

Bay County,
Michigan



Year Ended
December 31,
2021

Annual
Comprehensive
Financial
Report

Prepared by:
Bay County Finance Department

BAY COUNTY, MICHIGAN

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INTRODUCTORY SECTION

THE BOARD OF COMMISSIONERS

THOMAS M. HEREK
CHAIRMAN

VAUGHN J. BEGICK
VICE CHAIRMAN

KAYSEY L. RADTKE
SERGEANT AT ARMS

MARIE FOX
ERNIE KRYGIER

KIM J. COONAN
JAYME A. JOHNSON

ADMINISTRATION

JAMES A. BARCIA
COUNTY EXECUTIVE

SHAWNA S. WALRAVEN
FINANCE OFFICER

KIMBERLY PRIESSNITZ
ASSISTANT FINANCE OFFICER

INDEPENDENT AUDITORS

REHMANN ROBSON



**BAY COUNTY
FINANCE DEPARTMENT**

James A. Barcia
County Executive

Shawna S. Walraven
Finance Officer
walravens@baycounty.net

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

Frances A. Moore
Purchasing/Housing Rehab
mooref@baycounty.net

Julie A. Coppens
Information Systems Manager
coppensj@baycounty.net

July 22, 2022

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

The Comprehensive Annual Financial Report (CAFR) of Bay County, Michigan, for the calendar year ended December 31, 2021, is hereby submitted. State Law requires each municipality within the state of Michigan to file an audit report annually with the Michigan Department of Treasury within six months from the end of its fiscal year. This report was prepared by the Bay County Finance Department.

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

The Bay County Board of Commissioners has engaged with Rehmann Robson CPAs & Consultants, Independent Auditors to meet the requirements of the state statutes. The independent auditors' unmodified opinion for the year ended December 31, 2021, is included at the front of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Bay County, Michigan, incorporated in 1857, is located approximately 100 miles north of Detroit in the mid-eastern part of the state on the shores of the Saginaw Bay. It occupies 442 square miles and currently serves a population of approximately 103,126. Bay County is the 20th largest of 83 counties in the state of Michigan. Bay County is empowered to levy a property tax on real, personal, and industrial property located within its boundaries.

Pursuant to Act 139 of Public Acts of 1973 (as amended by PA 100 of 1980) (Act 139), the voters of Bay County elected the optional Unified Form of County Government in November of 1978. The form of government established in 1978 is also known as the "county executive" form of government. The Board of Commissioners exercises the legislative power of the county and determines all matters of policy. The Board of Commissioners is composed of seven commissioners who are elected from their respective districts. Each commissioner serves a term of two years but starting in the year 2024 each commissioner elected will begin serving a four-year term. The County Executive is the head of the administrative branch of the county government and is elected at large for a four-year term. The Judicial Branch of government consists of two Circuit Court Judges, three District Court Judges, and one Probate Court Judge. All judges are elected at large for a six-year term. The Circuit and District Court Judges are elected on two-year, staggered terms. The offices of Prosecuting Attorney, Sheriff, Clerk, Treasurer, Register of Deeds, and Drain Commissioner are elected at large and serve for a four-year term.

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

LOCAL ECONOMY AND MAJOR INITIATIVES

The 2010 population census identified the population of Bay County to be 107,771. As of 2020, the population of Bay County has declined to an estimated 103,594 or approximately a 4.0%

reduction from the 2010 census. This declining trend may reverse itself in the next decade based upon the level and diversity of business developments.

The average unemployment rate for Bay County for the year ended December 31, 2021, was 6.1%, which compares with Bay County's rate as of December 31, 2020, of 9.2%. The December 31, 2021, average nationwide unemployment rate was 5.3%, while the 2021 statewide rate was 5.9%. The unemployment rates for 2020 and 2021 were greatly impacted by the Covid-19 pandemic which commenced in March 2020.

Most recently, the county's state equalized values (SEV) of real property have increased 2.81%, 5.54%, and 4.34% for 2019, 2020, and 2021 respectively. For 2022, Bay County has an increase of 183,168,161 or 5.22% in our state equalized value of real property which totals 3,692,436,457. The state equalized value of personal property has increased by 2.52% or 5,445,853 in 2019, increased by 25.92% or 57,322,893 in 2020, and decreased by 6.61% or 18,405,960 in 2021. Bay County has an increase of 7.52% or 19,552,049. The County's SEV for both real and personal property has increased by 5.38% or from 3,769,332,477 to 3,972,052,687 for 2022.

Bay County and all of its departments worked unendingly to respond to the 2019 Novel Coronavirus (Covid-19) Pandemic in its attempt to reduce the transmission of this serious virus and to ensure the health and safety of our county residents and all Bay County staff members. The County followed all the Covid-19 recommendations and guidelines given by the State of Michigan's Health and Human Services, State of Michigan Governor's Executive Orders, Centers for Disease Control and Prevention (CDC), and all local Health Department Health/Emergency Orders, in the process of trying to flatten the infection curve. Throughout calendar year 2020 and 2021, Bay County has experienced a substantial loss of operating revenue as a result of building closures and service restrictions. The Federal Government helped to mitigate this loss of revenue by enacting The Coronavirus Aid, Relief, and Economic Security (CARES) Act. Bay County utilized the CARES funding by participating in the First Responder Hazard Pay Grant, Public Safety Public Health Grant, Coronavirus Relief Local Government Grant.

The Bay County Health Department continues to work to organize, monitor and document all Covid-19 vaccinations given to all county residents and hold vaccination clinics. Covid-19 is currently expected to continue as additional variants of the disease are continuing to surface throughout the United States and the World.

The Bay County Housing Department (BCHD), partnered with MHT Housing, Inc. (MHT), a non-profit developer, to complete a rehabilitation and renovation of the property using Low Income Housing Tax Credits (LIHTCs), tax exempt bond financing, and Michigan State Housing Development Authority (MSHDA) housing trust funds. This partnership was the result of a Streamlined Voluntary Conversion Plan (SVC Plan), which is subject to the requirements of 24 CFR part 972, that proposed to convert 100 dwelling units to Section 8 Housing Choice Voucher (HCV) tenant-based assistance, and to remove one dwelling building, one non-dwelling building, and 5.62 acres of land at Center Ridge Arms, (CRA) from its Section 9 public housing inventory. The closing of the project was recorded on March 31, 2021. BCHD met with the Center Ridge Arms residents to discuss the proposed SVC Plan in August, 2020. BCHD Administration explained the specific requirements and rights that each of the residents have under 24 CFR, part

972. The conversion does not negatively impact affordable housing within Bay County as all of the units will continue as affordable housing for low-income families.

Bay County received over \$20 million in American Rescue Plan Act funding (ARPA). Bay County is moving forward to address the continued impact of Covid-19 on the economy, public health, non-profits, individuals and businesses. The Bay County Board of Commissioners has begun authorizing programs to assist impacted small business, nonprofits and residents. They are also working on other priorities like broadband and a community health center.

Companies announced major investments in Bay County.

- The Semiconductor wafer manufacturer SK Siltron is establishing a new facility in Monitor Township to support electric vehicle growth, creating up to 150 jobs, investing \$302 million. This project builds on Michigan's position in semiconductor supply chain, electric vehicle development by producing more of the chips the auto industry needs in-state.
- Mineral brine mining company Wilkinson Minerals announced that it is investing \$150 million in a salt brine operation. This investment will create up to 80 jobs.
- Michigan Sugar is investing \$65 million to build a desugarization facility at its factory.

FINANCIAL POLICIES

Relevant Financial Policies

In accordance with the County's General Financial Policy and amended Bay County Ordinance No. 28, which mandates the General Fund establish and maintain a reserve for a long-term advance to the Budget Stabilization Fund at a minimum of 5% to a maximum of 20% (modified with resolution 2016-202) of the General Fund's current year adopted operating budget. The level of restriction at the end of December 31, 2021 was \$7,216,228, which is equal to 20% of the most recent adopted General Fund budget. If funds are available, additional funding will be provided in the future. The Budget Stabilization Fund, in accordance with MCL section 141.443, can be used to cover a General Fund, fund deficit, to prevent a reduction in the level of public services or in the number of employees where revenues are not sufficient to cover expenditures, or to cover expenditures arising because of a natural disaster to the extent that such expenditures are not covered by federal or state funds.

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

Cash balances are invested according to the Statement of Investment Policy adopted by the Board of Commissioners. The Board of Commissioners has authorized the Bay County Treasurer to invest surplus funds of the county in accordance with those investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, M.C.L. 129.91. During the year, excess cash was invested in interest bearing demand deposit accounts, bank money market investments, commercial paper and bank certificate of deposits in the CDAR's program fully

insured. Other investments include debt obligations of the State of Michigan and its' political subdivisions; including, counties, cities, school districts and universities. Additional investments include debt instruments issued by United States Federal Government Sponsored Enterprises, including Federal Home Loan Bank, Federal Home Loan Mortgaging Corporation, Federal National Mortgage Association and Federal Farm Credit Bank.

Budgetary Controls

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

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

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


Bay County, Michigan, received a Certificate of Achievement for its 2014 through 2020 CAFR for fiscal year ending date of December 31. We believe that our current CAFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

In addition, the Bay County Health Department has met all standards set by the Michigan Local Public Health Accreditation Program and as of December 2019, has been awarded a three-year accreditation which is effective 2019 through 2021. This accreditation process looks at a mandatory standards-based system for accrediting local public health departments.

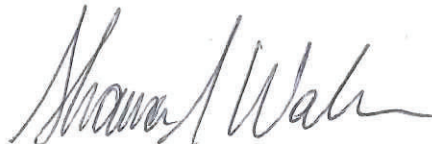
Preparation of this report could not have been accomplished without the efficient and dedicated

services of the entire staff of the Finance Department and other County departments, including various elected and appointed officials. We would like to express our appreciation to everyone who assisted in and contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Sincerely,



Bay County Executive Office
James A. Barcia
County Executive



Bay County Finance Department
Shawna S. Walraven
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bay County
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

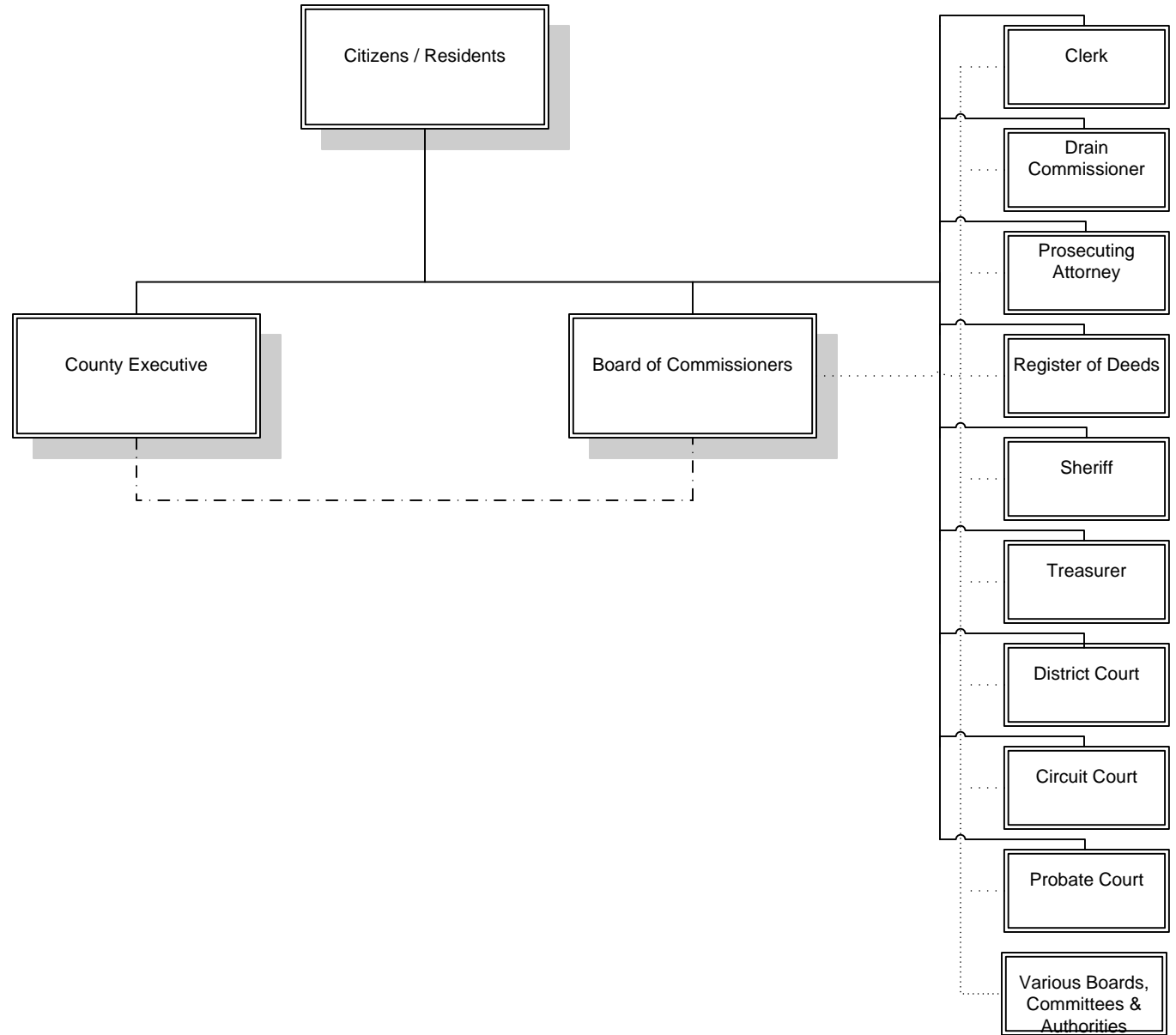
December 31, 2020

Christopher P. Morill

Executive Director/CEO



Bay County Organizational Chart 2021



Legend:

