MERS GASB 68 Implementation Guide. The total Defined Contribution Plan pension expense recognized and expensed on the books is \$9,782. The total Defined Benefit Plan pension expense recognized as calculated in Step 6 of the guide and expensed on the books is \$40,587. The Transit paid \$118,497, therefore, (\$77,910) (\$40,587 less the amount paid) is subtracted out under 58020 Ineligible DB Pension. Although the County has an Other Post-Employment Benefit (OPEB) retirement plan, the Transit does not participate in it. Therefore, no OPEB costs were expensed on the Transit's books.

Nonfinancial Data

The methodology used for compiling mileage for regular service on the Nonurban Regular Service Nonfinancial Report has been reviewed and the recording has been found to be adequate and reliable.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF CHANGES IN EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
For the Year Ended September 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 203,518	\$ 194,727	\$ 194,455	\$ 245,154	\$ 263,615	\$ 331,939	\$ 333,442	\$ 333,410	\$ 356,817
Interest	2,435,523	2,440,207	2,272,857	2,369,141	2,300,820	2,245,458	2,251,213	2,073,677	1,994,791
Changes of benefit terms	0	0	0	0	0	0	0	0	0
Difference between expected and actual experience	(662,962)	(245,193)	323,003	(1,377,284)	90,514	(211,558)	(295,647)	(60,499)	0
Changes of assumptions	0	1,194,671	1,455,490	1,005,938	0	0	0	1,379,696	0
Benefit payments, including employee refunds	(2,103,708)	(2,103,047)	(1,984,898)	(1,866,789)	(1,716,616)	(1,562,684)	(1,520,098)	(1,439,456)	(1,327,999)
Other	(1)	0	0	0	0	(2)	(60,653)	0	1
Net Change in Total Pension Liability	(127,630)	1,481,365	2,260,907	376,160	938,333	803,153	708,257	2,286,828	1,023,610
Total Pension Liability - Beginning	<u>34,543,511</u>	<u>33,062,146</u>	<u>30,801,239</u>	<u>30,425,079</u>	<u>29,486,746</u>	<u>28,683,593</u>	<u>27,975,336</u>	<u>25,688,508</u>	<u>24,664,898</u>
Total Pension Liability - Ending	<u>\$ 34,415,881</u>	<u>\$ 34,543,511</u>	<u>\$ 33,062,146</u>	<u>\$ 30,801,239</u>	<u>\$ 30,425,079</u>	<u>\$ 29,486,746</u>	<u>\$ 28,683,593</u>	<u>\$ 27,975,336</u>	<u>\$ 25,688,508</u>
Plan Fiduciary Net Position									
Employer contributions	\$ 1,969,928	\$ 1,696,133	\$ 1,356,953	\$ 1,103,097	\$ 962,177	\$ 822,418	\$ 666,043	\$ 612,364	\$ 536,464
Employee contributions	64,053	65,943	79,539	81,295	103,635	113,029	115,921	120,865	133,658
Net investment income	(2,829,332)	3,414,096	2,794,202	2,753,116	(870,135)	2,690,340	2,149,759	(298,632)	1,232,098
Benefit payments, including employee refunds	(2,103,708)	(2,103,047)	(1,984,898)	(1,866,789)	(1,716,616)	(1,562,684)	(1,520,098)	(1,439,456)	(1,327,999)
Administrative expense	(50,628)	(39,146)	(44,196)	(47,176)	(43,409)	(42,615)	(42,465)	(43,757)	(45,180)
Other	0	0	(1)	(916,035)	0	0	0	1	0
Net Change in Plan Fiduciary Net Position	(2,949,687)	3,033,979	2,201,599	1,107,508	(1,564,348)	2,020,488	1,369,160	(1,048,615)	529,041
Plan Fiduciary Net Position - Beginning	<u>27,267,733</u>	<u>24,233,754</u>	<u>22,032,155</u>	<u>20,924,647</u>	<u>22,488,995</u>	<u>20,468,507</u>	<u>19,099,347</u>	<u>20,147,962</u>	<u>19,618,921</u>
Plan Fiduciary Net Position - Ending	<u>\$ 24,318,046</u>	<u>\$ 27,267,733</u>	<u>\$ 24,233,754</u>	<u>\$ 22,032,155</u>	<u>\$ 20,924,647</u>	<u>\$ 22,488,995</u>	<u>\$ 20,468,507</u>	<u>\$ 19,099,347</u>	<u>\$ 20,147,962</u>
Employer Net Pension Liability	<u>\$ 10,097,835</u>	<u>\$ 7,275,778</u>	<u>\$ 8,828,392</u>	<u>\$ 8,769,084</u>	<u>\$ 9,500,432</u>	<u>\$ 6,997,751</u>	<u>\$ 8,215,086</u>	<u>\$ 8,875,989</u>	<u>\$ 5,540,546</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71 %	79 %	73 %	72 %	69 %	76 %	71 %	68 %	78 %
Covered Employee Payroll	\$ 1,154,119	\$ 1,190,964	\$ 1,243,220	\$ 1,583,115	\$ 1,755,714	\$ 2,172,507	\$ 2,179,119	\$ 2,211,482	\$ 2,364,946
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	875 %	611 %	710 %	554 %	541 %	322 %	377 %	401 %	234 %

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
For the Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$1,969,928	\$1,694,290	\$1,356,953	\$1,103,097	\$ 962,177	\$ 822,418	\$ 666,043	\$ 612,364	\$ 536,464
Contributions in relation to the actuarially determined contribution	<u>1,969,928</u>	<u>1,694,290</u>	<u>1,356,953</u>	<u>1,103,097</u>	<u>962,177</u>	<u>822,418</u>	<u>666,043</u>	<u>651,018</u>	<u>536,464</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,654)</u>	<u>\$ 0</u>
Covered employee payroll	\$1,154,119	\$1,190,964	\$1,243,220	\$1,583,115	\$1,755,714	\$2,172,507	\$2,179,119	\$2,211,482	\$2,364,946
Contributions as a percentage of covered employee payroll	171 %	142 %	109 %	70 %	55 %	38 %	31 %	28 %	23 %

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	16 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.0%
Investment rate of return	7.00%
Retirement age	60; 50 with 25 years of service or 55 with 15 years of service, unreduced, for closed plans. 60; 20 years of service and out, unreduced, or 55 with 15 years of service, reduced, for open plans.
Mortality	Pub-2010 and fully generational MP-2019

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF CHANGES IN EMPLOYER'S
NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 3,846	\$ 4,660	\$ 4,012	\$ 3,119	\$ 3,437	\$ 3,879
Interest	13,208	13,251	15,530	21,112	19,861	18,210
Effect of economic/demographic gains or losses	0	16,228	0	(3,410)	0	0
Changes of assumptions	(98,318)	(12,718)	30,617	91,029	(30,120)	(37,250)
Benefit payments, including employee refunds	<u>(35,628)</u>	<u>(35,988)</u>	<u>(34,107)</u>	<u>(33,712)</u>	<u>(33,197)</u>	<u>(34,552)</u>
Net Change in Total OPEB Liability	(116,892)	(14,567)	16,052	78,138	(40,019)	(49,713)
Total OPEB Liability - Beginning	<u>598,260</u>	<u>612,827</u>	<u>596,775</u>	<u>518,637</u>	<u>558,656</u>	<u>608,369</u>
Total OPEB Liability - Ending	<u>\$ 481,368</u>	<u>\$ 598,260</u>	<u>\$ 612,827</u>	<u>\$ 596,775</u>	<u>\$ 518,637</u>	<u>\$ 558,656</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 35,628	\$ 35,988	\$ 34,107	\$ 33,712	\$ 33,197	\$ 34,552
Benefit payments, including employee refunds	<u>(35,628)</u>	<u>(35,988)</u>	<u>(34,107)</u>	<u>(33,712)</u>	<u>(33,197)</u>	<u>(34,552)</u>
Net Change in Plan Fiduciary Net Position	0	0	0	0	0	0
Plan Fiduciary Net Position - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position - Ending	<u>\$ 0</u>					
County's Net OPEB Liability	<u>\$ 481,368</u>	<u>\$ 598,260</u>	<u>\$ 612,827</u>	<u>\$ 596,775</u>	<u>\$ 518,637</u>	<u>\$ 558,656</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
For the Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 35,628	\$ 35,988	\$ 34,107	\$ 33,712	\$ 33,197	\$ 34,552
Contributions in relation to the actuarially determined contribution	<u>35,628</u>	<u>35,988</u>	<u>34,107</u>	<u>33,712</u>	<u>33,197</u>	<u>34,552</u>
Contribution deficiency (excess)	<u>\$ 0</u>					
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Actuarial cost methodp[Entry age
Discount rate	4.02%
Inflation	2.50%
Salary increases including inflation	3.50%
Retirement age	100% at age 75
Mortality	Pub-2010 General Headcount-weighted mortality table (Employee, Disabled and Healthy Annuitant, and male and female as appropriate) with generational projection using MP-2020 (male and female as appropriate)