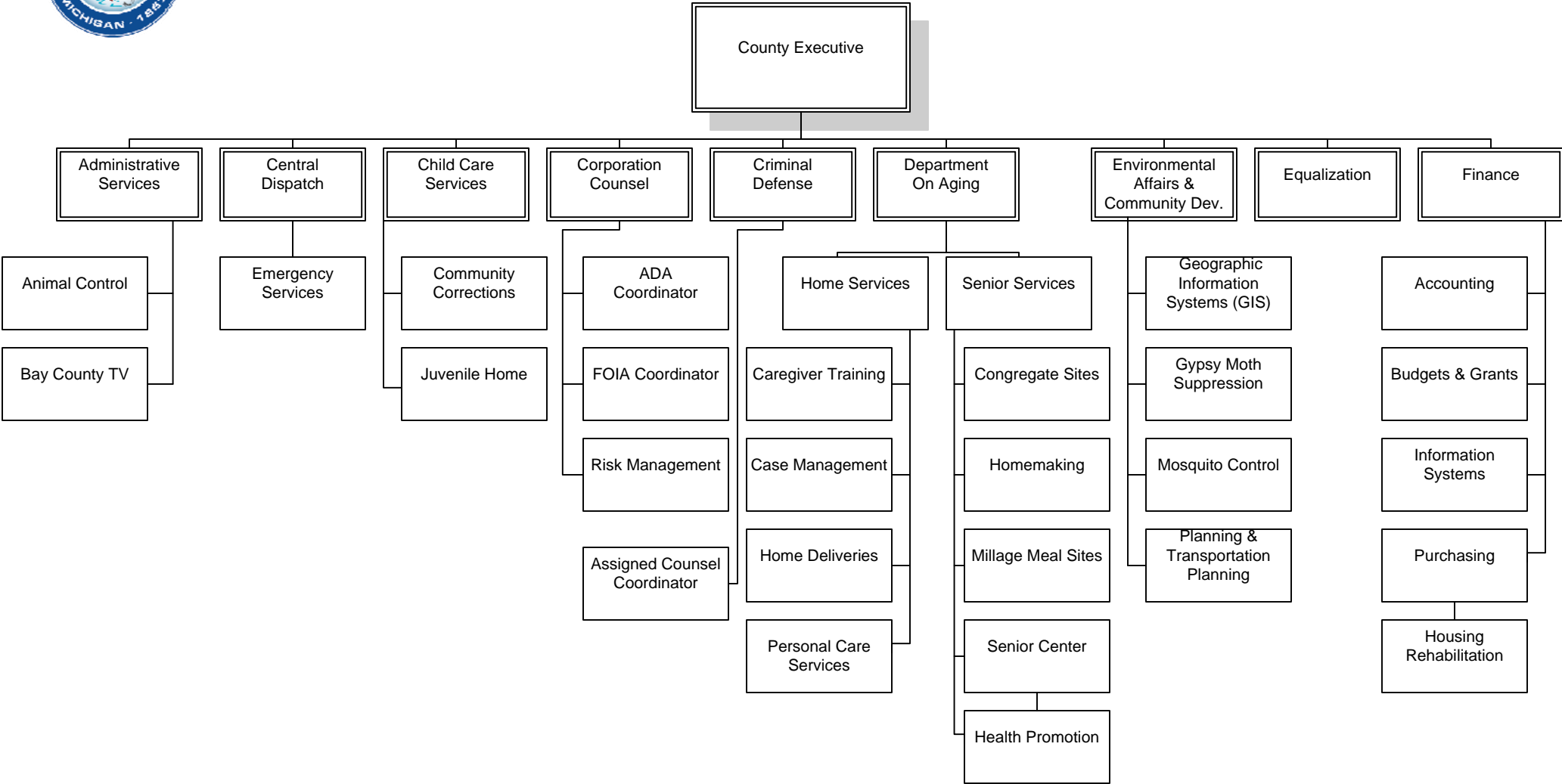
Direct Control _____

Coordinated Budget/Personnel, etc.

Legislative Coordination - - - - -



Bay County Organizational Chart
County Executive 2021

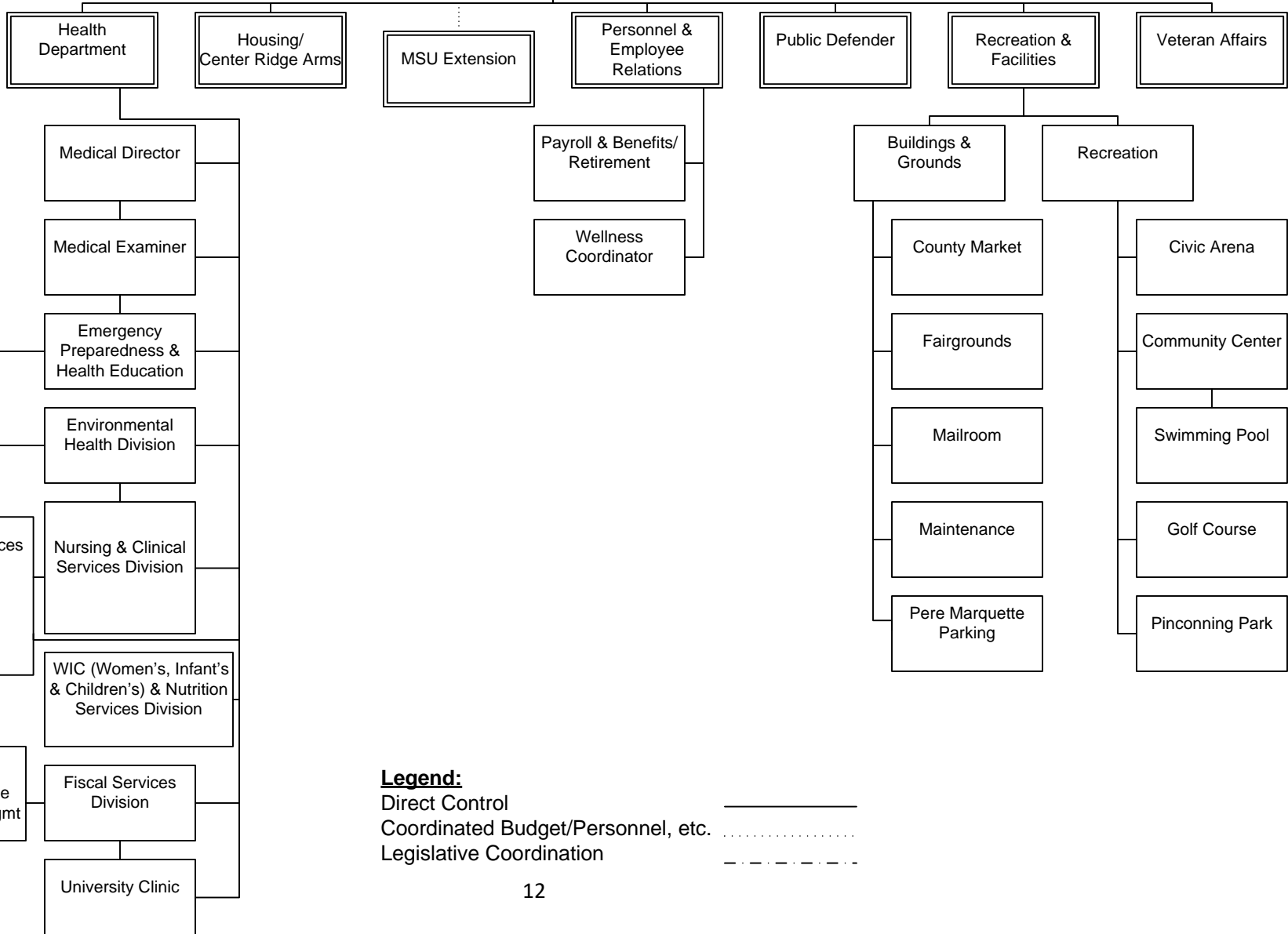


Legend:
 Direct Control _____
 Coordinated Budget/Personnel, etc.
 Legislative Coordination - - - - -



Bay County Organizational Chart
County Executive 2021 (Cont.)

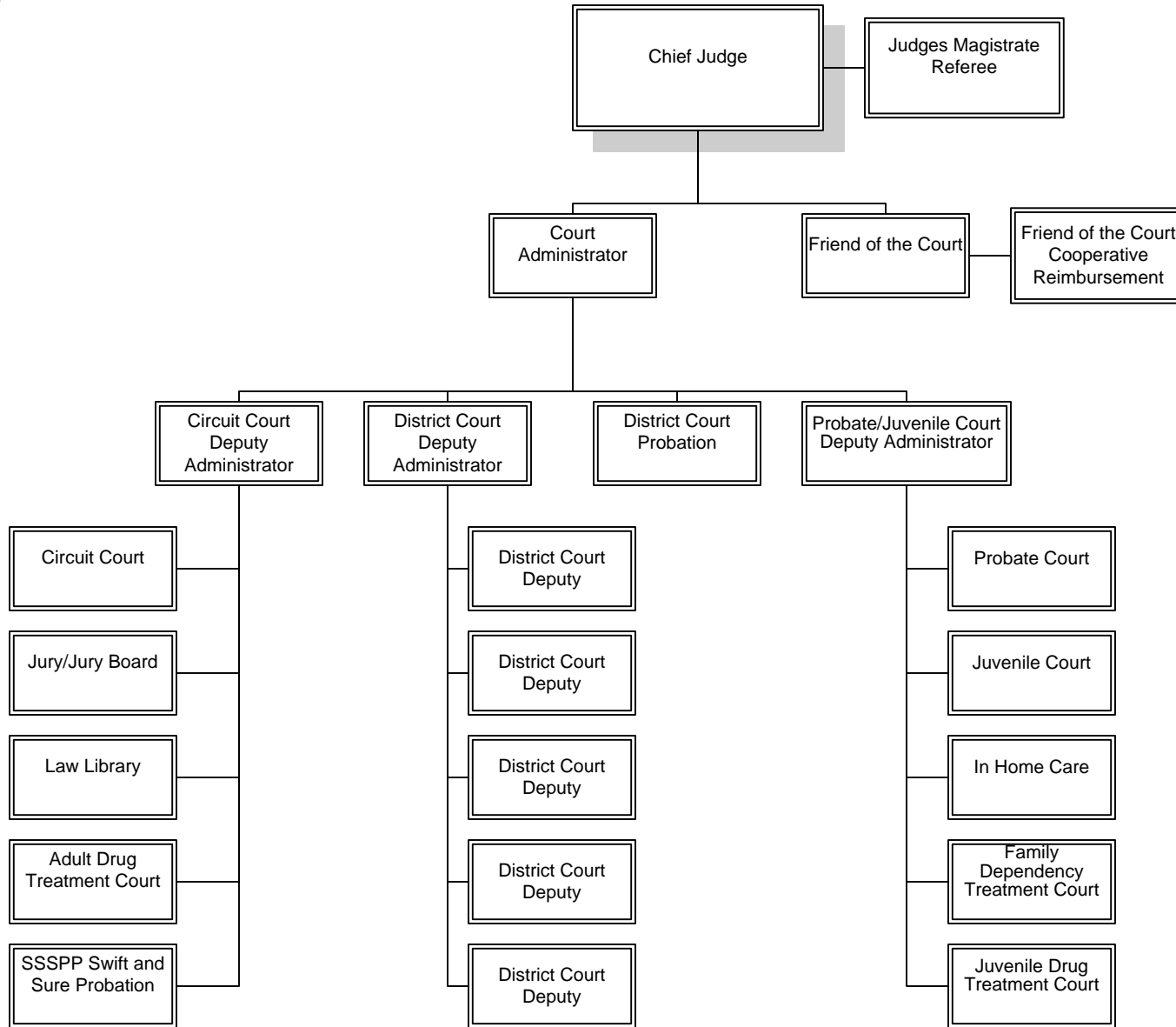
County Executive



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



Bay County Organization Chart 2021



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

FINANCIAL SECTION

The Financial Section contains:

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

INDEPENDENT AUDITORS' REPORT

July 22, 2022

Board of Commissioners
Bay County, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Bay County, Michigan** (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



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

Independent Auditors’ Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bay County Road Commission component unit, Bay County Department of Water and Sewer component unit, or the Bay County Housing enterprise fund, which represent the indicated percentages of aggregate discretely presented component units and aggregate remaining funds total assets and deferred outflows of resources, net position and revenues, as applicable:

	Percent of Total Assets and Deferred Outflows	Percent of Total Net Position	Percent of Total Revenues
Bay County Road Commission	46%	59%	43%
Bay County Department of Water and Sewer	38%	25%	42%
Bay County Housing	0%	0%	0%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bay County Road Commission component unit, Bay County Department of Water and Sewer component unit and the Bay County Housing enterprise fund are based on the reports of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report July 22, 2022, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of Bay County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

■ Total primary government net position	\$ 97,879,568
■ Unrestricted primary government net position (deficit)	(9,411,569)
■ Change in primary government net position	25,071,900
■ Fund balances, governmental funds	31,971,256
■ Changes in fund balances, governmental funds	1,287,810
■ Unassigned fund balance, general fund	8,945,896
■ Change in fund balance, general fund	1,692,743
■ Primary government debt outstanding	53,977,767
■ Change in primary government debt	498,455

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general, 911 service, American Rescue Plan Act, department on aging, mosquito control, and health department/district health funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the medical care facility, 100% tax payment and water plant funds, each of which are considered to be major funds. Individual fund data for the nonmajor enterprise funds and internal service funds are provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information can be found in the required supplementary information, as listed in the table of contents.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bay County, as the following table demonstrates, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$97,879,568 at the close of the most recent fiscal year. Explanations for significant changes are described below.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 106,403,486	\$ 77,150,935	\$ 95,436,772	\$ 83,064,304	\$ 201,840,258	\$ 160,215,239
Capital assets, net	37,162,227	39,233,359	20,822,822	23,073,520	57,985,049	62,306,879
Total assets	143,565,713	116,384,294	116,259,594	106,137,824	259,825,307	222,522,118
Deferred outflows of resources	6,376,176	4,583,112	7,181,865	4,177,391	13,558,041	8,760,503
Liabilities						
Long-term debt	2,346,679	2,663,476	51,631,088	50,815,836	53,977,767	53,479,312
Other liabilities	32,228,737	37,398,058	14,931,291	29,214,783	47,160,028	66,612,841
Total liabilities	34,575,416	40,061,534	66,562,379	80,030,619	101,137,795	120,092,153
Deferred inflows of resources	47,130,882	24,412,002	27,235,103	12,759,705	74,365,985	37,171,707
Net position						
Net investment in capital assets	36,924,027	38,915,759	20,822,822	23,073,520	57,746,849	61,989,279
Restricted	39,242,340	31,243,817	10,301,948	7,503,464	49,544,288	38,747,281
Unrestricted (deficit)	(7,930,776)	(13,665,706)	(1,480,793)	(13,052,093)	(9,411,569)	(26,717,799)
Total net position	\$ 68,235,591	\$ 56,493,870	\$ 29,643,977	\$ 17,524,891	\$ 97,879,568	\$ 74,018,761