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance - Favorable (Unfavorable)
<u>Revenue</u>				
Property Taxes	\$ 7,081,203	\$ 7,123,551	\$ 7,034,593	\$ (88,958)
Federal Grants and Revenue	162,250	222,085	325,666	103,581
State Grants and Revenue	944,423	1,005,221	956,175	(49,046)
State Shared Revenue	535,000	535,000	520,224	(14,776)
Contributions from Other Governments	150,000	231,650	208,839	(22,811)
Licenses and Permits	15,500	17,551	20,198	2,647
Charges for Services	1,227,750	1,433,611	1,554,330	120,719
Fines and Forfeits	29,100	2,100	3,540	1,440
Interest and Rentals	52,000	87,246	77,447	(9,799)
Other Revenue	39,200	66,252	63,232	(3,020)
Total Revenue	<u>10,236,426</u>	<u>10,724,267</u>	<u>10,764,244</u>	<u>39,977</u>
<u>Expenditures</u>				
Current:				
Legislative				
Board of Commissioners	115,750	113,250	108,284	4,966
Chief Executive				
County Administrator	173,460	167,110	162,225	4,885
Financial and Tax Administration				
Clerk	469,350	468,250	487,168	(18,918)
Audit	45,000	45,995	45,995	0
Information Technology	204,870	159,870	119,996	39,874
County Survey and Remonumentation	45,415	45,415	30,814	14,601
Treasurer	279,231	329,861	323,049	6,812
Assessor/Equalization Department	310,998	319,737	327,219	(7,482)
Other General Government				
Elections	33,175	34,676	29,903	4,773
Building and Grounds	440,190	455,230	455,620	(390)
County Counsel	115,200	120,000	125,145	(5,145)
Miscellaneous Other General Government	448,360	428,835	381,347	47,488
Judicial				
Circuit Court	166,300	223,300	204,822	18,478
District Court	729,850	749,218	787,351	(38,133)
Law Library	15,200	15,200	12,124	3,076
Probate Court	726,851	726,851	709,957	16,894
Prosecuting Attorney	422,381	501,724	525,313	(23,589)
Jury Board	4,050	4,050	1,530	2,520
Crime Victims Advocate	71,756	74,006	70,460	3,546
Public Safety				
Sheriff	1,023,003	1,024,339	1,149,522	(125,183)
County Building Security	60,650	57,350	52,378	4,972
School Resource Officer	176,409	198,125	178,857	19,268
Sheriff's Posse	0	4,461	4,047	414
Criminal Justice	2,400	2,950	0	2,950
Tether	12,000	12,000	11,728	272
Secondary Road Patrol	82,725	128,372	129,633	(1,261)
Marine Law Enforcement	14,163	14,163	11,746	2,417
Snowmobile Law Enforcement	4,985	3,923	3,923	0
ORV Grant	10,000	14,863	12,612	2,251
Jail	2,360,470	2,398,596	2,454,816	(56,220)
Parole	675	675	672	3
Emergency Management Homeland Security	57,650	91,221	81,200	10,021
Animal Control	39,350	41,956	44,719	(2,763)

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance - Favorable (Unfavorable)
<u>Expenditures (Continued)</u>				
Public Works				
Drain Commissioner	\$ 17,545	\$ 16,155	\$ 16,515	\$ (360)
Airport	60,000	145,423	127,531	17,892
Health and Welfare				
Health Department	130,000	134,588	250,553	(115,965)
Sustance Abuse	96,000	96,000	53,143	42,857
Medical Examiner	75,000	78,750	78,750	0
Mental Health	57,000	57,000	56,944	56
Child Care-Department of Human Services (DHS)	10,000	10,000	5,000	5,000
Agency on Aging	698,828	698,828	720,145	(21,317)
Veterans' Burials	0	22,007	17,513	4,494
Community and Economic Development				
Planning	81,411	81,411	79,304	2,107
Zoning	0	0	2,467	(2,467)
Construction Board of Appeals	450	450	0	450
Register of Deeds	247,155	260,304	268,890	(8,586)
Economic Development	35,000	35,000	35,000	0
Total Expenditures	10,170,256	10,611,488	10,755,930	(144,442)
Excess of Revenue Over (Under) Expenditures	66,170	112,779	8,314	(104,465)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	300	300	0	(300)
Operating Transfers In	1,038,000	1,038,000	1,092,399	54,399
Operating Transfers Out	(1,103,540)	(1,102,015)	(1,089,872)	12,143
Total Other Financing Sources (Uses)	(65,240)	(63,715)	2,527	66,242
Net Change in Fund Balances	930	49,064	10,841	(38,223)
Fund Balances - Beginning of Year	23,595	23,595	23,595	0
Fund Balances - End of Year	\$ 24,525	\$ 72,659	\$ 34,436	\$ (38,223)

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HOUSING PROGRAM FUND - SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance - Favorable (Unfavorable)
<u>Revenue</u>				
Federal Grants and Revenue	\$ 351,000	\$ 351,000	\$ 225,620	\$ (125,380)
Local Grants	50,000	50,000	0	(50,000)
Interest and Rentals	0	0	644	644
Other Revenue	50,000	50,000	0	(50,000)
Total Revenue	451,000	451,000	226,264	(224,736)
 <u>Expenditures</u>				
Current:				
Health and Welfare				
Housing Commission	427,950	427,950	237,015	190,935
Excess of Revenue Over (Under) Expenditures	23,050	23,050	(10,751)	(33,801)
Fund Balances - Beginning of Year	119,053	119,053	119,053	0
Fund Balances - End of Year	\$ 142,103	\$ 142,103	\$ 108,302	\$ (33,801)

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ARPA FUND - SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Federal Grants and Revenue	\$ 0	\$ 305,909	\$ 1,009,092	\$ 703,183
Interest and Rentals	<u>0</u>	<u>48,000</u>	<u>66,256</u>	<u>18,256</u>
Total Revenue	<u>0</u>	<u>353,909</u>	<u>1,075,348</u>	<u>721,439</u>
<u>Expenditures</u>				
Current:				
Other General Government				
Miscellaneous Other General Government	0	50,250	40,090	10,160
Capital Outlay	<u>0</u>	<u>255,659</u>	<u>469,202</u>	<u>(213,543)</u>
Total Expenditures	<u>0</u>	<u>305,909</u>	<u>509,292</u>	<u>(203,383)</u>
Excess of Revenue Over (Under) Expenditures	0	48,000	566,056	518,056
<u>Other Financing Sources (Uses)</u>				
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(500,000)</u>	<u>(500,000)</u>
Net Change in Fund Balances	0	48,000	66,056	18,056
Fund Balances - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 0</u>	<u>\$ 48,000</u>	<u>\$ 66,056</u>	<u>\$ 18,056</u>

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OPIOID FUND - SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Interest and Rentals	\$ 0	\$ 600	\$ 892	\$ 292
Other Revenue	<u>0</u>	<u>400,000</u>	<u>467,245</u>	<u>67,245</u>
Total Revenue	<u>0</u>	<u>400,600</u>	<u>468,137</u>	<u>67,537</u>
 <u>Expenditures</u>				
Public Safety				
Opioid Remediation	0	0	10,000	(10,000)
Other Public Safety	<u>0</u>	<u>9</u>	<u>44</u>	<u>(35)</u>
Total Expenditures	<u>0</u>	<u>9</u>	<u>10,044</u>	<u>(10,035)</u>
 Net Change in Fund Balances	 0	 400,591	 458,093	 57,502
 Fund Balances - Beginning of Year	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Fund Balances - End of Year	 <u>\$ 0</u>	 <u>\$ 400,591</u>	 <u>\$ 458,093</u>	 <u>\$ 57,502</u>

SUPPLEMENTARY INFORMATION

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Funds										
	Sheriff K-9 Unit	Liquor Law Enforcement Fund	Friend of the Court	Marriage Counseling Fund	Register of Deeds Automation Fund	Road Patrol Fund	Community Corrections Fund	Concealed Weapons Licensing	Local Corrections Officer's Training Fund	Drug Forfeiture Fund	Law Enforcement Drug Forfeiture
Assets											
Cash and Cash Equivalents	\$ 7,236	\$ 0	\$ 87,848	\$ 43,758	\$ 59,669	\$ 62,518	\$ 8,347	\$ 14,659	\$ 32,787	\$ 1,489	\$ 12,213
Receivables:											
Accounts, Net	0	0	2,152	0	0	0	0	576	0	0	0
Due from State	0	0	15,987	0	0	0	0	0	0	0	0
Due from Other Units of Government	0	256	0	0	0	0	0	0	0	0	0
Total Assets	\$ 7,236	\$ 256	\$ 105,987	\$ 43,758	\$ 59,669	\$ 62,518	\$ 8,347	\$ 15,235	\$ 32,787	\$ 1,489	\$ 12,213
Liabilities											
Accounts Payable	\$ 0	\$ 0	\$ 1,644	\$ 0	\$ 545	\$ 17,091	\$ 0	\$ 171	\$ 0	\$ 0	\$ 0
Due to Other Funds	0	194	0	0	0	0	0	0	0	0	0
Due to Other Units of Government	0	0	0	0	0	0	0	0	0	0	0
Accrued Liabilities	0	62	9,041	0	0	22,015	0	0	0	0	0
Total Liabilities	0	256	10,685	0	545	39,106	0	171	0	0	0
Fund Equity											
Fund Balances:											
Restricted	7,236	0	95,302	0	59,124	23,412	8,347	15,064	32,787	1,489	12,213
Committed	0	0	0	43,758	0	0	0	0	0	0	0
Assigned	0	0	0	0	0	0	0	0	0	0	0
Total Fund Equity	7,236	0	95,302	43,758	59,124	23,412	8,347	15,064	32,787	1,489	12,213
Total Liabilities and Fund Equity	\$ 7,236	\$ 256	\$ 105,987	\$ 43,758	\$ 59,669	\$ 62,518	\$ 8,347	\$ 15,235	\$ 32,787	\$ 1,489	\$ 12,213

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Funds							Debt Service Fund	Capital Project Fund	Total Other Governmental Funds
	Street and Address Committee	MSU Extension	Indigent Defense Fund	COVID Emergency Supplemental Funding	Probate Child Care Fund	Veterans Office	ORV Fund	Jail Renovation Debt Service Fund	Capital Improvement Fund	
Assets										
Cash and Cash Equivalents	\$ 3,604	\$ 7,493	\$ 351,649	\$ 47	\$ 335,142	\$ 264,471	\$ 2,082	\$ 620	\$ 1,847	\$ 1,297,479
Receivables:										
Accounts, Net	0	0	0	0	0	0	0	0	0	2,728
Due from State	0	0	0	0	43,984	0	0	0	0	59,971
Due from Other Units of Government	0	0	0	0	0	0	0	0	0	256
Total Assets	\$ 3,604	\$ 7,493	\$ 351,649	\$ 47	\$ 379,126	\$ 264,471	\$ 2,082	\$ 620	\$ 1,847	\$ 1,360,434
Liabilities										
Accounts Payable	\$ 0	\$ 480	\$ 14,590	\$ 0	\$ 17,462	\$ 715	\$ 0	\$ 0	\$ 0	\$ 52,698
Due to Other Funds	0	0	0	0	0	0	0	0	0	194
Due to Other Units of Government	0	3,000	0	0	28,858	0	0	0	0	31,858
Accrued Liabilities	0	1,420	0	0	6,208	3,040	0	0	0	41,786
Total Liabilities	0	4,900	14,590	0	52,528	3,755	0	0	0	126,536
Fund Equity										
Fund Balances:										
Restricted	0	2,593	337,059	0	326,598	260,716	2,082	620	0	1,184,642
Committed	3,604	0	0	0	0	0	0	0	1,847	49,209
Assigned	0	0	0	47	0	0	0	0	0	47
Total Fund Equity	3,604	2,593	337,059	47	326,598	260,716	2,082	620	1,847	1,233,898
Total Liabilities and Fund Equity	\$ 3,604	\$ 7,493	\$ 351,649	\$ 47	\$ 379,126	\$ 264,471	\$ 2,082	\$ 620	\$ 1,847	\$ 1,360,434

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue Funds										
	Sheriff K-9 Unit	Liquor Law Enforcement Fund	Friend of the Court	Marriage Counseling Fund	Register of Deeds Automation Fund	Road Patrol Fund	Community Corrections Fund	Concealed Weapons Licensing	Local Corrections Officer's Training Fund	Drug Forfeiture Fund	Law Enforcement Drug Forfeiture
Revenue											
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 954,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Grants and Revenue	0	0	232,310	0	0	0	0	0	0	0	0
State Grants and Revenue	0	0	28,853	0	0	0	0	0	0	0	0
Charges for Services	0	0	26,478	1,605	32,300	0	17,114	6,796	0	0	
Interest and Rentals	21	2	77	146	194	629	23	128	120	5	41
Other Revenue	1,765	1,099	535	120	0	125	0	0	0	0	0
Total Revenue	1,786	1,101	288,253	1,871	32,494	955,339	23	17,242	6,916	5	41
Expenditures											
Current:											
General Government:											
Judicial	0	3,482	412,394	2,007	0	0	0	0	0	0	0
Other General Government	0	0	0	0	33,839	0	0	0	0	0	0
Public Safety	101	0	0	0	0	931,927	1	3,198	7,176	0	2
Public Works	0	0	0	0	0	0	0	0	0	0	0
Health and Welfare	0	0	0	0	0	0	0	0	0	0	0
Community and Economic Development	0	0	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	1,748	0	0	0	0
Debt Service:											
Principal	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	101	3,482	412,394	2,007	33,839	931,927	1	4,946	7,176	0	2
Excess of Revenue Over (Under) Expenditures	1,685	(2,381)	(124,141)	(136)	(1,345)	23,412	22	12,296	(260)	5	39
Other Financing Sources (Uses)											
Operating Transfers In	0	1,508	150,260	0	0	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0	(10,000)	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	1,508	150,260	0	0	0	(10,000)	0	0	0	0
Net Change in Fund Balances	1,685	(873)	26,119	(136)	(1,345)	23,412	22	2,296	(260)	5	39
Fund Balances - Beginning of Year	5,551	873	69,183	43,894	60,469	0	8,325	12,768	33,047	1,484	12,174
Fund Balances - End of Year	\$ 7,236	\$ 0	\$ 95,302	\$ 43,758	\$ 59,124	\$ 23,412	\$ 8,347	\$ 15,064	\$ 32,787	\$ 1,489	\$ 12,213

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue Funds							Debt Service Fund	Capital Project Fund	Total Other Governmental Funds
	Street and Address Committee	MSU Extension	Indigent Defense Fund	COVID Emergency Supplemental Funding	Probate Child Care Fund	Veterans Office	ORV Fund	Jail Renovation Debt Service Fund	Capital Improvement Fund	
Revenue										
Property Taxes	\$ 0	\$ 139,592	\$ 0	\$ 0	\$ 0	\$ 119,452	\$ 0	\$ 0	\$ 0	\$ 1,213,629
Federal Grants and Revenue	0	0	0	0	0	0	0	0	0	232,310
State Grants and Revenue	0	0	469,752	0	345,414	0	0	0	0	844,019
Charges for Services	0	0	0	0	66,075	0	0	0	0	150,368
Interest and Rentals	13	91	836	124	873	949	7	12	6	4,297
Other Revenue	0	0	0	0	8,663	100	0	0	0	12,407
Total Revenue	13	139,683	470,588	124	421,025	120,501	7	12	6	2,457,030
Expenditures										
Current:										
General Government:										
Judicial	0	0	516,194	77	0	0	0	0	0	934,154
Other General Government	0	0	0	0	0	0	0	0	0	33,839
Public Safety	0	0	0	0	0	0	0	0	0	942,405
Public Works	1	0	0	0	0	0	0	0	0	1
Health and Welfare	0	0	0	0	831,076	104,171	0	0	0	935,247
Community and Economic Development	0	155,397	0	0	0	0	0	0	0	155,397
Capital Outlay	0	0	0	0	0	0	0	0	0	1,748
Debt Service:										
Principal	0	0	0	0	0	0	0	210,000	0	210,000
Interest and Fiscal Charges	0	0	0	0	0	0	0	156,575	0	156,575
Total Expenditures	1	155,397	516,194	77	831,076	104,171	0	366,575	0	3,369,366
Excess of Revenue Over (Under) Expenditures	12	(15,714)	(45,606)	47	(410,051)	16,330	7	(366,563)	6	(912,336)
Other Financing Sources (Uses)										
Operating Transfers In	0	15,000	147,850	0	414,430	0	0	365,824	0	1,094,872
Operating Transfers Out	0	0	0	0	0	0	0	0	0	(10,000)
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0	0	(4,700)	0	(4,700)
Total Other Financing Sources (Uses)	0	15,000	147,850	0	414,430	0	0	361,124	0	1,080,172
Net Change in Fund Balances	12	(714)	102,244	47	4,379	16,330	7	(5,439)	6	167,836
Fund Balances - Beginning of Year	3,592	3,307	234,815	0	322,219	244,386	2,075	6,059	1,841	1,066,062
Fund Balances - End of Year	\$ 3,604	\$ 2,593	\$ 337,059	\$ 47	\$ 326,598	\$ 260,716	\$ 2,082	\$ 620	\$ 1,847	\$ 1,233,898