The largest portion of the County's net position, \$57,746,849 (59.0%), reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$49,544,288 (50.6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$9,411,569. Restricted Net Position has been increasing due to a steady rise in retirements over the last three years, thus increasing the pension expense. There is also Medicaid Full Cost for the Health Department which is restricted. Both of these account for almost all of the restricted Net Position increase since 2019.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 9,294,491	\$ 10,015,203	\$ 18,373,973	\$ 24,525,552	\$ 27,668,464	\$ 34,540,755
Operating grants and contributions	15,577,100	13,971,937	11,473,329	3,078,462	27,050,429	17,050,399
Capital grants and contributions	39,997	22,783	146,483	-	186,480	22,783
General revenues:						
Property taxes	22,878,841	22,430,445	5,030,495	2,101,420	27,909,336	24,531,865
Unrestricted investment earnings (losses)	(40,415)	700,956	2,224,054	2,142,552	2,183,639	2,843,508
Other revenue	877,421	1,935,003	416,370	343,930	1,293,791	2,278,933
Total revenues	48,627,435	49,076,327	37,664,704	32,191,916	86,292,139	81,268,243
Expenses						
General government	11,404,565	12,665,385	-	-	11,404,565	12,665,385
Public safety	7,755,961	11,097,308	-	-	7,755,961	11,097,308
Community and economic development	249,597	153,712	-	-	249,597	153,712
Health and welfare	11,304,944	12,725,614	-	-	11,304,944	12,725,614
Public works	1,157	1,179	-	-	1,157	1,179
Judicial	5,531,539	6,729,137	-	-	5,531,539	6,729,137
Legislative	366,167	380,664	-	-	366,167	380,664
Recreation and culture	1,451,784	1,355,089	-	-	1,451,784	1,355,089
Interest on long-term debt	-	45,668	-	-	-	45,668
Medical care facility	-	-	19,653,031	27,538,902	19,653,031	27,538,902
100% tax payment	-	-	198,006	154,351	198,006	154,351
Golf course	-	-	559,188	482,001	559,188	482,001
Housing	-	-	232,464	746,704	232,464	746,704
Water plant	-	-	2,136,922	1,988,748	2,136,922	1,988,748
Delinquent property tax foreclosure	-	-	175,710	189,969	175,710	189,969
Commissary	-	-	199,204	138,779	199,204	138,779
Total expenses	38,065,714	45,153,756	23,154,525	31,239,454	61,220,239	76,393,210

continued...

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Change in net position before transfers	\$ 10,561,721	\$ 3,922,571	\$ 14,510,179	\$ 952,462	\$ 25,071,900	\$ 4,875,033
Transfers	1,180,000	1,180,000	(1,180,000)	(1,180,000)	-	-
Change in net position before special item	11,741,721	5,102,571	13,330,179	(227,538)	25,071,900	4,875,033
Special item	-	-	(1,211,093)	-	(1,211,093)	-
Change in net position	11,741,721	5,102,571	12,119,086	(227,538)	23,860,807	4,875,033
Net position:						
Beginning of year	56,493,870	51,391,299	17,524,891	17,752,429	74,018,761	69,143,728
Net position, end of year	\$ 68,235,591	\$ 56,493,870	\$ 29,643,977	\$ 17,524,891	\$ 97,879,568	\$ 74,018,761

concluded.

Governmental Activities. Governmental activities increased the County's net position by \$11,741,721 compared to an increase of \$5,102,571 in the prior year.

Charges for services decreased by \$720,712 which was mainly due to \$193,094 less reimbursements from other counties for Bay County's Juvenile Home, \$237,077 less reimbursements from Medicaid for the Health Department, and \$103,330 less Jail Keep reimbursements.

Operating grants and contributions increased by \$1,605,163 which was mainly due to \$934,863 increase in Recreational Marijuana Tax revenue collected and \$648,496 more State Revenue Sharing.

Unrestricted investment earnings decreased by \$741,371 which was mainly due to less interest earned during 2021 and \$469,534 of unrealized loss on investments was recorded at year end to bring the investments in line with the fair market value as of December 31, 2021.

Other revenue decreased by \$1,057,582 which was mainly due to the recording of the Michigan Municipal Risk Management Authority (MMRMA) retention amount of \$1,612,148 in the year 2020 that is being held to cover future claims on behalf of Bay County.

Expenses for general government decreased by \$1,260,820 which was mainly due to \$542,134 more in Information Systems capital outlay in 2020 than 2021. Also \$155,217 more election supplies purchased in 2020 than 2021 due to more election activity.

Expenses for public safety decreased by \$3,341,347 which was mainly due to recording the net change in net pension liability and related activity as required by GASB 68.

Expenses for health and welfare decreased by \$1,420,670. This was mainly due to recording the net change in net pension liability and related activity as required by GASB 68.

Expenses for judicial decreased by \$1,197,598. This was mainly due to recording the net change in net pension liability and related activity as required by GASB 68.

Business-Type Activities. Business-type activities increased the County's net position by \$13,330,179 compared to a decrease of \$227,538 in the prior year. See the discussions of the enterprise funds below for further information on the business-type activities.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$31,971,256, an increase of \$1,287,810 compared to the prior year. Of this amount, \$7,216,228 is committed fund balance and \$4,670,245 is assigned fund balance. The underlying distinction between the two is that committed fund balance has been designated by the highest level of decision making authority and formal action is needed to establish, modify, or rescind a commitment. An additional \$8,945,896 is unassigned and available for spending at the government's discretion. The remainder of fund balance is not available for new spending and is either nonspendable (\$1,011,827) or restricted (\$10,127,060).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$8,945,896 while total fund balance amounted to \$19,432,722. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 28.3% of total general fund expenditures, while total fund balance represents 61.6% of that same amount.

Fund balance of the County's general fund increased by \$1,692,743 during the current fiscal year. The increase was primarily due to a \$934,863 increase in Marijuana Tax revenue collected in the year 2021 over 2020.

Fund balance of the County's 911 service fund decreased by \$42,966 during the current fiscal year. The fund balance decrease was primarily due to increased overtime and healthcare costs. The year 2021 saw a \$22,000 increase in overtime and a 9% increase in health insurance compared to 2020.

The County created a new fund in the current year, the American Rescue Plan Act fund, which accounts for the funds received under the American Rescue Plan Act of 2021. These funds will be spent on appropriate COVID-19 related expenditures in accordance with federal regulations. This fund did not have an ending fund balance at year end as the funds are recorded in unearned revenue.

The fund balance of the department on aging fund at year end was \$1,843,440, a decrease of \$499,130. One of the primary reasons for the decrease in fund balance was due to the increasing need for Department of Aging home delivered meals as the aging population are staying in their homes longer. This program continues to expand therefore the cost of food and wages in 2021 increased \$129,000 and \$124,000 respectively over 2020.

The fund balance of the mosquito control fund at year end was \$1,513,040, an increase of \$234,662. This increase was primarily the result of underspending of \$93,276 in vehicles and \$137,619 in contractual projects due to the unavailability of products in 2021.

The fund balance of the health department / district health fund at year end was \$3,448,347, an increase of \$51,029. This increase was primarily the result of environmental health activity brought in \$23,750 more revenue than budgeted and \$26,453 in underspending in expenses resulting in \$50,203 increase to health department fund balance.

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

The medical care facility's net position increased by \$12,827,271 to \$20,087,436 mainly as a result of the following: The Facility received federal and state grants/reimbursements in the current year totaling \$11,211,839 due to the COVID-19 pandemic. This amount consisted of the forgiveness of the Payroll Protection Program loan in the amount of \$2,487,047, CARES Act distributions totaling \$1,560,780 in direct general distributions, \$4,658,220 receivable for the Employee Retention Credit, and another \$2,505,792 in state pass through dollars for COVID testing, long term care support and Senate Bill 27 and Senate Bill 690 assistance per Medicaid day. In addition, property tax revenue increased by \$2,929,075 due to the new tax levy millage of 1.000 for the operation, maintenance and capital costs of the Facility. Charges for services decreased due to a reduction in census of 18.6% from 2020 to 2021 primarily due to the COVID-19 pandemic. Furthermore, retiree benefits decreased by \$4,274,104 as a result of GASB 68 and 75 related adjustments.

The 100% tax payment fund's net position as of year end, was \$7,980,858, a decrease of \$159,936. This was the result of \$80,176 more operating income than 2020, but nonoperating revenue (expenses) earned \$42,334 less interest income. Also the 2021 year had additional \$60,278 interest expenses and no transfers in revenue from Delinquent Tax Foreclosure Fund unlike 2020 year received \$253,781.

The water plant fund's net position as of year end was \$74,118, an increase of \$392 due to interest income. This fund was created to account for the capital lease with the Department of Water and Sewer component unit for the water plant as well as the related long-term debt.

General fund budgetary highlights. The differences between the original budget and final amended budget for expenditures resulted in a 4.8% increase (\$1,553,828) in expenditures budget; whereas the difference between the original budget and final amended budget for revenues resulted in a 4.5% increase (\$1,433,360) in revenues budget; finally, the original budget for total other financing sources (uses) was amended resulting in a 117.9% decrease (\$80,847) in net other financing uses. The original budget shows a decrease of \$314,631 in fund balance which was affected by budgetary adjustments. Budget adjustments of \$39,621 resulted in a budgeted decrease to fund balance of \$354,252. Significant budgetary differences are briefly summarized as follows:

- A \$60,176 increase in expenditures for prior year open purchase orders to be billed in 2021.
- Increase in 2021 Budget for WIN grant revenue that was restricted in the amount of \$27,000.

Significant general fund actual to budget variances are as follows:

- A positive \$857,644 variance in state revenue was primarily the result of \$934,863 increase in Marijuana Tax revenue collected in the year 2021 compared to 2020.
- A negative \$658,900 variance in reimbursements, refunds, and other revenues was primarily the result of the Sheriff's Office Jail Keep revenue reimbursements were \$425,600 under budget due to Covid-19 related issues. Road patrol reimbursement revenue was also under budget by \$184,384 because of staff turnover and retention.
- General government expenditures were \$1,151,697 under budget due to the following: \$532,850 not spent on projects budgeted under Building and Grounds, Jail, and Information Systems activities due to difficulty in getting product because of supply chain issues. General Government had \$184,406 underspending in personnel costs due to turnover. General Government had \$328,297 in underspending for outside services and completing grant projects due to the unavailability of individuals and products.
- Public safety expenditures were \$482,446 under budget due to \$231,224 under spending in wages and fringes. Plus \$176,619 of grants underspending due to limited contractual services, supplies, and vehicles available to purchase.
- Recreation and culture expenditures were \$388,197 under budget due to \$259,731 underspending in the Civic Arena activity which of this amount \$110,000 was budgeted for a Zamboni that was ordered in 2020 and will not be received until 2022.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounted to \$58,707,979 (net of accumulated depreciation). This investment in capital assets includes land, construction work in progress, land improvements, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was 5.8% (a 5.3% decrease and 6.6% decrease for governmental activities and business-type activities, respectively).

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

- Five new vehicles for the Sheriff Department were purchased and capitalized in the amount of \$172,813.
- A Michigan Cat Skidsteer was purchased for the Drain Commissioners office in the amount of \$71,473.
- Mosquito Control purchased one vehicle and two smart flow sprayers totaling \$52,724.
- Ten vehicles were sold from various departments over the course of the year totaling \$180,557.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,211,953	\$ 2,211,953	\$ 167,021	\$ 257,559	\$ 2,378,974	\$ 2,469,512
Construction work in progress	-	-	1,871,318	1,759,537	1,871,318	1,759,537
Land improvements	595,860	635,291	(45,473)	2,167	550,387	637,458
Buildings and improvements	30,451,006	31,797,275	16,442,048	18,415,458	46,893,054	50,212,733
Machinery and equipment	1,565,773	1,775,914	1,731,283	1,759,973	3,297,056	3,535,887
Office equipment and furniture	1,705,658	2,054,205	656,625	875,159	2,362,283	2,929,364
Vehicles	631,977	758,721	-	3,667	631,977	762,388
Total	<u>\$ 37,162,227</u>	<u>\$ 39,233,359</u>	<u>\$ 20,822,822</u>	<u>\$ 23,073,520</u>	<u>\$ 57,985,049</u>	<u>\$ 62,306,879</u>

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Long-Term Debt. At the end of the current fiscal year, the County's primary government had total outstanding debt of \$53,977,767. The County debt is comprised of a capital lease payable, revenue bonds, Drinking Water Revolving Funds (DWRF) loans, net of premiums and discounts, and compensated absences.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Primary Government						
Capital lease payable	\$ 238,200	\$ 317,600	\$ -	\$ -	\$ 238,200	\$ 317,600
Revenue bonds	-	-	30,020,000	27,705,000	30,020,000	27,705,000
Bond discount	-	-	-	(31,307)	-	(31,307)
DWRF loans	-	-	21,605,000	23,115,000	21,605,000	23,115,000
Compensated absences	2,108,479	2,345,876	6,088	27,143	2,114,567	2,373,019
Total	<u>\$ 2,346,679</u>	<u>\$ 2,663,476</u>	<u>\$ 51,631,088</u>	<u>\$ 50,815,836</u>	<u>\$ 53,977,767</u>	<u>\$ 53,479,312</u>

The County's total gross long-term debt of \$53,977,767 is equivalent to \$524 per capita or 1.8% of the County's taxable value of property of \$2,945,577,103.