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
September 30, 2023

	County Park	Tax Reversion Fund	Building Department Fund	Commissary Fund	2021 DTRF	2020 DTRF	2019 DTRF	Total
<u>Assets</u>								
Cash and Cash Equivalents	\$ 12,580	\$ 947,396	\$ 224,694	\$ 56,315	\$ 675,578	\$ 366,378	\$ 0	\$ 2,282,941
Investments	0	128,044	0	0	0	0	0	128,044
Receivables:								
Delinquent Taxes	0	0	0	0	188,036	9,691	0	197,727
Due from Local Units	0	0	0	50,341	0	0	0	50,341
Due from Other Units of Government	0	29,013	0	0	0	0	0	29,013
Noncurrent Assets:								
Capital Assets, Net of Accumulated Depreciation	78,617	10,780	52,997	0	0	0	0	142,394
Total Assets	<u>91,197</u>	<u>1,115,233</u>	<u>277,691</u>	<u>106,656</u>	<u>863,614</u>	<u>376,069</u>	<u>0</u>	<u>2,830,460</u>
<u>Liabilities</u>								
Current Liabilities:								
Accounts Payable	795	23	978	19,532	0	0	0	21,328
Due to Other Funds	0	0	0	0	537,668	0	0	537,668
Accrued Liabilities	0	0	4,238	0	0	0	0	4,238
Total Liabilities	<u>795</u>	<u>23</u>	<u>5,216</u>	<u>19,532</u>	<u>537,668</u>	<u>0</u>	<u>0</u>	<u>563,234</u>
<u>Net Position</u>								
Net Investment in Capital Assets	78,617	10,780	52,997	0	0	0	0	142,394
Unrestricted	11,785	1,104,430	219,478	87,124	325,946	376,069	0	2,124,832
Total Net Position	<u>\$ 90,402</u>	<u>\$ 1,115,210</u>	<u>\$ 272,475</u>	<u>\$ 87,124</u>	<u>\$ 325,946</u>	<u>\$ 376,069</u>	<u>\$ 0</u>	<u>\$ 2,267,226</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
OTHER ENTERPRISE FUNDS
For the Year Ended September 30, 2023

	County Park	Tax Reversion Fund	Building Department Fund	Commissary Fund	2021 DTRF	2020 DTRF	2019 DTRF	Total
<u>Operating Revenue</u>								
Charges For Services	\$ 0	\$ 491,627	\$ 290,935	\$ 309,073	\$ 41,607	\$ 17,991	\$ 3,810	\$ 1,155,043
Tax Collection Fees	0	0	0	0	45,901	6,468	0	52,369
User Fees	60,464	0	0	0	0	0	0	60,464
Interest and Penalties on Taxes	0	0	0	0	143,687	60,913	4,460	209,060
Total Operating Revenue	<u>60,464</u>	<u>491,627</u>	<u>290,935</u>	<u>309,073</u>	<u>231,195</u>	<u>85,372</u>	<u>8,270</u>	<u>1,476,936</u>
<u>Operating Expenses</u>								
Salaries and Wages	1,665	0	105,249	0	0	0	0	106,914
Payroll Taxes and Employee Benefits	0	0	107,336	0	0	0	0	107,336
Contractual Services	0	1,910	0	0	0	0	0	1,910
Depreciation	5,507	9,752	8,833	0	0	0	0	24,092
Dues and Subscriptions	175	543	4,626	0	0	0	0	5,344
Equipment	0	12,580	7,391	0	0	0	0	19,971
Equipment Rental	0	0	119	0	0	0	0	119
Gasoline and Oil	270	0	3,838	0	0	0	0	4,108
Insurance and Bonds	0	6,336	4,822	0	0	0	0	11,158
Licenses and Permits	120	0	247	0	0	0	0	367
Office Supplies	0	0	1,737	0	0	0	0	1,737
Operating Supplies	17,980	1,776	0	148,471	0	0	0	168,227
Postage	0	0	0	9	0	0	0	9
Printing and Advertising	895	1,711	0	0	0	0	0	2,606
Professional Fees and Services	0	21,389	0	0	0	0	0	21,389
Repair and Maintenance	14,687	41,281	0	0	0	0	0	55,968
Travel and Training	0	2,076	0	0	0	0	0	2,076
Utilities	30,676	0	1,221	0	0	0	0	31,897
Other	302	76,049	32	53	30,012	10,047	10,003	126,498
Total Operating Expenses	<u>72,277</u>	<u>175,403</u>	<u>245,451</u>	<u>148,533</u>	<u>30,012</u>	<u>10,047</u>	<u>10,003</u>	<u>691,726</u>
Operating Income (Loss)	<u>(11,813)</u>	<u>316,224</u>	<u>45,484</u>	<u>160,540</u>	<u>201,183</u>	<u>75,325</u>	<u>(1,733)</u>	<u>785,210</u>
<u>Nonoperating Revenue (Expenses)</u>								
Interest and Investment Earnings	11	25,827	636	1,181	22,640	14,531	4,768	69,594
Contributions	9,385	0	0	0	0	0	0	9,385
Rental and Other Income	0	100	0	375	0	0	0	475
Total Nonoperating Revenue (Expenses)	<u>9,396</u>	<u>25,927</u>	<u>636</u>	<u>1,556</u>	<u>22,640</u>	<u>14,531</u>	<u>4,768</u>	<u>79,454</u>
Operating Transfers Out	0	(110,000)	(5,000)	(294,969)	0	0	(3,035)	(413,004)
Change in Net Position	(2,417)	232,151	41,120	(132,873)	223,823	89,856	0	451,660
Net Position - Beginning of Year	92,819	883,059	231,355	219,997	102,123	286,213	0	1,815,566
Net Position - End of Year	<u>\$ 90,402</u>	<u>\$ 1,115,210</u>	<u>\$ 272,475</u>	<u>\$ 87,124</u>	<u>\$ 325,946</u>	<u>\$ 376,069</u>	<u>\$ 0</u>	<u>\$ 2,267,226</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended September 30, 2023

	County Park	Tax Reversion Fund	Building Department Fund	Commissary Fund	2021 DTRF	2020 DTRF	2019 DTRF	Total
<u>Cash Flows From Operating Activities</u>								
Receipts from Customers and Taxpayers	\$ 60,464	\$ 505,448	\$ 290,935	\$ 317,046	\$ 231,195	\$ 85,372	\$ 11,297	\$ 1,501,757
Payments to Suppliers for Goods and Services	(100,009)	(167,200)	(23,337)	(136,933)	(30,012)	(10,047)	(10,003)	(477,541)
Payments to Employees for Services	(1,665)	0	(212,304)	0	0	0	0	(213,969)
Delinquent Taxes Collected (Purchased)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,008,942</u>	<u>180,580</u>	<u>10,599</u>	<u>1,200,121</u>
Net Cash Provided (Used) by Operating Activities	<u>(41,210)</u>	<u>338,248</u>	<u>55,294</u>	<u>180,113</u>	<u>1,210,125</u>	<u>255,905</u>	<u>11,893</u>	<u>2,010,368</u>
<u>Cash Flows From Non-Capital Financing Activities</u>								
Operating Subsidies and Transfers From (To) Other Funds/Component Units	0	(110,000)	(5,000)	(294,969)	(2,150,000)	(1,000,780)	(300,334)	(3,861,083)
Intergovernmental Contributions	9,385	0	0	0	0	0	0	9,385
Rent and Other Income	<u>0</u>	<u>100</u>	<u>0</u>	<u>375</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>475</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>9,385</u>	<u>(109,900)</u>	<u>(5,000)</u>	<u>(294,594)</u>	<u>(2,150,000)</u>	<u>(1,000,780)</u>	<u>(300,334)</u>	<u>(3,851,223)</u>
<u>Cash Flows From Investing Activities</u>								
Interest Earned	11	25,827	636	1,181	22,640	14,531	4,768	69,594
Redemption (Purchase) of Investment Securities	<u>0</u>	<u>(2,971)</u>	<u>0</u>	<u>0</u>	<u>250,074</u>	<u>0</u>	<u>0</u>	<u>247,103</u>
Net Cash Provided (Used) by Investing Activities	<u>11</u>	<u>22,856</u>	<u>636</u>	<u>1,181</u>	<u>272,714</u>	<u>14,531</u>	<u>4,768</u>	<u>316,697</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(31,814)	251,204	50,930	(113,300)	(667,161)	(730,344)	(283,673)	(1,524,158)
Cash and Cash Equivalents at Beginning of Year (Restated)	<u>44,394</u>	<u>696,192</u>	<u>173,764</u>	<u>169,615</u>	<u>1,342,739</u>	<u>1,096,722</u>	<u>283,673</u>	<u>3,807,099</u>
Cash and Cash Equivalents at End of Year	<u>\$ 12,580</u>	<u>\$ 947,396</u>	<u>\$ 224,694</u>	<u>\$ 56,315</u>	<u>\$ 675,578</u>	<u>\$ 366,378</u>	<u>\$ 0</u>	<u>\$ 2,282,941</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>								
Operating Income (Loss)	\$ (11,813)	\$ 316,224	\$ 45,484	\$ 160,540	\$ 201,183	\$ 75,325	\$ (1,733)	\$ 785,210
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Depreciation Expense	5,507	9,752	8,833	0	0	0	0	24,092
Change in Assets and Liabilities:								
Receivables	0	13,821	0	7,973	1,008,942	180,580	13,626	1,224,942
Accounts and Other Payables	<u>(34,904)</u>	<u>(1,549)</u>	<u>977</u>	<u>11,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,876)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (41,210)</u>	<u>\$ 338,248</u>	<u>\$ 55,294</u>	<u>\$ 180,113</u>	<u>\$ 1,210,125</u>	<u>\$ 255,905</u>	<u>\$ 11,893</u>	<u>\$ 2,010,368</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OGEMAW COUNTY DRAINS - COMPONENT UNIT
GOVERNMENTAL FUNDS
September 30, 2023