The County's total debt increased \$498,455 or 0.9% during the current fiscal year. This increase is a result of the County issuing \$28,925,000 of General Obligation Water Supply System Revenue Refunding bonds during the year. \$20,095,000 of the Bay County Water Supply System Revenue Bonds, Series 2013-B are considered defeased. There were also scheduled principal payments made during the year of \$1,510,000 along with the change in compensated absences and bond premium/discounts.

The County's current bond ratings are as follows:

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

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

Debt limit	\$ 376,933
Debt margin	324,775
Net debt as a percent of limit	13.84%

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

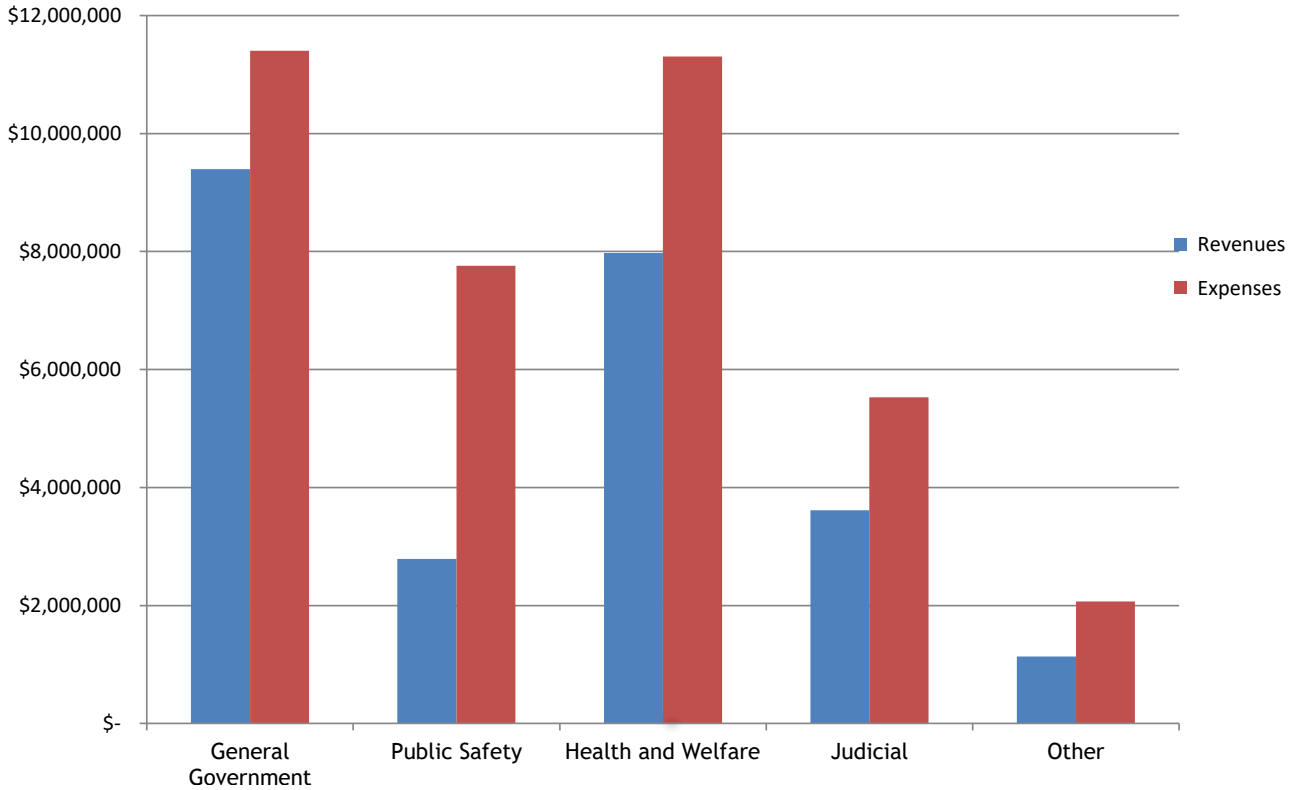
The following factors were considered in preparing the County's budget for the 2022 fiscal year:

- All County union contract agreements are currently in effect until December 31, 2022.
- The County continues to monitor its Health Care costs as Covid-19 costs are impacting insurance costs.
- The County continues to apply for new grant funds to provide increased services to its residents.
- The County will continue to monitor the Covid-19 pandemic economic impact on its budget and local economy.

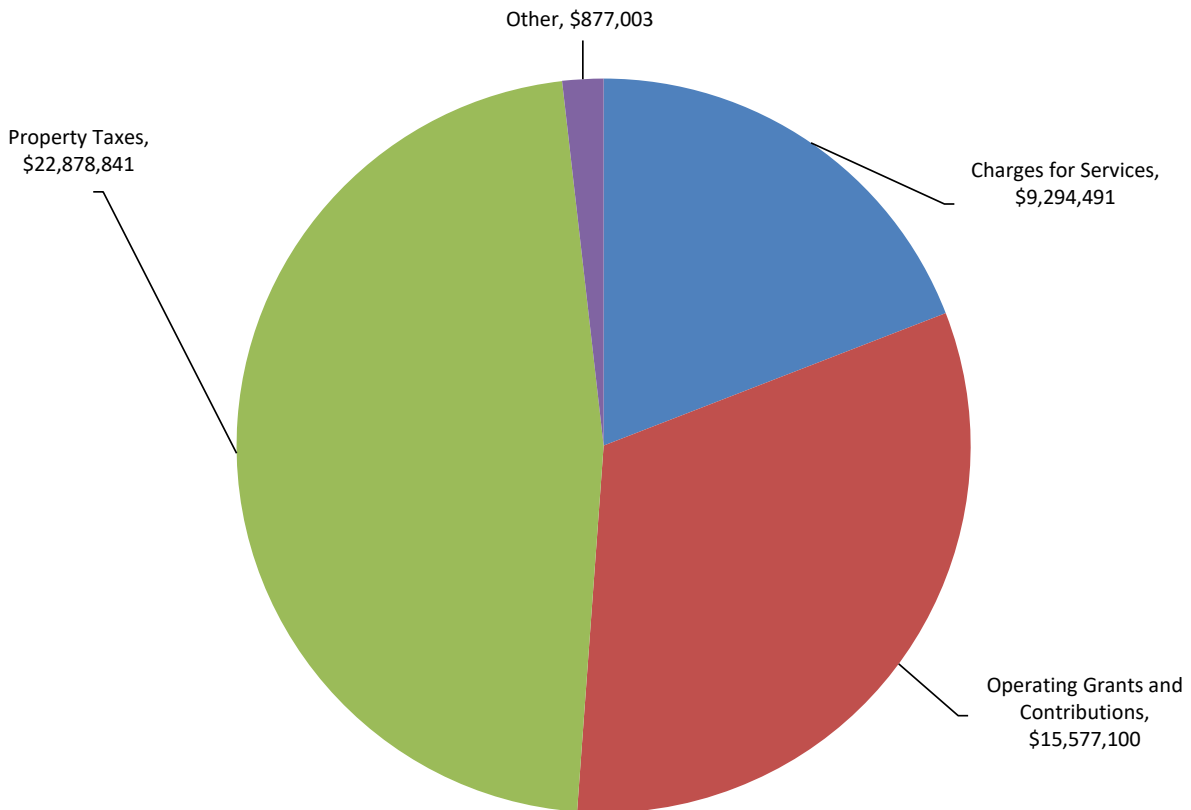
Requests for Information

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

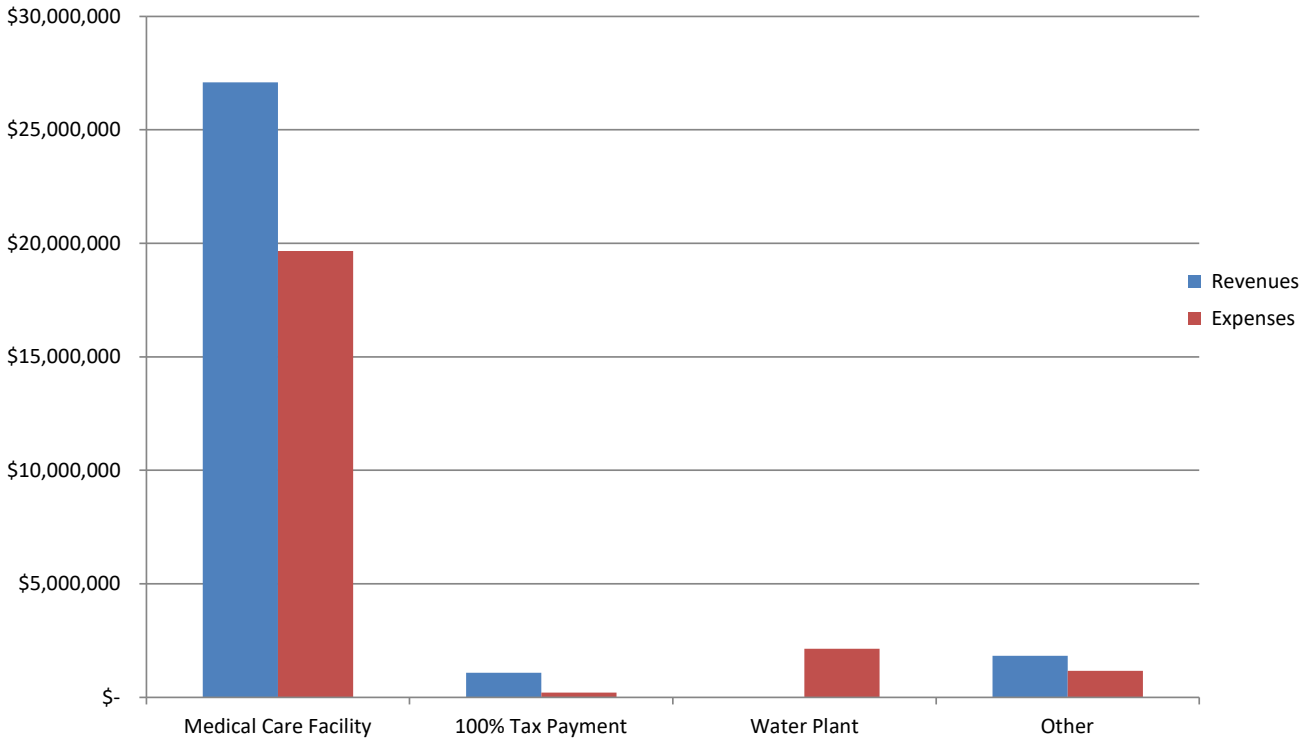
Governmental Activities Program Expenses and Revenues



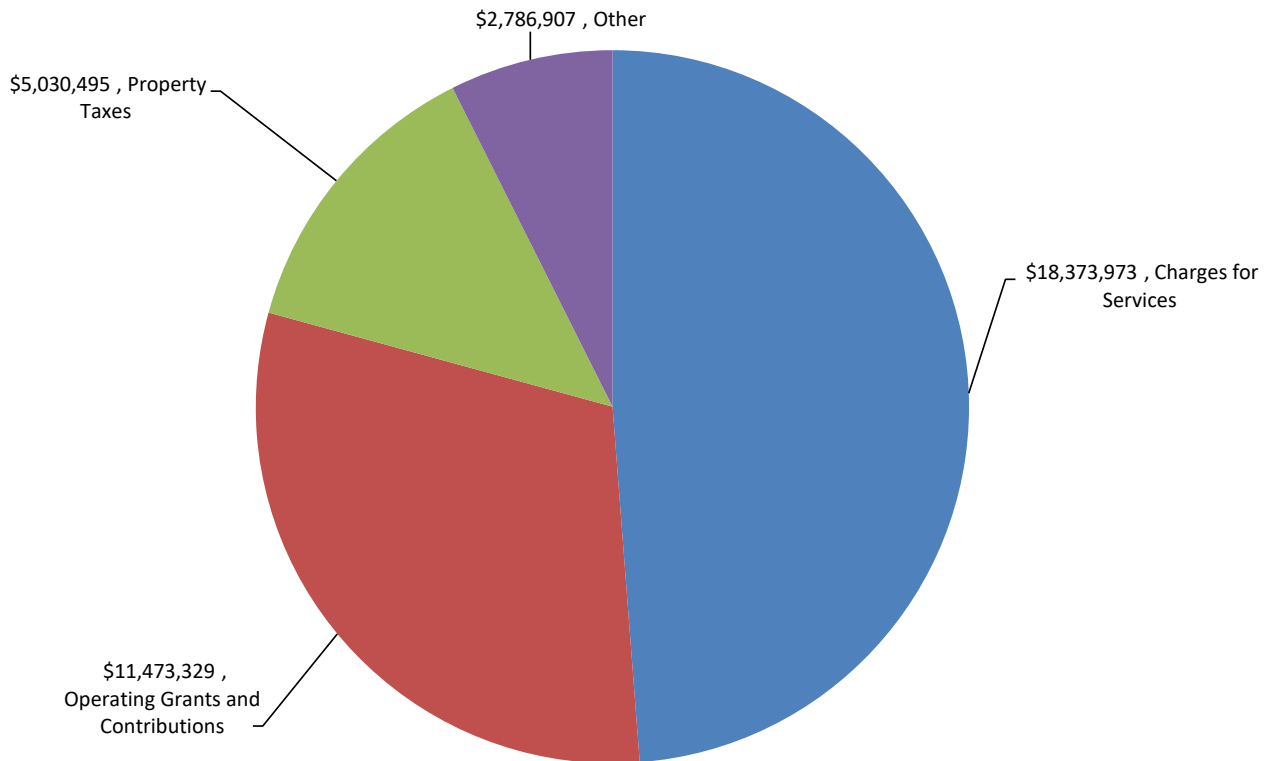
Revenues by Source/Governmental Activities