	Debt Retirement Fund	Capital Project Funds				Total Governmental Funds
	<u>Whitney Drain</u>	<u>Ausable Lake Assessment</u>	<u>Stylus Lake Assessment</u>	<u>Tee Lake Assessment</u>	<u>Flowage Lake Dam Fund</u>	<u> </u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ <u>0</u>	\$ <u>3,992</u>	\$ <u>5,101</u>	\$ <u>12,076</u>	\$ <u>6,145</u>	\$ <u>27,314</u>
Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fund Equity</u>						
Fund Balances:						
Restricted For:						
Capital Projects	<u>0</u>	<u>3,992</u>	<u>5,101</u>	<u>12,076</u>	<u>6,145</u>	<u>27,314</u>
Total Liabilities and Fund Equity	\$ <u>0</u>	\$ <u>3,992</u>	\$ <u>5,101</u>	\$ <u>12,076</u>	\$ <u>6,145</u>	\$ <u>27,314</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY DRAINS - COMPONENT UNIT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2023

Total Governmental Fund Balances \$ 27,314

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

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported as assets in governmental funds. Capital assets at
year end consist of:

Capital Assets Cost	\$ 754,201	
Accumulated Depreciation	<u>(371,463)</u>	<u>382,738</u>

Total Net Position - Governmental Activities \$ 410,052

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
OGEMAW COUNTY DRAINS - COMPONENT UNIT - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Debt Retirement Fund	Capital Project Funds				Total Governmental Funds
	Whitney Drain	Ausable Lake Assessment	Stylus Lake Assessment	Tee Lake Assessment	Flowage Lake Dam Fund	
<u>Revenue</u>						
Interest Income	\$ 0	\$ 12	\$ 16	\$ 37	\$ 19	\$ 84
Other Revenue	<u>2,253</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,253</u>
Total Revenue	<u>2,253</u>	<u>12</u>	<u>16</u>	<u>37</u>	<u>19</u>	<u>2,337</u>
<u>Expenditures</u>						
Current:						
Public Works	0	721	758	580	365	2,424
Debt Service:						
Principal	1,309	0	0	0	0	1,309
Interest and Fiscal Charges	<u>944</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>944</u>
Total Expenditures	<u>2,253</u>	<u>721</u>	<u>758</u>	<u>580</u>	<u>365</u>	<u>4,677</u>
Excess of Revenue Over (Under) Expenditures	0	(709)	(742)	(543)	(346)	(2,340)
Fund Balances - Beginning of Year	<u>0</u>	<u>4,701</u>	<u>5,843</u>	<u>12,619</u>	<u>6,491</u>	<u>29,654</u>
Fund Balances - End of Year	<u>\$ 0</u>	<u>\$ 3,992</u>	<u>\$ 5,101</u>	<u>\$ 12,076</u>	<u>\$ 6,145</u>	<u>\$ 27,314</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY DRAINS - COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	(2,340)
Amounts reported for governmental activities in the statement of activities are different because:		
Receivables not currently available are reported as revenue when collected or when currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements:		
Special Assessments		(1,309)
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 as depreciation expense.		
Depreciation Expense		<u>(15,084)</u>
Change in Net Position of Governmental Activities	\$	<u>(18,733)</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
 ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT
 GOVERNMENTAL FUNDS
September 30, 2023

	<u>Special Revenue Funds</u>		Total Governmental Funds
	<u>EDC Fund</u>	<u>EDC Alliance Fund</u>	
<u>Assets</u>			
Cash and Cash Equivalents	\$ 0	\$ 76,326	\$ 76,326
Investments	0	50,000	50,000
Receivables:			
Interest Receivable	<u>0</u>	<u>1,433</u>	<u>1,433</u>
Total Assets	<u>\$ 0</u>	<u>\$ 127,759</u>	<u>\$ 127,759</u>
Liabilities	\$ 0	\$ 0	\$ 0
<u>Fund Equity</u>			
Fund Balances:			
Restricted For:			
Economic Development	<u>0</u>	<u>127,759</u>	<u>127,759</u>
Total Liabilities and Fund Equity	<u>\$ 0</u>	<u>\$ 127,759</u>	<u>\$ 127,759</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF
 REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
 ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue Funds			Total Governmental Funds
	EDC Fund	EDC Alliance Fund		
<u>Revenue</u>				
Interest Income	\$ 0	\$ 1,606	\$	1,606
Other Revenue	0	59,330		59,330
Total Revenue	0	60,936		60,936
 <u>Expenditures</u>				
Current:				
Community and Economic Development	0	31,796		31,796
Excess of Revenue Over (Under) Expenditures	0	29,140		29,140
Fund Balances - Beginning of Year	0	98,619		98,619
Fund Balances - End of Year	\$ 0	\$ 127,759	\$	127,759

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
NONURBAN REGULAR SERVICE REVENUE REPORT
For the Year Ended September 30, 2023

	<u>Ogemaw County Public Transit</u>
Farebox Revenue	
Passenger Fares	\$ 42,837
Contract Fares	19,439
NonTrans Revenues	
Advertising Revenue	4,725
Other Nontransportation Revenue - Scrap Metal Sales	241
Local Revenue	
Taxes Levied Directly for/by Transit Agency	557,368
State Formula and Contracts	
State Operating Assistance	380,486
State Capital Grants	12,639
Federal Contracts	
Section 5311 (Operating Funds Only)	394,819
Federal Capital Grants	50,558
Other Revenue	
Interest Income	<u>39,065</u>
	<u>\$ 1,502,177</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
 NONURBAN REGULAR SERVICE EXPENSE REPORT
For the Year Ended September 30, 2023

	<u>Ogemaw County Public Transit</u>
Labor	
Operator's Salaries & Wages	\$ 302,216
Other Salaries & Wages	90,277
Dispatchers' Salaries & Wages	144,497
 Fringe Benefits	
Other Fringe Benefits	193,983
Pensions	50,369
 Services	
Audit Cost	3,430
Other Services	63,024
 Material and Supplies	
Fuel & Lubricants	85,077
Other Materials & Supplies	31,653
 Utilities	
Utilities	10,997
 Insurance	
Liability Insurance	43,011
Other Insurance	1,877
 Misc Expenses	
Travel, Meetings, & Training	183
Association Dues & Subscriptions	1,100
Other Misc Expenses	336
 Depreciation	
Depreciation	<u>141,863</u>
 Total Expenses	<u>1,163,893</u>
 Ineligible Expenses	
Ineligible Depreciation	141,263
Ineligible Other Nontransportation Revenue - Scrap Metal Sales	241
Ineligible Percent of Assoc. Dues	150
Excess Pensions Costs Paid but Not Expensed	<u>(77,910)</u>
 Total Ineligible Expenses	<u>63,744</u>
 Total Eligible Expenses	<u>\$ 1,100,149</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2023

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program Award Amount	Current Year Expenditures			Prior Year Expenditures	Award Amount Remaining
				Total	Federal	State		
<u>U.S. Department of Transportation</u>								
Passed Through Michigan Department of Transportation								
Operating Assistance - Section 5311	20.509	2022-0117/P1	\$ <u>394,819</u>	\$ <u>394,819</u>	\$ <u>394,819</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Federal Transit Capital Grants								
Capital Grant	20.509	2017-0110/P11	6,960	538	538	0	6,422	0
Capital Grant	20.526	2017-0110/P15	50,020	50,020	50,020	0	0	0
Capital Grant	20.509	2017-0110/P16	<u>54,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,927</u>	<u>50,873</u>
Total Federal Transit Capital Grants			<u>111,780</u>	<u>50,558</u>	<u>50,558</u>	<u>0</u>	<u>10,349</u>	<u>50,873</u>
<u>Michigan Department of Transportation</u>								
State Transit Capital Grants								
Capital Grant	N/A	2017-0110/P11	1,740	134	0	134	1,606	0
Capital Grant	N/A	2017-0110/P15	12,505	12,505	0	12,505	0	0
Capital Grant	N/A	2017-0110/P16	<u>13,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>982</u>	<u>12,718</u>
Total State Transit Capital Grants			<u>27,945</u>	<u>12,639</u>	<u>0</u>	<u>12,639</u>	<u>2,588</u>	<u>12,718</u>
Non Urban Operating Assistance - Act 51 Current Year	N/A	N/A	<u>380,486</u>	<u>380,486</u>	<u>0</u>	<u>380,486</u>	<u>0</u>	<u>0</u>
Total Federal and State Grants			\$ <u>915,030</u>	\$ <u>838,502</u>	\$ <u>445,377</u>	\$ <u>393,125</u>	\$ <u>12,937</u>	\$ <u>63,591</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
NONURBAN REGULAR SERVICE NONFINANCIAL REPORT
For the Year Ended September 30, 2023

<u>Code</u>	<u>Description</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
611	Vehicle Miles	245,871	0	0	245,871



Stephenson & Company, P.C.