Business-Type Activities Program Expenses and Revenues



Revenues by Source/Business-Type Activities



BASIC FINANCIAL STATEMENTS

BAY COUNTY, MICHIGAN

Statement of Net Position

December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 17,252,086	\$ 6,316,886	\$ 23,568,972	\$ 19,519,958
Investments	26,087,583	6,851,853	32,939,436	12,826,361
Receivables	15,060,747	62,956,751	78,017,498	18,498,568
Internal balances	(24,241)	24,241	-	-
Prepaid items and other assets	1,034,347	171,116	1,205,463	1,587,476
Inventories	16,809	71,938	88,747	1,486,989
Advance to component unit	518,905	-	518,905	-
Net pension asset	46,457,250	19,043,987	65,501,237	19,265,299
Capital assets not being depreciated	2,211,953	2,038,339	4,250,292	45,707,343
Capital assets being depreciated, net	34,950,274	18,784,483	53,734,757	147,927,203
Total assets	143,565,713	116,259,594	259,825,307	266,819,197
Deferred outflows of resources				
Deferred charge on refunding	-	2,380,136	2,380,136	-
Deferred pension amounts	940,654	531,128	1,471,782	2,908,865
Deferred OPEB amounts	5,435,522	4,270,601	9,706,123	3,590,271
Total deferred outflows of resources	6,376,176	7,181,865	13,558,041	6,499,136
Liabilities				
Accounts payable and accrued liabilities	4,944,915	2,840,937	7,785,852	3,257,508
Unearned revenue	11,007,071	8,183	11,015,254	-
Long-term debt:				
Due within one year	342,960	2,511,088	2,854,048	4,633,014
Due in more than one year	2,003,719	49,120,000	51,123,719	57,878,007
Net OPEB liability, due in more than one year	16,276,751	12,082,171	28,358,922	11,980,024
Total liabilities	34,575,416	66,562,379	101,137,795	77,748,553
Deferred inflows of resources				
Deferred pension amounts	23,078,483	9,273,167	32,351,650	9,050,995
Deferred OPEB amounts	17,974,660	12,885,383	30,860,043	14,495,844
Taxes levied for a subsequent period	6,077,739	5,076,553	11,154,292	5,120,000
Total deferred inflows of resources	47,130,882	27,235,103	74,365,985	28,666,839
Net position				
Net investment in capital assets	36,924,027	20,822,822	57,746,849	135,097,204
Restricted for:				
Pension benefits	24,319,421	10,301,948	34,621,369	13,123,169
Insurance claims	4,739,773	-	4,739,773	-
Health and welfare	3,977,564	-	3,977,564	-
Home rehabilitation	1,989,142	-	1,989,142	-
Pest control	1,942,868	-	1,942,868	-
Other	2,273,572	-	2,273,572	6,249,456
Unrestricted (deficit)	(7,930,776)	(1,480,793)	(9,411,569)	12,433,112
Total net position	\$ 68,235,591	\$ 29,643,977	\$ 97,879,568	\$ 166,902,941

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

BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2021

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities:						
General government	\$ 12,058,072	\$ (653,507)	\$ 1,979,972	\$ 7,376,872	\$ 39,997	\$ (2,007,724)
Public safety	7,640,725	115,236	1,837,191	950,469	-	(4,968,301)
Community and economic development	220,861	28,736	67,956	153,817	-	(27,824)
Health and welfare	11,266,394	38,550	2,933,894	5,041,763	-	(3,329,287)
Public works	1,157	-	10,002	-	-	8,845
Judicial	5,142,895	388,644	1,570,709	2,046,027	-	(1,914,803)
Legislative	366,167	-	-	-	-	(366,167)
Recreation and culture	1,566,188	(114,404)	894,767	8,152	-	(548,865)
Interest on long-term debt	-	-	-	-	-	-
Total governmental activities	38,262,459	(196,745)	9,294,491	15,577,100	39,997	(13,154,126)
Business-type activities:						
Medical care facility	19,636,639	16,392	15,872,503	11,211,839	-	7,431,311
100% tax payment	155,218	42,788	1,082,432	-	-	884,426
Golf course	470,302	88,886	630,161	-	-	70,973
Housing	207,180	25,284	62,155	261,490	146,483	237,664
Water plant	2,136,922	-	-	-	-	(2,136,922)
Delinquent property tax foreclosure	175,710	-	440,205	-	-	264,495
Commissary	195,089	4,115	286,517	-	-	87,313
Total business-type activities	22,977,060	177,465	18,373,973	11,473,329	146,483	6,839,260
Total primary government	\$ 61,239,519	\$ (19,280)	\$ 27,668,464	\$ 27,050,429	\$ 186,480	\$ (6,314,866)
Component units						
Road Commission	\$ 15,226,787	\$ -	\$ 4,384,795	\$ 14,177,173	\$ 2,957,825	\$ 6,293,006
Library System	4,479,727	2,746	23,107	455,353	36,136	(3,967,877)
Department of Water and Sewer	17,251,743	-	21,296,966	-	-	4,045,223
Drain Commission	1,350,102	16,534	12,300	-	631,211	(723,125)
Bay Area Narcotics Enforcement Team	338,416	-	-	926,880	-	588,464
Bay County Landbank	125	-	6,507	-	-	6,382
Total component units	\$ 38,646,900	\$ 19,280	\$ 25,723,675	\$ 15,559,406	\$ 3,625,172	\$ 6,242,073

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BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (13,154,126)	\$ 6,839,260	\$ (6,314,866)	\$ 6,242,073
General revenues:				
Property taxes	22,878,841	5,030,495	27,909,336	5,059,744
Unrestricted investment earnings	(40,415)	2,224,054	2,183,639	304,916
Other revenue	877,421	416,370	1,293,791	339,557
Transfers - internal activities	1,180,000	(1,180,000)	-	-
Total general revenues and transfers	24,895,847	6,490,919	31,386,766	5,704,217
Change in net position before special item	11,741,721	13,330,179	25,071,900	11,946,290
Special item - equity disposition	-	(1,211,093)	(1,211,093)	-
Change in net position	11,741,721	12,119,086	23,860,807	11,946,290
Net position, beginning of year	56,493,870	17,524,891	74,018,761	154,956,651
Net position, end of year	<u>\$ 68,235,591</u>	<u>\$ 29,643,977</u>	<u>\$ 97,879,568</u>	<u>\$ 166,902,941</u>

concluded.

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

BAY COUNTY, MICHIGAN

Balance Sheet

Governmental Funds
December 31, 2021

	Special Revenue Funds				
	General Fund	911 Service	American Rescue Plan Act	Department on Aging	Mosquito Control
Assets					
Cash and cash equivalents	\$ 1,735,748	\$ 407,341	\$ 3,772,986	\$ 768,068	\$ 602,389
Investments	14,959,142	821,716	6,242,523	1,166,571	983,369
Receivables:					
Accounts, net	1,741,866	21	-	23,445	921
Property taxes, net	1,426,399	1,915,012	-	1,505,067	1,504,591
Interest	77,348	4,086	-	5,646	4,094
Due from other governmental units	2,540,599	135,574	-	120,907	34,421
Due from component units	198,803	-	-	-	-
Inventories	16,809	-	-	-	-
Due from other funds	88,753	-	-	-	-
Prepaid items and other assets	402,186	47,427	-	-	-
Advance to component unit	518,905	-	-	-	-
Total assets	\$ 23,706,558	\$ 3,331,177	\$ 10,015,509	\$ 3,589,704	\$ 3,129,785
Liabilities					
Accounts payable	\$ 576,075	\$ 9,259	\$ -	\$ 60,162	\$ 7,307
Accrued liabilities	843,705	52,257	-	59,372	9,737
Due to other funds	973,059	3,468	-	3,008	2,062
Due to component units	285,761	-	-	-	-
Due to other governmental units	249,627	-	-	-	-
Deposits	47,668	-	-	-	-
Unearned revenue	102,050	-	10,015,509	25,607	-
Total liabilities	3,077,945	64,984	10,015,509	148,149	19,106
Deferred inflows of resources					
Unavailable revenue - property taxes	607,416	2,874	-	2,610	2,134
Unavailable revenue - long-term receivable	588,475	-	-	-	-
Taxes levied for a subsequent period	-	2,030,562	-	1,595,505	1,595,505
Total deferred inflows of resources	1,195,891	2,033,436	-	1,598,115	1,597,639
Fund balances					
Nonspendable	937,900	47,427	-	-	-
Restricted	149,085	1,185,330	-	1,843,440	1,513,040
Committed	7,216,228	-	-	-	-
Assigned	2,183,613	-	-	-	-
Unassigned	8,945,896	-	-	-	-
Total fund balances	19,432,722	1,232,757	-	1,843,440	1,513,040
Total liabilities, deferred inflows of resources and fund balances	\$ 23,706,558	\$ 3,331,177	\$ 10,015,509	\$ 3,589,704	\$ 3,129,785

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

Special Revenue Funds		
Health Department /District Health	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,318,152	\$ 1,638,021	\$ 14,242,705
-	994,473	25,167,794
4,784	1,921,184	3,692,221
-	807,313	7,158,382
-	2,714	93,888
456,738	604,350	3,892,589
-	-	198,803
-	-	16,809
-	-	88,753
-	26,500	476,113
-	-	518,905
<u>\$ 5,779,674</u>	<u>\$ 5,994,555</u>	<u>\$ 55,546,962</u>
\$ 43,932	\$ 213,297	\$ 910,032
106,081	94,839	1,165,991
2,170	100,273	1,084,040
-	-	285,761
1,543,227	-	1,792,854
-	-	47,668
635,917	227,988	11,007,071
<u>2,331,327</u>	<u>636,397</u>	<u>16,293,417</u>
-	1,041	616,075
-	-	588,475
-	856,167	6,077,739
<u>-</u>	<u>857,208</u>	<u>7,282,289</u>
-	26,500	1,011,827
1,723,677	3,712,488	10,127,060
-	-	7,216,228
1,724,670	761,962	4,670,245
-	-	8,945,896
<u>3,448,347</u>	<u>4,500,950</u>	<u>31,971,256</u>
<u>\$ 5,779,674</u>	<u>\$ 5,994,555</u>	<u>\$ 55,546,962</u>

BAY COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
December 31, 2021

Fund balances - total governmental funds	\$ 31,971,256
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,211,953
Capital assets being depreciated, net	34,950,274
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.	
Deferred inflow for property taxes receivable	616,075
Deferred inflow for long-term receivable	588,475
Certain pension and OPEB-related amounts, such as the net pension asset, net OPEB liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension asset	46,438,879
Deferred outflows related to the net pension asset	940,277
Deferred inflows related to the net pension asset	(23,069,397)
Net OPEB liability	(16,276,751)
Deferred outflows related to the net OPEB liability	5,435,522
Deferred inflows related to the net OPEB liability	(17,974,660)
Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.	
	4,749,435
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Capital lease payable	(238,200)
Accrued liability to Historical Preservation	(389)
Compensated absences	(2,107,158)
Net position of governmental activities	<u>\$ 68,235,591</u>

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue Funds				
	General Fund	911 Service	American Rescue Plan Act	Department on Aging	Mosquito Control
Revenues					
Property taxes	\$ 16,895,360	\$ 2,011,515	\$ -	\$ 1,580,495	\$ 1,580,392
Licenses and permits	221,912	-	-	-	-
Federal	1,886,615	-	-	743,913	-
State	6,201,449	379,010	-	91,995	68,400
Interest, rents and royalties	692,250	6,350	-	851	3,246
Charges for services	3,113,948	-	-	7,346	1,232
Fines and forfeits	363,326	-	-	-	-
Reimbursements, refunds, and other revenues	3,815,472	697	-	307,256	13,476
Total revenues	33,190,332	2,397,572	-	2,731,856	1,666,746
Expenditures					
Current:					
General government	11,653,578	-	-	-	-
Public safety	10,176,638	2,160,193	-	-	-
Community and economic development	267,283	-	-	-	-
Health and welfare	912,989	-	-	2,787,723	1,311,459
Public works	1,157	-	-	-	-
Judicial	6,666,050	-	-	-	-
Legislative	365,812	-	-	-	-
Recreation and culture	1,436,077	-	-	-	-
Debt service:					
Principal	79,400	-	-	-	-
Total expenditures	31,558,984	2,160,193	-	2,787,723	1,311,459
Revenues over (under) expenditures	1,631,348	237,379	-	(55,867)	355,287
Other financing sources (uses)					
Insurance recoveries/proceeds	40,088	-	-	-	-
Transfers in	2,821,673	-	-	6,200	-
Transfer out	(2,800,366)	(280,345)	-	(449,463)	(120,625)
Total other financing sources (uses)	61,395	(280,345)	-	(443,263)	(120,625)
Net change in fund balances	1,692,743	(42,966)	-	(499,130)	234,662
Fund balances, beginning of year	17,739,979	1,275,723	-	2,342,570	1,278,378
Fund balances, end of year	\$ 19,432,722	\$ 1,232,757	\$ -	\$ 1,843,440	\$ 1,513,040

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

Special Revenue Funds		
Health Department /District Health	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 847,124	\$ 22,914,886
264,702	66,698	553,312
2,552,497	94,644	5,277,669
549,296	1,246,217	8,536,367
-	329	703,026
20,563	52,440	3,195,529
-	6,692	370,018
<u>1,228,608</u>	<u>1,319,002</u>	<u>6,684,511</u>
<u>4,615,666</u>	<u>3,633,146</u>	<u>48,235,318</u>
-	353,065	12,006,643
-	139,153	12,475,984
-	149	267,432
5,193,902	2,867,360	13,073,433
-	-	1,157
-	1,500,538	8,166,588
-	-	365,812
-	299,717	1,735,794
-	-	79,400
<u>5,193,902</u>	<u>5,159,982</u>	<u>48,172,243</u>
<u>(578,236)</u>	<u>(1,526,836)</u>	<u>63,075</u>
-	-	40,088
972,597	1,927,174	5,727,644
<u>(343,332)</u>	<u>(548,866)</u>	<u>(4,542,997)</u>
<u>629,265</u>	<u>1,378,308</u>	<u>1,224,735</u>
51,029	(148,528)	1,287,810
<u>3,397,318</u>	<u>4,649,478</u>	<u>30,683,446</u>
<u>\$ 3,448,347</u>	<u>\$ 4,500,950</u>	<u>\$ 31,971,256</u>