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COUNTY OF OGEMAW
WEST BRANCH, MICHIGAN

SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2023

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March 19, 2024

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
County of Ogemaw
West Branch, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Ogemaw as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Ogemaw's basic financial statements and have issued our report thereon dated March 19, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified one deficiency in internal control that we consider to be a material weakness and one that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

The County of Ogemaw's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the the County of Ogemaw's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Ogemaw's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Stephenson & Company, P.C.



Stephenson & Company, P.C.
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March 19, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
County of Ogemaw
West Branch, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Ogemaw's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County of Ogemaw's major federal programs for the year ended September 30, 2023. The County of Ogemaw's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion the County of Ogemaw complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County of Ogemaw and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County of Ogemaw's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County of Ogemaw's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County of Ogemaw's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Ogemaw's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- λ Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County of Ogemaw's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County of Ogemaw's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County of Ogemaw's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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 the County of Ogemaw as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Ogemaw's basic financial statements. We issued our report thereon dated March 19, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Stephenson & Company, P.C.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Summary of Auditors' Results

1. The auditors' report expresses unmodified opinions on the financial statements of the County of Ogemaw.
2. One material weakness and one significant deficiency in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the County of Ogemaw, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses relating to the audit of internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the County of Ogemaw expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the County of Ogemaw are reported in this schedule.
7. The program tested as a major program was: Coronavirus Relief Local Government Grants Program, ALN 21.027
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The County of Ogemaw does not qualify as a low-risk auditee.

Findings - Financial Statement Audit

2023-001

Financial Statement Preparation Controls

Condition and Criteria: Accounting principles require personnel of the County of Ogemaw to have the knowledge to review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles. the County of Ogemaw personnel prepare financial information throughout the year to assess the operations and the financial condition of the County of Ogemaw. However, prior to the closing of the year end, multiple journal entries, material to the financial statements, were proposed by their Independent Audit Firm. Also, the County of Ogemaw relies on their Independent Audit Firm to assist in reporting the annual financial report in accordance with Generally Accepted Accounting Principles (GAAP).

Effect: As a result, the County of Ogemaw is considered to have a material weakness, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the County of Ogemaw would not be in a position to detect the errors or omissions.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Findings - Financial Statement Audit (Continued)

2023-001 Financial Statement Preparation Controls (Continued)

Cause: The County relies on their Independent Audit Firm to assist in reporting the annual financial report in accordance with GAAP as well as propose material journal entries to the financial statements.

Context: The County of Ogemaw has individuals on staff to review the financial report and Schedule of Expenditures of Federal Awards to ensure it is accurate, and that the financial information reflects the recording of the proposed entries. However, the individuals do not review and determine that the financial report and Schedule of Expenditures of Federal Awards is a complete presentation in accordance with Generally Accepted Accounting Principles.

Auditors' Recommendation: We recommend that Management and those charged with governance evaluate and document their decision on the cost and benefits of whether to contract for this service with their independent audit firm.

Views of Responsible Officials and Planned Corrective Actions: The Board of Commissioners understands the risk of having the auditors prepare the financial statements and has determined to accept this risk as they feel the benefit outweighs the risk itself. However, to mitigate this risk, the 2023 PPC Governmental Disclosure Checklist was received and reviewed by management as part of reviewing and approving their financial statements, to assist in ensuring that all required disclosures are properly included in the financial statements.

2023-002 District Court Cash Reconciliations

Condition and Criteria: During our audit, we noted that the District Court bank reconciliations were not being sent to the Treasurer's office and there were not proper secondary reviews of the bank reconciliations being performed.

Effect: District Court cash balances were not able to be verified via secondary review at year end in the County's general ledger.

Cause: The District Court cash balances, while reconciled, lacked proper review allowing for potential override of controls.

Context: District Court has not been sending the bank reconciliations to the Treasurer's office or obtaining an independent secondary review.

Auditor's Recommendation: We recommend that management implement procedures to ensure that all reconciliations are completed in full each month, including an independent secondary review and sent to the Treasurer's office, to ensure that all transactions are properly recorded.

Views of Responsible Officials and Planned Corrective Actions: The County Administrator/Controller and County Treasurer understand the situation and are going to work with District Court to design procedures to ensure proper independent secondary review and subsequently send those reviewed reconciliations to the Treasurer's office. Any discrepancies discovered through this review will be remedied immediately.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

Findings and Questioned Costs - Major Federal Award Programs Audit

There were no findings or questioned costs related to the major federal award program audit for the year ended September 30, 2023.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

Federal Grantor or Pass Through Grantor Program Title/Grantor's Number	Federal ALN	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/22	Current Year Expenditures	Current Year Receipts (Cash Basis)	Adjustments	Accrued (Deferred) Revenue at 9/30/23	Current Year Cash Transferred to Subrecipients
<u>U.S. Department of Agriculture</u>									
Direct Program:									
Rural Housing Preservation Grant									
Housing Preservation Grant Program Income	10.433	N/A	\$ 0	\$ 0	\$ 50,672	\$ 50,672	\$ 0	\$ 0	\$ 0
Housing Preservation Grant 10-533 '2020 - 2021		\$ 50,000	17,422	17,422	32,578	50,000	0	0	0
Housing Preservation Grant 10-533 '2021 - 2022		87,200	0	0	9,733	9,733	0	0	0
		<u>137,200</u>	<u>17,422</u>	<u>17,422</u>	<u>92,983</u>	<u>110,405</u>	<u>0</u>	<u>0</u>	<u>0</u>
Passed through Michigan Department of Natural Resources:									
Schools and Roads Grant to States - Secure Rural Schools - 2022	10.665	29,200	0	0	29,200	29,200	0	0	29,200
Schools and Roads Grant to States - Oil/Gas/Mineral Royalties - 2023		609	0	0	609	0	0	609	0
		<u>29,809</u>	<u>0</u>	<u>0</u>	<u>29,809</u>	<u>29,200</u>	<u>0</u>	<u>609</u>	<u>29,200</u>
Community Facilities Grants:									
Community Facilities Grant - CPAP000001266517	10.766	23,500	0	0	23,500	23,500	0	0	0
Community Facilities Grant - CPAP000001266518		35,300	0	0	35,300	35,300	0	0	0
Community Facilities Grant - CPAP000001266519		33,600	0	0	33,600	33,600	0	0	0
		<u>92,400</u>	<u>0</u>	<u>0</u>	<u>92,400</u>	<u>92,400</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total U.S. Department of Agriculture		<u>259,409</u>	<u>17,422</u>	<u>17,422</u>	<u>215,192</u>	<u>232,005</u>	<u>0</u>	<u>609</u>	<u>29,200</u>
<u>U.S. Department of Housing and Urban Development</u>									
Passed through Michigan State Housing Development Authority:									
Community Development Block Grant Program Income	14.228	N/A	0	0	115,215	115,215	0	0	0
<u>U.S. Department of Interior</u>									
Passed through the Michigan State Housing Development Authority:									
Payment in Lieu of Taxes Program	15.226	10,095	0	0	10,095	10,095	0	0	0
Bankhead-Jones Farm Tenant Act - Title III - 2022		11,503	0	0	11,503	11,503	0	0	11,503
		<u>21,598</u>	<u>0</u>	<u>0</u>	<u>21,598</u>	<u>21,598</u>	<u>0</u>	<u>0</u>	<u>11,503</u>
<u>U.S. Department of Justice</u>									
Direct Program									
Bulletproof Vest Partnership Grant FY2020 Regular Fund	16.607	2,700	2,700	2,700	0	0	0	2,700	0

The accompanying notes are an integral part of this schedule.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