BAY COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
 To Change in Net Position of Governmental Activities
 For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$ 1,287,810
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	277,074
Depreciation	(2,348,206)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.	
Change in deferred property taxes receivable	(36,045)
Change in deferred long-term receivable	588,475
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term debt	79,400
Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The net increase (decrease) in net position of the internal service funds is reported with governmental activities.	
Net operating loss from governmental activities internal service funds	(30,439)
Interest revenue from governmental activities internal service funds	(3,656)
Transfers out of governmental activities internal service funds	(4,647)
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Historical preservation	53
Change in the net pension asset and related deferred amounts	8,199,402
Change in the net OPEB liability and related deferred amounts	3,495,054
Change in the accrual for compensated absences	237,446
Change in net position of governmental activities	<u>\$ 11,741,721</u>

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 16,413,238	\$ 16,413,238	\$ 16,895,360	\$ 482,122
Licenses and permits	237,700	249,700	221,912	(27,788)
Federal	2,077,883	2,077,883	1,886,615	(191,268)
State	4,719,331	5,343,805	6,201,449	857,644
Interest, rents and royalties	972,264	955,085	692,250	(262,835)
Charges for services	3,431,338	3,469,338	3,113,948	(355,390)
Fines and forfeits	620,000	620,000	363,326	(256,674)
Reimbursements, refunds, and other revenues	3,698,307	4,474,372	3,815,472	(658,900)
Total revenues	32,170,061	33,603,421	33,190,332	(413,089)
Expenditures				
Current:				
General government	11,944,373	12,805,275	11,653,578	(1,151,697)
Public safety	10,443,475	10,659,084	10,176,638	(482,446)
Community and economic development	255,932	389,265	267,283	(121,982)
Health and welfare	871,440	922,440	912,989	(9,451)
Public works	2,300	2,300	1,157	(1,143)
Judicial	6,766,517	6,825,702	6,666,050	(159,652)
Legislative	462,207	462,207	365,812	(96,395)
Recreation and culture	1,669,875	1,824,274	1,436,077	(388,197)
Debt service:				
Principal	-	79,400	79,400	-
Total expenditures	32,416,119	33,969,947	31,558,984	(2,410,963)
Revenues over expenditures	(246,058)	(366,526)	1,631,348	1,997,874
Other financing sources (uses)				
Insurance recoveries/proceeds	6,000	36,364	40,088	3,724
Transfers in	2,764,847	2,815,330	2,821,673	6,343
Transfers out	(2,839,420)	(2,839,420)	(2,800,366)	(39,054)
Total other financing sources (uses)	(68,573)	12,274	61,395	49,121
Net change in fund balance	(314,631)	(354,252)	1,692,743	2,046,995
Fund balance, beginning of year	17,739,979	17,739,979	17,739,979	-
Fund balance, end of year	\$ 17,425,348	\$ 17,385,727	\$ 19,432,722	\$ 2,046,995

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 911 Service Special Revenue Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,079,536	\$ 2,079,536	\$ 2,011,515	\$ (68,021)
State	363,212	363,212	379,010	15,798
Interest, rents and royalties	30,000	30,000	6,350	(23,650)
Reimbursements, refunds, and other revenues	104,064	104,064	697	(103,367)
Total revenues	2,576,812	2,576,812	2,397,572	(179,240)
Expenditures				
Current:				
Public safety	2,778,037	2,781,274	2,160,193	(621,081)
Revenues over (under) expenditures	(201,225)	(204,462)	237,379	441,841
Other financing uses				
Transfers out	(278,975)	(278,975)	(280,345)	1,370
Net change in fund balance	(480,200)	(483,437)	(42,966)	440,471
Fund balance, beginning of year	1,275,723	1,275,723	1,275,723	-
Fund balance, end of year	\$ 795,523	\$ 792,286	\$ 1,232,757	\$ 440,471

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Department on Aging Special Revenue Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,574,827	\$ 1,574,827	\$ 1,580,495	\$ 5,668
Federal	644,097	664,301	743,913	79,612
State	108,576	108,576	91,995	(16,581)
Interest, rents and royalties	50,000	50,000	851	(49,149)
Charges for services	43,282	43,282	7,346	(35,936)
Reimbursements, refunds, and other revenues	299,715	299,715	307,256	7,541
Total revenues	2,720,497	2,740,701	2,731,856	(8,845)
Expenditures				
Current:				
Health and welfare	3,628,647	3,667,413	2,787,723	(879,690)
Revenues over (under) expenditures	(908,150)	(926,712)	(55,867)	870,845
Other financing sources (uses)				
Transfers in	6,200	6,200	6,200	-
Transfers out	(449,463)	(449,463)	(449,463)	-
Total other financing sources (uses)	(443,263)	(443,263)	(443,263)	-
Net change in fund balance	(1,351,413)	(1,369,975)	(499,130)	870,845
Fund balance, beginning of year	2,342,570	2,342,570	2,342,570	-
Fund balance, end of year	\$ 991,157	\$ 972,595	\$ 1,843,440	\$ 870,845

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Mosquito Control Special Revenue Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,574,827	\$ 1,574,827	\$ 1,580,392	\$ 5,565
State	60,667	60,667	68,400	7,733
Interest, rents and royalties	12,000	12,000	3,246	(8,754)
Charges for services	-	-	1,232	1,232
Reimbursements, refunds, and other revenues	-	-	13,476	13,476
Total revenues	1,647,494	1,647,494	1,666,746	19,252
Expenditures				
Current:				
Health and welfare	1,805,429	1,824,359	1,311,459	(512,900)
Revenues over (under) expenditures	(157,935)	(176,865)	355,287	532,152
Other financing uses				
Transfers out	(120,625)	(120,625)	(120,625)	-
Net change in fund balance	(278,560)	(297,490)	234,662	532,152
Fund balance, beginning of year	1,278,378	1,278,378	1,278,378	-
Fund balance, end of year	\$ 999,818	\$ 980,888	\$ 1,513,040	\$ 532,152

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Health Department/District Health Special Revenue Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 259,500	\$ 259,500	\$ 264,702	\$ 5,202
Federal	1,956,005	3,103,346	2,552,497	(550,849)
State	585,594	643,174	549,296	(93,878)
Charges for services	49,687	49,687	20,563	(29,124)
Reimbursements, refunds, and other revenues	1,580,548	1,592,433	1,228,608	(363,825)
Total revenues	4,431,334	5,648,140	4,615,666	(1,032,474)
Expenditures				
Current:				
Health and welfare	5,848,118	7,220,597	5,193,902	(2,026,695)
Revenues over (under) expenditures	(1,416,784)	(1,572,457)	(578,236)	994,221
Other financing sources (uses)				
Transfers in	980,048	980,048	972,597	(7,451)
Transfers out	(343,332)	(343,332)	(343,332)	-
Total other financing sources (uses)	636,716	636,716	629,265	(7,451)
Net change in fund balance	(780,068)	(935,741)	51,029	986,770
Fund balance, beginning of year	3,397,318	3,397,318	3,397,318	-
Fund balance, end of year	\$ 2,617,250	\$ 2,461,577	\$ 3,448,347	\$ 986,770

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

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Medical Care Facility	100% Tax Payment	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,615,958	\$ 1,700,470	\$ 1,534,912	\$ 465,546	\$ 6,316,886	\$ 3,009,381
Investments	3,704,299	2,603,659	-	543,895	6,851,853	919,789
Accounts receivable, net of allowance	1,397,931	131,860	-	-	1,529,791	21,373
Property taxes receivable	4,785,454	3,231,544	-	-	8,016,998	-
Accrued interest receivable	-	526,869	200,357	2,074	729,300	3,491
Current portion of lease receivable	-	-	2,505,000	-	2,505,000	-
Inventories	67,230	-	-	4,708	71,938	-
Due from other funds	-	26,129	-	209,522	235,651	971,046
Due from component units	-	-	-	25,000	25,000	-
Due from other governmental units	4,867,636	3,956	-	-	4,871,592	-
Prepaid items and other assets	158,396	-	-	12,720	171,116	558,234
Total current assets	17,596,904	8,224,487	4,240,269	1,263,465	31,325,125	5,483,314
Noncurrent assets:						
Lease receivable, net of current portion	-	-	45,279,070	-	45,279,070	-
Net pension asset	18,745,742	146,826	-	151,419	19,043,987	18,371
Capital assets not being depreciated	1,901,406	-	-	136,933	2,038,339	-
Capital assets being depreciated, net	18,739,644	-	-	44,839	18,784,483	-
Total noncurrent assets	39,386,792	146,826	45,279,070	333,191	85,145,879	18,371
Total assets	56,983,696	8,371,313	49,519,339	1,596,656	116,471,004	5,501,685
Deferred outflows of resources						
Deferred charge on refunding	-	-	2,380,136	-	2,380,136	-
Deferred pension amounts	525,007	3,014	-	3,107	531,128	377
Deferred OPEB amounts	4,270,601	-	-	-	4,270,601	-
Total deferred outflows of resources	4,795,608	3,014	2,380,136	3,107	7,181,865	377
Liabilities						
Current liabilities:						
Accounts payable	1,177,602	121	-	7,677	1,185,400	11,150
Accrued liabilities	693,606	3,212	200,357	3,812	900,987	1,861
Deposits payable	14,650	-	-	-	14,650	-
Due to other funds	-	211,330	-	80	211,410	-
Due to other governmental units	-	103,660	-	-	103,660	-
Estimated insurance claims payable	636,240	-	-	-	636,240	729,209
Unearned revenue	-	-	-	8,183	8,183	-
Current portion of bonds payable	-	-	2,505,000	-	2,505,000	-
Compensated absences	-	2,530	-	3,558	6,088	1,321
Total current liabilities	2,522,098	320,853	2,705,357	23,310	5,571,618	743,541

continued...

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities
	Medical Care Facility	100% Tax Payment	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities (continued)						
Noncurrent liabilities:						
Bonds payable, net of current portion	\$ -	\$ -	\$ 49,120,000	\$ -	\$ 49,120,000	\$ -
Net OPEB liability	12,082,171	-	-	-	12,082,171	-
Total noncurrent liabilities	12,082,171	-	49,120,000	-	61,202,171	-
Total liabilities	14,604,269	320,853	51,825,357	23,310	66,773,789	743,541
Deferred inflows of resources						
Deferred pension amounts	9,125,663	72,616	-	74,888	9,273,167	9,086
Deferred OPEB amounts	12,885,383	-	-	-	12,885,383	-
Taxes levied for a subsequent period	5,076,553	-	-	-	5,076,553	-
Total deferred inflows of resources	27,087,599	72,616	-	74,888	27,235,103	9,086
Net position						
Investment in capital assets	20,641,050	-	-	181,772	20,822,822	-
Restricted for:						
Pension benefits	10,145,086	77,224	-	79,638	10,301,948	9,662
Insurance claims	-	-	-	-	-	4,739,773
Unrestricted (deficit)	(10,698,700)	7,903,634	74,118	1,240,155	(1,480,793)	-
Total net position	\$ 20,087,436	\$ 7,980,858	\$ 74,118	\$ 1,501,565	\$ 29,643,977	\$ 4,749,435

concluded.

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities
	Medical Care Facility	100% Tax Payment	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 15,872,503	\$ 1,082,432	\$ -	\$ 1,419,038	\$ 18,373,973	\$ 8,930,009
Other	-	-	-	73,479	73,479	-
Total operating revenues	15,872,503	1,082,432	-	1,754,007	18,708,942	8,930,009
Operating expenses						
Personnel services	11,625,656	83,248	-	256,572	11,965,476	7,363,321
Supplies	-	5,307	-	77,304	82,611	-
Other services	6,297,268	49,173	-	768,589	7,115,030	1,597,127
Depreciation	1,730,107	-	-	46,275	1,776,382	-
Total operating expenses	19,653,031	137,728	-	1,148,740	20,939,499	8,960,448
Operating income (loss)	(3,780,528)	944,704	-	605,267	(2,230,557)	(30,439)
Nonoperating revenues (expenses)						
Property and other taxes	5,030,495	-	-	-	5,030,495	-
Reimbursements, refunds and rebates	342,891	-	-	-	342,891	-
Federal revenue	8,948,299	-	-	-	8,948,299	-
State revenue	2,263,540	-	-	-	2,263,540	-
Interest income	22,574	55,638	2,137,314	8,528	2,224,054	(3,656)
Interest expense	-	(60,278)	(2,136,922)	(10,217)	(2,207,417)	-
Extraordinary maintenance	-	-	-	(7,609)	(7,609)	-
Total nonoperating revenues (expenses)	16,607,799	(4,640)	392	(9,298)	16,594,253	(3,656)
Income (loss) before transfers	12,827,271	940,064	392	595,969	14,363,696	(34,095)
Transfers						
Transfers out	-	(1,100,000)	-	(80,000)	(1,180,000)	(4,647)
Change in net position before capital contribution and special item	12,827,271	(159,936)	392	515,969	13,183,696	(38,742)
Capital contribution	-	-	-	146,483	146,483	-
Special item - equity disposition	-	-	-	(1,211,093)	(1,211,093)	-
Change in net position	12,827,271	(159,936)	392	(548,641)	12,119,086	(38,742)
Net position, beginning of year	7,260,165	8,140,794	73,726	2,050,206	17,524,891	4,788,177
Net position, end of year	\$ 20,087,436	\$ 7,980,858	\$ 74,118	\$ 1,501,565	\$ 29,643,977	\$ 4,749,435

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

BAY COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities
	Medical Care Facility	100% Tax Payment	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers	\$ 9,993,951	\$ 1,375,149	\$ -	\$ 1,512,514	\$ 12,881,614	\$ -
Cash received from interfund services provided	-	-	-	-	-	8,654,340
Cash received from quality assurance program	1,448,604	-	-	-	1,448,604	-
Cash received from quality measure initiative	489,435	-	-	-	489,435	-
Cash received from CPE reimbursement	172,852	-	-	-	172,852	-
Cash paid for quality assurance assessment	(1,139,505)	-	-	-	(1,139,505)	-
Cash payments to suppliers for goods and services	(10,878,421)	(54,480)	-	(863,738)	(11,796,639)	(1,916,753)
Cash payments to employees and related taxes and insurance	(12,225,780)	(246,374)	-	(342,699)	(12,814,853)	(7,317,405)
Net cash provided by (used in) operating activities	(12,138,864)	1,074,295	-	306,077	(10,758,492)	(579,818)
Cash flows from noncapital financing activities						
Taxes received	5,082,737	-	-	-	5,082,737	-
Reimbursements, refunds, and rebates received	342,890	-	-	-	342,890	-
Change in resident trust deposits	(5,324)	-	-	-	(5,324)	-
Intergovernmental grant proceeds	11,211,839	-	-	-	11,211,839	-
Payments received on capital lease receivable	-	-	1,561,140	-	1,561,140	-
Principal paid on long-term debt	-	-	(1,510,000)	-	(1,510,000)	-
Interest paid on long-term debt	-	(60,278)	(2,461,385)	(10,217)	(2,531,880)	-
Transfers out	-	(1,100,000)	-	(80,000)	(1,180,000)	(4,647)
Development costs	-	-	-	(51,408)	(51,408)	-
Extraordinary maintenance	-	-	-	(7,609)	(7,609)	-
Net cash provided by (used in) noncapital financing activities	16,632,142	(1,160,278)	(2,410,245)	(149,234)	12,912,385	(4,647)
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(220,015)	-	-	(524,948)	(744,963)	-
Cash flows from investing activities						
Proceeds from sale of investments	-	-	-	4,664	4,664	2,318
Purchases of investments	(3,036,873)	(16,608)	-	(44,735)	(3,098,216)	-
Interest received	52,208	78,355	2,427,948	7,872	2,566,383	(3,157)
Net cash provided by (used in) investing activities	(2,984,665)	61,747	2,427,948	(32,199)	(527,169)	(839)
Net change in cash and cash equivalents	1,288,598	(24,236)	17,703	(400,304)	881,761	(585,304)
Cash and cash equivalents, beginning of year	1,327,360	1,724,706	1,517,209	865,850	5,435,125	3,594,685
Cash and cash equivalents, end of year	\$ 2,615,958	\$ 1,700,470	\$ 1,534,912	\$ 465,546	\$ 6,316,886	\$ 3,009,381

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BAY COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Medical Care Facility	100% Tax Payment	Water Plant	Nonmajor Proprietary Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (3,780,528)	\$ 944,704	\$ -	\$ 605,267	\$ (2,230,557)	\$ (30,439)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,730,107	-	-	46,275	1,776,382	-
Bad debts	16,338	-	-	-	16,338	-
Changes in assets and liabilities that provided (used) cash:						
Accounts receivable, net	(40,847)	6,146	-	3,275	(31,426)	(16,682)
Property tax receivable	-	(76,318)	-	-	(76,318)	-
Inventories	(5,598)	-	-	(875)	(6,473)	-
Due from other funds	-	(13,966)	-	(195,206)	(209,172)	(327,746)
Due from other governmental units	(3,486,264)	85,329	-	-	(3,400,935)	155
Prepaid items and other assets	159,448	-	-	928	160,376	(319,626)
Accounts payable	(802,509)	(589)	-	(123,500)	(926,598)	10,380
Accrued liabilities	(271,185)	173	-	(70,158)	(341,170)	(5,373)
Due to other funds	-	194,919	-	(8)	194,911	-
Due to other governmental units	-	97,196	-	-	97,196	-
Estimated insurance claims payable	-	-	-	-	-	58,224
Unearned revenue	(256,888)	-	-	(27,904)	(284,792)	-
Net pension asset	(6,878,103)	(58,451)	-	(281,201)	(7,217,755)	92,183
Deferred outflows - pension	650,736	2,819	-	(11,672)	641,883	6,920
Deferred inflows - pension	3,365,147	27,092	-	141,741	3,533,980	(47,863)
Net OPEB liability	(12,185,046)	(123,659)	-	244,794	(12,063,911)	-
Deferred outflows - OPEB	(1,331,779)	4,855	-	(31,541)	(1,358,465)	-
Deferred inflows - OPEB	10,978,107	(11,192)	-	22,154	10,989,069	-
Compensated absences	-	(4,763)	-	(16,292)	(21,055)	49
Net cash provided by (used in) operating activities	<u>\$ (12,138,864)</u>	<u>\$ 1,074,295</u>	<u>\$ -</u>	<u>\$ 306,077</u>	<u>\$ (10,758,492)</u>	<u>\$ (579,818)</u>

concluded.

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

BAY COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2021

	Pension and Other Employee Benefits Trust's	Custodial Funds
Assets		
Investments, at fair value:		
Equities	\$ 230,455,055	\$ -
Fixed income	102,295,785	13,450,395
Commingled funds	104,642,699	-
Mutual funds	111,718,417	-
Money market	11,193,360	-
Total investments, at fair value	<u>560,305,316</u>	<u>13,450,395</u>
Cash and cash equivalents	-	<u>9,514,304</u>
Receivables:		
Contributions receivable	141,585	-
Interest and dividends	2,157,677	-
Total receivables	<u>2,299,262</u>	<u>-</u>
Other current assets:		
Prepaid items and other assets	1,897,788	-
Net pension asset	128,491	-
Due from other governmental units	-	317
Due from other custodial funds	-	7,271
Total other current assets	<u>2,026,279</u>	<u>7,588</u>
Total assets	<u>564,630,857</u>	<u>22,972,287</u>
Deferred outflows of resources - pensions	<u>2,638</u>	<u>-</u>
Liabilities		
Accounts payable	794,989	19,309
Accrued liabilities	4,125,368	53,106
Accrued vacation and sick pay	1,027	-
Due to component units	-	143,334
Due to other governmental units	-	22,649,789
Due to other custodial funds	-	7,271
Deposits	-	98,469
Total liabilities	<u>4,921,384</u>	<u>22,971,278</u>
Deferred inflows of resources - pensions	<u>63,548</u>	<u>-</u>
Net position		
Restricted for:		
Inmates	-	1,009
Pension benefits	466,990,862	-
Postemployment healthcare benefits	92,657,701	-
Total net position	<u>\$ 559,648,563</u>	<u>\$ 1,009</u>

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

BAY COUNTY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2021

	Pension and Other Employee Benefits Trust's	Custodial Funds
Additions		
Investment income:		
Net appreciation in fair value of investments	\$ 64,354,351	\$ -
Interest and dividends	11,959,466	-
Total investment earnings	76,313,817	-
Investment expense	(2,378,794)	-
Net investment income	73,935,023	-
Contributions:		
Employer	9,033,746	-
Plan members	2,278,973	-
Total contributions	11,312,719	-
Other:		
State education tax collected for other governments	-	16,937,562
Real estate transfer tax collected for other governments	-	2,999,666
Fees and fines collected on behalf of other governments	-	1,240,382
Collections from or on behalf of inmates	-	956,009
Other taxes collected for other governments	-	19,168
Other	10,124	-
Total other	10,124	22,152,787
Total additions	85,257,866	22,152,787
Deductions		
Participant benefits (including refunds of contributions)	25,505,877	-
Administrative expenses	335,607	-
Payments of state education tax to other governments	-	16,937,562
Payments of real estate transfer tax to other governments	-	2,999,666
Fees and fines remitted to other governments	-	1,240,382
Payments to or on behalf of inmates	-	956,032
Payments of other taxes to other governments	-	19,168
Total deductions	25,841,484	22,152,810
Change in net position	59,416,382	(23)
Net position		
Beginning of year	500,232,181	1,032
End of year	\$ 559,648,563	\$ 1,009

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

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2021

	Road Commission	Library System	Department of Water and Sewer	Drain Commission
Assets				
Cash and cash equivalents	\$ 455,402	\$ 199,199	\$ 13,823,270	\$ 3,213,097
Investments	4,107,314	6,845,359	-	1,873,688
Receivables	2,926,053	5,139,492	4,130,341	5,838,239
Due from primary government	-	125,032	-	304,063
Prepaid items and other assets	91,867	371,056	498,292	620,317
Inventories	1,134,669	-	352,320	-
Net pension asset	11,121,611	3,603,983	4,539,705	-
Capital assets not being depreciated	37,348,905	107,487	2,844,338	5,406,613
Capital assets being depreciated, net	66,153,940	1,901,387	75,884,820	3,812,401
Total assets	123,339,761	18,292,995	102,073,086	21,068,418
Deferred outflows of resources				
Deferred pension amounts	1,705,138	272,201	931,526	-
Deferred OPEB amounts	2,119,957	360,587	1,109,727	-
Total deferred outflows of resources	3,825,095	632,788	2,041,253	-
Liabilities				
Accounts payable and accrued liabilities	1,283,942	176,516	1,478,032	77,811
Due to primary government	-	-	-	198,803
Long-term debt:				
Due within one year	924,286	14,571	2,614,531	1,079,626
Due in more than one year	2,052,386	131,139	51,210,909	4,483,573
Net OPEB liability, due in more than one year	8,405,711	875,406	2,698,907	-
Total liabilities	12,666,325	1,197,632	58,002,379	5,839,813
Deferred inflows of resources				
Deferred pension amounts	5,166,554	1,675,020	2,209,421	-
Deferred OPEB amounts	10,676,104	933,094	2,886,646	-
Taxes levied for a subsequent period	-	5,120,000	-	-
Total deferred inflows of resources	15,842,658	7,728,114	5,096,067	-
Net position				
Net investment in capital assets	101,452,620	2,008,874	27,248,185	4,212,870
Restricted for:				
Debt service	-	-	-	6,249,456
Pension benefits	7,660,195	2,201,164	3,261,810	-
Unrestricted (deficit)	(10,456,942)	5,789,999	10,505,898	4,766,279
Total net position	\$ 98,655,873	\$ 10,000,037	\$ 41,015,893	\$ 15,228,605

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

Bay Area Narcotics Enforcement Team	Bay County Landbank	Total
\$ 1,714,180	\$ 114,810	\$ 19,519,958
-	-	12,826,361
35,348	-	18,069,473
-	-	429,095
-	5,944	1,587,476
-	-	1,486,989
-	-	19,265,299
-	-	45,707,343
174,655	-	147,927,203
<u>1,924,183</u>	<u>120,754</u>	<u>266,819,197</u>
-	-	2,908,865
-	-	3,590,271
-	-	6,499,136
17,404	-	3,033,705
-	25,000	223,803
-	-	4,633,014
-	-	57,878,007
-	-	11,980,024
<u>17,404</u>	<u>25,000</u>	<u>77,748,553</u>
-	-	9,050,995
-	-	14,495,844
-	-	5,120,000
-	-	28,666,839
174,655	-	135,097,204
-	-	6,249,456
-	-	13,123,169
1,732,124	95,754	12,433,112
<u>\$ 1,906,779</u>	<u>\$ 95,754</u>	<u>\$ 166,902,941</u>

BAY COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2021

Functions / Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component units						
Road Commission						
Governmental activities:						
Highways and streets	\$ 15,226,787	\$ -	\$ 4,384,795	\$ 14,177,173	\$ 2,957,825	\$ 6,293,006
Library System						
Governmental activities:						
Recreation and culture	4,479,727	2,746	23,107	455,353	36,136	(3,967,877)
Department of Water and Sewer						
Business-type activities:						
Water	13,250,658	-	16,101,724	-	-	2,851,066
Sewer	4,001,085	-	5,195,242	-	-	1,194,157
Total Department of Water and Sewer	17,251,743	-	21,296,966	-	-	4,045,223
Drain Commission						
Governmental activities:						
Public works	1,194,844	16,534	12,300	-	631,211	(567,867)
Interest on long-term debt	155,258	-	-	-	-	(155,258)
Total Drain Commission	1,350,102	16,534	12,300	-	631,211	(723,125)
Bay Area Narcotics Enforcement Team						
Governmental activities:						
Public safety	338,416	-	-	926,880	-	588,464
Bay County Landbank						
Governmental activities:						
General government	125	-	6,507	-	-	6,382
Total component units	\$ 38,646,900	\$ 19,280	\$ 25,723,675	\$ 15,559,406	\$ 3,625,172	\$ 6,242,073

continued...

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

BAY COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2021

	Road Commission	Library System	Department of Water and Sewer	Drain Commission
Change in net position				
Net (expense) revenue	\$ 6,293,006	\$ (3,967,877)	\$ 4,045,223	\$ (723,125)
General revenues:				
Property taxes	-	5,065,130	-	(5,386)
Unrestricted investment earnings	34,298	67,648	126,064	76,906
Gain on sale of capital assets	55,186	-	-	-
Other revenue	-	-	-	284,253
Total general revenues	89,484	5,132,778	126,064	355,773
Change in net position	6,382,490	1,164,901	4,171,287	(367,352)
Net position, beginning of year	92,273,383	8,835,136	36,844,606	15,595,957
Net position, end of year	<u>\$ 98,655,873</u>	<u>\$ 10,000,037</u>	<u>\$ 41,015,893</u>	<u>\$ 15,228,605</u>



Bay Area Narcotics Enforcement Team	Bay County Landbank	Total
\$ 588,464	\$ 6,382	\$ 6,242,073
-	-	5,059,744
-	-	304,916
-	-	55,186
118	-	284,371
118	-	5,704,217
588,582	6,382	11,946,290
1,318,197	89,372	154,956,651
<u>\$ 1,906,779</u>	<u>\$ 95,754</u>	<u>\$ 166,902,941</u>

concluded.

NOTES TO FINANCIAL STATEMENTS

BAY COUNTY, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bay County, Michigan (the "County") was incorporated in 1857. The County operates under the unified form of government and provides services to its 102,985 residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

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

Bay Area Narcotics Enforcement Team ("BAYANET") – BAYANET is governed by a Board who are not members of the Bay County Board of Commissioners. The County has appropriation authority and budgetary control over the activities of BAYANET though the County Board's approval of BAYANET's annual budget and any amendments as well as the monthly expenditures. BAYANET funds are held with the County Treasurer and the County acts as a fiduciary for BAYANET. BAYANET is an instrument of six counties and the State Police formed to organize a multi-jurisdictional/multi-tiered investigative task force designed to singularly combat the proliferation of narcotic trafficking in the eastern Mid-Michigan area. Complete financial statements of BAYANET can be obtained from its administrative offices at P.O. Box 676, Freeland, Michigan 48623, or by viewing it on the Michigan Department of Treasury Website.