Federal Grantor or Pass Through Grantor Program Title/Grantor's Number	Federal ALN	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/22	Current Year Expenditures	Current Year Receipts (Cash Basis)	Adjustments	Accrued (Deferred) Revenue at 9/30/23	Current Year Cash Transferred to Subrecipients
<u>U.S. Department of Transportation</u>									
Passed through Michigan Department of Transportation:									
Formula Grants for Rural Areas									
Operating Assistance - Section 5311 12-0146 131734	20.509	\$ 176,063	\$ 176,063	\$ 178	\$ 0	\$ 0	\$ 0	\$ 178	\$ 0
Operating Assistance - Section 5311 2017-0110/P10/R1		331,845	331,845	(31,150)	0	0	0	(31,150)	0
Operating Assistance - Section 5311 2017-0110/P12		343,703	177,941	17,940	0	0	0	17,940	0
CRRSAA Act Revenue (COVID-19) 2022-0117/P1		410,059	410,059	115,512	0	85,171	0	30,341	0
CRRSAA Act Revenue (COVID-19) 2022-0117/P2		394,819	0	0	394,819	269,306	0	125,513	0
Capital Grant 2017-0110/P11 - Electronic Bus Scanner		6,960	6,422	0	538	538	0	0	0
		<u>1,663,449</u>	<u>1,102,330</u>	<u>102,480</u>	<u>395,357</u>	<u>355,015</u>	<u>0</u>	<u>142,822</u>	<u>0</u>
Passed through Michigan Department of Transportation:									
Bus and Bus Facilities Competitive Program									
Capital Grant - Section 5339(b) 2017-0110/P15 - Expansion Van	20.526	50,020	0	0	50,020	50,020	0	0	0
Passed through Michigan Department of Transportation:									
Hazardous Material Emergency Preparedness Grant									
21-22 693JK31940022HMEP	20.703	1,500	1,500	1,500	0	1,500	0	0	0
22-23 693JK32240063HMEP		1,500	0	0	1,500	0	0	1,500	0
		<u>3,000</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>	<u>0</u>
Total U.S. Department of Transportation		<u>1,716,469</u>	<u>1,103,830</u>	<u>103,980</u>	<u>446,877</u>	<u>406,535</u>	<u>0</u>	<u>144,322</u>	<u>0</u>
<u>U.S. Department of Treasury</u>									
Passed through Michigan Department of Treasury:									
Coronavirus Relief Local Government Grants Program	21.027	4,178,421	1,422,741	(2,705,950)	1,009,092	50,000	0	(1,746,858)	0
<u>U.S. Department of Health and Human Services</u>									
Child Support Enforcement									
Passed through Michigan Department of Human Services									
Prosecuting Attorney CS-PA17-65002	93.563	292,631	249,542	3,377	45,704	44,781	0	4,300	0
Friend of the Court Title IV D CS/FOC-17-65001		1,669,504	1,344,218	15,974	229,281	231,964	0	13,291	0
Performance Incentive Payments		31,296	0	0	31,296	31,296	0	0	0
		<u>1,993,431</u>	<u>1,593,760</u>	<u>19,351</u>	<u>306,281</u>	<u>308,041</u>	<u>0</u>	<u>17,591</u>	<u>0</u>

The accompanying notes are an integral part of this schedule.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

Federal Grantor or Pass Through Grantor Program Title/Grantor's Number	Federal ALN	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/22	Current Year Expenditures	Current Year Receipts (Cash Basis)	Adjustments	Accrued (Deferred) Revenue at 9/30/23	Current Year Cash Transferred to Subrecipients
<u>U.S. Department of Homeland Security</u>									
Passed through Michigan Department of Natural Resources:									
Boating Safety Financial Assistance - 2023	97.012	\$ 6,700	\$ 0	\$ 0	\$ 6,700	\$ 0	\$ 0	\$ 6,700	\$ 0
Passed through Michigan Department of Health and Human Services:									
COVID-19 National Disaster Relief 4494DRMIP00000001	97.036	240,300	0	20,382	0	18,344	(2,038)	0	0
Passed through Michigan State Police:									
Emergency Management Performance Grant - 2022	97.042	11,281	11,281	11,281	0	11,281	0	0	0
Emergency Management Performance Grant - 2023		5,946	0	0	5,946	0	0	5,946	0
		<u>17,227</u>	<u>11,281</u>	<u>11,281</u>	<u>5,946</u>	<u>11,281</u>	<u>0</u>	<u>5,946</u>	<u>0</u>
Passed through District Health Department No. 2:									
Homeland Security Grant EMW-2021-SS-00011-S01	97.067	20,274	0	0	15,074	15,074	0	0	0
Passed through Midland County:									
Homeland Security Grant EMW-2019-SS-00021	97.067	83,052	67,915	22,253	7,869	30,122	0	0	0
Homeland Security Grant EMW-2020-SS-00044-S01		19,600	258	258	42,953	43,211	0	0	0
		<u>102,652</u>	<u>68,173</u>	<u>22,511</u>	<u>50,822</u>	<u>73,333</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total U.S. Department of Homeland Security		<u>387,153</u>	<u>79,454</u>	<u>54,174</u>	<u>78,542</u>	<u>118,032</u>	<u>(2,038)</u>	<u>12,646</u>	<u>0</u>
Total Federal Financial Awards		<u>\$ 8,559,181</u>	<u>\$ 4,219,907</u>	<u>\$ (2,508,323)</u>	<u>\$ 2,192,797</u>	<u>\$ 1,251,426</u>	<u>\$ (2,038)</u>	<u>\$ (1,568,990)</u>	<u>\$ 40,703</u>

The accompanying notes are an integral part of this schedule.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Ogemaw under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Ogemaw, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Ogemaw .

Note 2 - Summary of Significant Accounting Policies

- A. The Schedule of Expenditures of Federal Awards is a summary of the cash activity of the County's federal awards and does not present transactions that would be included in financial statements of the County presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.
- B. The County of Ogemaw did not elect to use a flat de minimus rate of 10% of modified total direct costs for their indirect cost rate.

Note 3 - Reconciliation to Financial Statements:

Federal revenue presented in the financial statements:

Governmental Funds	\$	1,792,688
Proprietary Funds		445,377
		2,238,065

Accounts receivable for the year ended September 30, 2022 received more than 60 days after year-end and recognized as federal revenue in the fiscal year September 30, 2023 financial statements:

Emergency Management Performance Grant - 2022	(11,281)
HMEP	(1,500)
Homeland	(22,511)
HPG	(17,422)
Bulletproof Vest Partnership Grant FY2020 Regular Fund	(2,700)

Accounts receivable for the year ended September 30, 2023 received more than 60 days after year-end and to be recognized as federal revenue in fiscal year September 30, 2024 financial statements:

Emergency Management Performance Grant - 2023	5,946
HMEP	1,500
Bulletproof Vest Partnership Grant FY2020 Regular Fund	2,700

Federal revenue on the Schedule of Expenditures of Federal Awards	\$	2,192,797
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Note 4 - Grant Payment Adjustments

In the current year, the COVID-19 National Disaster Relief Grant was adjusted by \$2,038 as it was discovered after issuance of the September 30, 2022 Schedule of Expenditures of Federal Awards that the expenditures included \$2,038 of State payments that should not have been included on the Schedule of Expenditures of Federal Awards.

County of Ogemaw
West Branch, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PROVIDED TO SUBRECIPIENTS
For the Year Ended September 30, 2023

<u>Federal Program Title/Subrecipient</u>	<u>Project Number</u>	<u>Federal ALN</u>	<u>Approved Grant Award Amount</u>	<u>Due to Subrecipient October 1, 2022</u>	<u>Current Year Transfer to Subrecipient</u>	<u>Current Year Subrecipient Federal Expenditures</u>	<u>Due to Subrecipient September 30, 2023</u>
Schools & Roads Grants - Secure Rural Schools	N/A	10.665	N/A				
West Branch Rose City Schools				\$ 0	\$ 21,900	\$ 21,900	\$ 0
Rose Township				0	3,066	3,066	0
Goodar Township				0	4,234	4,234	0
				<u>0</u>	<u>29,200</u>	<u>29,200</u>	<u>0</u>
Schools & Roads Grants - Oil/Gas/Mineral Royalties	N/A	10.665	N/A				
West Branch Rose City Schools				0	0	457	457
Rose Township				0	0	64	64
Goodar Township				0	0	88	88
				<u>0</u>	<u>0</u>	<u>609</u>	<u>609</u>
Bankhead-Jones Farm Tenant Act - 2022	N/A	15.226	N/A				
West Branch Rose City Schools				0	8,627	8,627	0
Rose Township				0	1,208	1,208	0
Goodar Township				0	1,668	1,668	0
				<u>0</u>	<u>11,503</u>	<u>11,503</u>	<u>0</u>
Total Federal Awards Provided to Subrecipients				<u>\$ 0</u>	<u>\$ 40,703</u>	<u>\$ 41,312</u>	<u>\$ 609</u>

The accompanying notes are an integral part of this schedule.

CAREN PIGLOWSKI
OGEMAW COUNTY TREASURER
806 W. Houghton Ave. Rm#103, West Branch, MI 48661
989-345-0084

Summary Schedule of Prior Year Audit Findings:

Findings – Financial Statements Audit

2022-001 - Financial Statement Preparation Controls

Finding: The County of Ogemaw's personnel prepare financial information throughout the year to assess the operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in reporting the annual financial report in accordance with Generally Accepted Accounting Principles.

Year of Initial Occurrence: September 30, 2007

Status: This situation still exists. See the current year Corrective Action Plan.

Findings and Questioned Costs – Major Federal Award Programs Audit

There were no related findings or questioned costs related to the major federal award program audit for the year ended September 30, 2022.

Ogemaw County Administrator/Controller

806 W. Houghton Avenue
West Branch, MI 48661
(989) 516-9020

Corrective Action Plan 2022-2023 Fiscal Year

2023-001 - Financial Statement Preparation Controls

Condition: The County of Ogemaw's personnel prepare financial information throughout the year to assess the operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in reporting the annual financial report in accordance with Generally Accepted Accounting Principles.

Corrective Action: The County understands the risk of having the auditors prepare the financial statements and has determined to accept this risk as they feel the benefit outweighs the risk itself. However, to mitigate this risk, the 2023 PPC Governmental Disclosure Checklist is received and reviewed by the County Treasurer and Clerk as part of reviewing and approving their financial statements to assist in ensuring that all required disclosures are properly included in the financial statements.

Contact Person Responsible for Corrective Action: Caren Piglowski, County Treasurer and Tim Dolehanty, County Administrator /Controller

Anticipated Completion Date: Ongoing, with annual review by the County Treasurer, County Administrator /Controller , Board of Commissioners, and Auditor.

2023-002 – District Court Cash Reconciliations

Condition: During our audit, we noted that the District Court bank reconciliations were not being sent to the Treasurer's office and there were not proper secondary reviews of the bank reconciliations being performed.

Corrective Action: The County Administrator/Controller and County Treasurer understand the situation and are going to work with District Court to design procedures to ensure proper independent secondary review and subsequently send those reviewed reconciliations to the Treasurer's office. Any discrepancies discovered through this review will be remedied immediately.

Contact Person Responsible for Corrective Action: Caren Piglowski, County Treasurer and Tim Dolehanty, County Administrator /Controller

Anticipated Completion Date: Ongoing, with annual review by the County Treasurer, County Administrator/Controller , Board of Commissioners, and Auditor.



Stephenson & Company, P.C.
Certified Public Accountants & Consultants

Donald W. Brannan, CPA
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Brenden A. Stephenson, CPA/PFS, CFP®
Cynthia R. Scott, CPA, CFE

Alan J. Stephenson, CPA

March 19, 2024

Management and the Board
County of Ogemaw
West Branch, Michigan

We have audited the 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 the County of Ogemaw for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2023. Professional standards also require that we communicate to you the following information related to our audit. The appendices to this letter set forth those communications as follows:

I Communication with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel of the County during the audit and met with management on March 15, 2024. We would also be pleased to meet with you to discuss these matters at your convenience.

This information is intended solely for the information and use of management, the Board of Commissioners, others within the County and the Michigan Department of Treasury and are not intended to be, and should not be, used by anyone other than those specified parties.

Very truly yours,

Stephenson & Company, P.C.

APPENDIX I COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Significant Audit Matters

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Ogemaw are described in Note 1 to the financial statements. The application of existing policies was not changed during 2023. As described in Note 2 to the financial statements, the County of Ogemaw changed accounting policies related to Subscription -based Information Technology Arrangements, by adopting statement of *Governmental Accounting Standards* (GASB Statement) No 96, "Subscription-based Information Technology Arrangements", in 2023. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position. We noted no transactions entered into by the County of Ogemaw during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County of Ogemaw's financial statements were:

Management's estimates of the net pension liability and the net OPEB liability are based on pension and OPEB obligations and actuarial reports. We evaluated the key factors and assumptions used to develop the net pension liability and annual required contribution for post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined the effects of the unadjusted audit differences are immaterial, both individually and in the aggregate, to the financial statements as a whole, and material misstatements provided to management on March 19, 2024 were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 19, 2024.

Management Consultations with Other Independent Accountants

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

APPENDIX I COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the required pension and OPEB schedules, and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor fund financial statements, Ogemaw County Drains – component unit fund financial statements, Economic Development Corporation – component unit fund financial statements, Ogemaw County Public Transit – Nonurban Regular Service Revenue Report, Ogemaw County Public Transit – Nonurban Regular Service Expense Report, Ogemaw County Public Transit – Schedule of Expenditures of Federal and State Awards, and Ogemaw County Public Transit – Operating Assistance Calculation, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Ogemaw County Public Transit – Nonurban Regular Service Nonfinancial Report, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

APPENDIX II MANAGEMENT COMMENTS

In planning and performing our audit of the 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 the County of Ogemaw as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the County of Ogemaw's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Ogemaw's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Ogemaw's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified one deficiency in internal control that we consider to be a material weakness and one deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

FINANCIAL STATEMENT PREPARATION CONTROLS

In conjunction with our audit, we have been contracted to prepare the financial statements and related disclosures based on the information provided to us by Management. We would like to stress that this service is allowable under AICPA ethics guidelines and may be the most efficient and effective method for preparation of the County's financial statements. However, if at any point in the audit we as auditors are part of the County's control system for producing reliable financial statements, auditing standards indicate that the County has a control deficiency. If Management is not able to prepare financial statements, including disclosures, and the auditors are contracted to prepare these statements, this is considered a control deficiency. The effect of this material weakness is that reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles (GAAP) and the County would not be in a position to detect the errors or omissions. We recommend that Management and those charged with governance evaluate and document their decision on the costs and benefits of whether to contract for this service with our firm.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in County of Ogemaw's internal control to be a significant deficiency:

DISTRICT COURT CASH RECONCILIATIONS

Timely preparation of complete and accurate bank reconciliations is key to maintaining adequate control over both cash receipts and disbursements. During our audit, it was noted that the bank reconciliations completed by District Court were not being sent to the Treasurer's office and there was not proper secondary review of the bank reconciliations being performed. These issues were noted in the internal audit performed on the District Court for the time period of May 1, 2021 – April, 30, 2023. Other findings and recommendations uncovered by this internal audit are critical to ensuring proper internal controls and should be followed up on by the County. We recommend that management establish procedures to ensure that all cash accounts are reconciled on a monthly basis. In addition, we recommend that all reconciliations be reviewed by someone who is not involved in the reconciliation process. This review should be documented with initialing and dating of the reconciliation.

APPENDIX II MANAGEMENT COMMENTS

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency.

NATURE PARK CASH RECEIPTS

Our review of the County's procedures related to the collection and deposit of donations received by the nature park indicated that there is a lack of control in the receiving and depositing of cash receipts. We recommend first, that management implement procedures where the key to the lock box at the nature park is kept at the County Treasurer's office. Periodically, the nature park employees would then bring the lock box in to be opened with an employee of the Treasurer's office. The funds would then be counted together, with both individuals documenting the dollars received on a cash count sheet with their initials/signature. This signed sheet would then be used by the Treasurer's office to reconcile and support the deposit being made.

BUDGET CONTROL

During our audit, we noted that the final budget provided to the board, as well as provided to use via the financial software, did not include the final budget resolutions approved by the board near the end of the fiscal year. We recommend that management incorporate all approved budget related resolutions directly into the accounting software as approved, so that the final budget being approved by the Board incorporates all known changes and reflects the true intentions of the County.

SHERIFF'S DEPARTMENT FUNDRAISING

Our review of the County's procedures related to the collection and deposit of donations received by the Sheriff's Department for the K-9 Unit indicated that there is a lack of control in the receiving and depositing of cash receipts. We recommend first, that management implement procedures where a locked bag or lock box is used during the collection of donations and the key to the lock box or bag is kept at the County Treasurer's office. Periodically, the Sheriff's Department employees would then bring the lock box in to be opened with an employee of the Treasurer's office. The funds would then be counted together, with both individuals documenting the dollars received on a cash count sheet with their initials/signature. This signed sheet would then be used by the Treasurer's office to reconcile and support the deposit being made. In addition, there should be a tracking of the amount of t-shirts purchased as well as the remaining t-shirt inventory in order to be able to recalculate the amount of money being donated based on the amount of inventory being used.

PAYROLL TRACKING CONTROLS

Adequate tracking of payroll is crucial to ensuring employees are being paid appropriately according to their respective employee agreements. During our audit, we noted that the Sheriff's Office and the Jail were the only two departments that were not making full use of the new time system for clocking in and clocking out, which could open up the possibility of human error that the software could help prevent. We recommend that management work with the software company to ensure that comp time is capped at the agreed upon limit, per the employee agreements. We also recommend that management work with the Sheriff's Office and the Jail to find practical ways to implement the new software.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

**APPENDIX II
MANAGEMENT COMMENTS**

STATUS OF PRIOR YEAR COMMENTS:

We have reviewed the status of comments and recommendations made in the prior year. The status of prior year comments is as follows:

<u>Comment</u>	<u>Implemented/ Situation Corrected</u>	<u>Management Decision To Not Implement</u>	<u>Progress Made</u>	<u>Situation Still Exists</u>
Financial Statement Preparation Controls		X		X
Payroll Tracking Controls			X	
Nature Park Cash Receipts				X
Budget Control			X	