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Fiduciary Component Units

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

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

The County reports the following major governmental funds:

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

The *911 service special revenue fund* accounts for revenues received from property taxes and grants to provide countywide central dispatching services for police, fire, and other emergency situations.

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

The *department on aging special revenue fund* accounts for revenues received from property taxes, federal and state grants, and contributions to provide services and programs for County residents 60 years of age and older.

The *mosquito control special revenue fund* accounts for revenues received from property taxes to provide countywide mosquito pest control services.

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

The government reports the following major enterprise funds:

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

The *100% tax payment fund* is used to account for advances by the County to other local operating units and County funds for delinquent property taxes. Advances are repaid from collections of delinquent taxes, including interest and collection fees.

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

Additionally, the County reports the following fund types:

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the medical care facility, the 100% tax payment, and nonmajor enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Deposits and Investments

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

Receivable and Payables

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

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

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

Inventory and Prepaids

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

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

Capital Assets

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

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

Depreciation is recorded on the capital assets of the Road Commission component unit over the estimated useful lives (ranging from 5 to 50 years) of the assets, using the sum-of-years digits method for road equipment as prescribed by the Uniform Accounting Procedures for Michigan County Road Commissions, which does not vary significantly from the straight-line basis, and straight-line method for all other capital assets.

Deferred Outflows of Resources

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

Unearned Revenue

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

Long-term Obligations

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

Compensated Absences

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

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

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

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

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

Deferred Inflows of Resources

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Fund Equity

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

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

The County Board of Commissioners has formally established a budget stabilization arrangement under which it commits general fund balance up to 20 percent of the most recent general fund budget, as originally adopted, or 20 percent of the average of the County's five recent general fund budgets, as amended, whichever is less. The committed fund balance can be used to cover a general fund deficit; to prevent a reduction in the level of public services or in the number of employees at any time in a fiscal year when the budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses; to prevent a reduction in the level of public services or in the number of employees when in preparing the budget for the next fiscal year the estimate revenue does not appear sufficient to cover estimated expenses; and to cover expenses arising because of natural disaster. This commitment may be used if one of the several potential qualifying events occurs (as detailed in a Board of Commissioners resolution) and the Board of Commissioners, by 2/3 vote of members present, affirms the qualifying event. As of year end, the balance in the stabilization arrangement was \$7,216,228.

Interfund Transactions

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Pensions and Retiree Healthcare

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

Use of Estimates

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

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

2. BUDGETARY INFORMATION

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

3. EXCESS OF EXPENDITURES OVER BUDGET

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. Excess of expenditures or transfers out over appropriations individual funds are as follows:

Fund	Appropriations	Actual Expenditures	Excess Expenditures over Appropriations
911:			
Transfers out	\$ 278,975	\$ 280,345	\$ 1,370
Child Care:			
Transfers out	161,850	200,805	38,955

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

4. DEPOSITS AND INVESTMENTS

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 23,568,972	\$ 19,519,958	\$ 43,088,930
Investments	32,939,436	12,826,361	45,765,797
Statement of Fiduciary Net Position			
Pension and other employee benefits trust's:			
Investments	560,305,316	-	560,305,316
Other fiduciary funds:			
Cash and cash equivalents	9,514,304	-	9,514,304
Investments	13,450,395	-	13,450,395
Total	\$ 639,778,423	\$ 32,346,319	\$ 672,124,742

Deposits and investments

Bank deposits:

Checking, savings, and money market \$ 55,474,373

Investments:

Equities:

Domestic equities 221,076,912
 Mutual funds 111,718,416
 Commingled funds 97,218,241
 Partnerships 176,021
 Foreign equities 6,417,987
 Real estate 2,388,616
 American depository receipts 395,519

Total equities 439,391,712

Fixed income:

Domestic corporate bonds 58,567,236
 Foreign corporate bonds 8,187,061
 Commingled funds 7,424,458
 Government bonds** 52,151,988
 Municipal bonds** 38,386,345

Total fixed income 164,717,088

Money market and other similar investments 12,508,062

Total investments 616,616,862

Cash on hand 33,507

Total **\$ 672,124,742**

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

Government bonds	\$ 15,638,566
Municipal bonds	16,419,319

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

Investments by type are shown below:

	Investment Type			
	Equities	Fixed Income	Money Market and Other Similar Investments	Total
Less than 1 year	\$ -	\$ 8,709,100	\$ -	\$ 8,709,100
1 - 5 years	-	51,456,409	687,197	52,143,606
6 - 10 years	-	46,675,606	577,812	47,253,418
More than 10 years	-	50,451,515	-	50,451,515
No maturity	439,391,712	7,424,458	11,243,053	458,059,223
Total	\$ 439,391,712	\$ 164,717,088	\$ 12,508,062	\$ 616,616,862

	Investment Type			
	Equities	Fixed Income	Money Market and Other Similar Investments	Total
AAA	\$ -	\$ 29,687,689	\$ -	\$ 29,687,689
AA	-	10,495,629	-	10,495,629
A	-	17,578,019	-	17,578,019
BAA	511,214	27,886,245	-	28,397,459
BA	-	3,649,185	-	3,649,185
B	-	356,038	-	356,038
Not rated	438,880,498	75,064,283	12,508,062	526,452,843
Total	\$ 439,391,712	\$ 164,717,088	\$ 12,508,062	\$ 616,616,862

Investment and Deposit Risk

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$50,205,187 of the County's bank balance of \$54,010,465 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

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

Investments and Securities Lending

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

There are no restrictions on the amount of the securities that can be loaned. Securities on loan at year-end are classified in the previous schedule of investments according to the category for the collateral received on the securities lent. At year-end the Plans have no credit risk exposure to borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the System. The contract with the Plans' custodian requires it to indemnify the Plans if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plans for income distributions by the securities' issuers while the securities are on loan. The VEBA Trust and Employees' Retirement System had the following securities on loan as December 31, 2021:

	ERS		VEBA	
	Fair Value of Underlying Securities	Cash Collateral Received	Fair Value of Underlying Securities	Cash Collateral Received
Government agencies	\$ 2,400,830	\$ 2,450,890	\$ 211,671	\$ 216,075
Domestic corporate bonds	2,095,426	2,139,028	298,838	305,035
Domestic equities	1,331,319	1,362,411	-	-
Total	<u>\$ 5,827,575</u>	<u>\$ 5,952,329</u>	<u>\$ 510,509</u>	<u>\$ 521,110</u>

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County had the following recurring fair value measurements as of year end:

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
Domestic equities	\$ 179,441,093	\$ -	\$ 41,635,819	\$ 221,076,912
Mutual funds	111,718,416	-	-	111,718,416
Commingled funds - equity	-	-	97,218,241	97,218,241
Partnerships	176,021	-	-	176,021
Foreign equities	6,417,987	-	-	6,417,987
Real estate	2,388,616	-	-	2,388,616
American depository receipts	395,519	-	-	395,519
Domestic corporate bonds	-	58,567,236	-	58,567,236
Foreign corporate bonds	-	8,187,061	-	8,187,061
Commingled funds - fixed income	-	-	7,424,458	7,424,458
Government bonds	-	52,151,988	-	52,151,988
Municipal bonds	-	38,386,345	-	38,386,345
	<u>\$ 300,537,652</u>	<u>\$ 157,292,630</u>	<u>\$ 146,278,518</u>	<u>604,108,800</u>

Investments carried at amortized cost:

Money market funds and other similar investments	<u>12,508,062</u>
	<u>\$ 616,616,862</u>

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

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

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

5. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts:			
Current	\$ 2,326,692	\$ 1,569,488	\$ 264,587
Noncurrent	1,823,230	-	-
Property taxes	7,410,791	8,016,998	5,120,000
Special assessments:			
Current	-	-	605,147
Noncurrent	-	-	4,646,293
Capital lease:			
Current	-	2,505,000	-
Long-term	-	45,279,070	-
Interest	97,379	729,300	58,679
Intergovernmental:			
Current	3,892,589	4,871,592	5,431,590
Long-term	-	-	1,950,177
Due from component units	198,803	25,000	-
Due from primary government	-	-	429,095
Less: allowance for uncollectible accounts	(688,737)	(39,697)	(7,000)
Total	\$ 15,060,747	\$ 62,956,751	\$ 18,498,568

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Resources intended to provide financing for a subsequent period are also reported as deferred inflows of resources.

	Unavailable	Subsequent Years' Resources	Total
State revenue receivable			
Component unit -			
Library system	\$ 125,032	\$ -	\$ 125,032
Property taxes receivable			
Governmental activities:			
General fund	\$ 607,416	\$ -	\$ 607,416
911 service fund	2,874	2,030,562	2,033,436
Department on aging fund	2,610	1,595,505	1,598,115
Mosquito control fund	2,134	1,595,505	1,597,639
Nonmajor governmental funds	1,041	856,167	857,208
Total governmental activities	616,075	6,077,739	6,693,814
Business-type activities -			
Medical care facility	-	5,076,553	5,076,553
Component unit -			
Library system	-	5,120,000	5,120,000
Total	\$ 616,075	\$ 16,274,292	\$ 16,890,367

BAY COUNTY, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Primary government

Capital assets activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 2,211,953	\$ -	\$ -	\$ -	\$ 2,211,953
Capital assets, being depreciated:					
Land improvements	3,634,657	-	-	-	3,634,657
Buildings and improvements	65,728,609	-	-	-	65,728,609
Machinery and equipment	4,735,259	44,678	(64,097)	-	4,715,840
Office furniture and equipment	5,659,995	13,624	(43,887)	-	5,629,732
Vehicles	2,923,195	218,772	(156,711)	-	2,985,256
	<u>82,681,715</u>	<u>277,074</u>	<u>(264,695)</u>	<u>-</u>	<u>82,694,094</u>
Less accumulated depreciation for:					
Land improvements	(2,999,366)	(39,431)	-	-	(3,038,797)
Buildings and improvements	(33,931,334)	(1,346,269)	-	-	(35,277,603)
Machinery and equipment	(2,959,345)	(254,819)	64,097	-	(3,150,067)
Office furniture and equipment	(3,605,790)	(362,171)	43,887	-	(3,924,074)
Vehicles	(2,164,474)	(345,516)	156,711	-	(2,353,279)
	<u>(45,660,309)</u>	<u>(2,348,206)</u>	<u>264,695</u>	<u>-</u>	<u>(47,743,820)</u>
Total capital assets being depreciated, net	<u>37,021,406</u>	<u>(2,071,132)</u>	<u>-</u>	<u>-</u>	<u>34,950,274</u>
Governmental activities capital assets, net	<u>\$ 39,233,359</u>	<u>\$ (2,071,132)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,162,227</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 257,559	\$ -	\$ (90,538)	\$ -	\$ 167,021
Construction in progress	1,759,537	111,781	-	-	1,871,318
	<u>2,017,096</u>	<u>111,781</u>	<u>(90,538)</u>	<u>-</u>	<u>2,038,339</u>
Capital assets, being depreciated:					
Land improvements	771,553	29,306	-	-	800,859
Buildings and improvements	33,493,761	524,948	(5,951,835)	-	28,066,874
Machinery and equipment	3,833,563	78,928	(390,053)	-	3,522,438
Office furniture and equipment	1,310,289	-	-	-	1,310,289
Vehicles	163,526	-	-	-	163,526
	<u>39,572,692</u>	<u>633,182</u>	<u>(6,341,888)</u>	<u>-</u>	<u>33,863,986</u>
Less accumulated depreciation for:					
Land improvements	(769,386)	(76,946)	-	-	(846,332)
Buildings and improvements	(15,078,303)	(1,385,465)	4,838,942	-	(11,624,826)
Machinery and equipment	(2,073,590)	(91,770)	374,205	-	(1,791,155)
Office furniture and equipment	(435,130)	(218,534)	-	-	(653,664)
Vehicles	(159,859)	(3,667)	-	-	(163,526)
	<u>(18,516,268)</u>	<u>(1,776,382)</u>	<u>5,213,147</u>	<u>-</u>	<u>(15,079,503)</u>
Total capital assets being depreciated, net	<u>21,056,424</u>	<u>(1,143,200)</u>	<u>(1,128,741)</u>	<u>-</u>	<u>18,784,483</u>
Business-type activities capital assets, net	<u>\$ 23,073,520</u>	<u>\$ (1,031,419)</u>	<u>\$ (1,219,279)</u>	<u>\$ -</u>	<u>\$ 20,822,822</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Bay County sold to Center Ridge Arms Limited Dividend Housing Association, LLC certain real property with improvements commonly known as Center Ridge Arms located in Hampton Township, Michigan. As part of the sale, Bay County assigned and transferred to Center Ridge Arms Limited Dividend Housing Association LLC all leases, all tangible personal property and fixtures, all intangibles and licenses and all contracts and agreements in any way connected with the rental, maintenance and operation of the real property.

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

Depreciation of governmental activities by function

General government	\$	1,385,604
Public safety		374,098
Health and welfare		392,092
Recreation and culture		89,744
Judicial		106,668
		<u>106,668</u>
	\$	<u>2,348,206</u>

Depreciation of business-type activities by function

Medical Care Facility	\$	1,730,107
Housing		28,599
Golf Course		17,676
		<u>17,676</u>
	\$	<u>1,776,382</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Activity for the Road Commission for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 400,237	\$ -	\$ -	\$ -	\$ 400,237
Land improvements	36,239,007	-	-	-	36,239,007
Right of ways	349,661	-	-	-	349,661
Wetlands	360,000	-	-	-	360,000
	<u>37,348,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,348,905</u>
Capital assets, being depreciated:					
Buildings and improvements	2,887,925	49,233	(40,733)	-	2,896,425
Road equipment	13,389,085	987,563	(55,262)	-	14,321,386
Shop equipment	106,754	-	(12,936)	-	93,818
Office equipment	167,891	-	(4,255)	-	163,636
Engineering equipment	126,855	-	(12,036)	-	114,819
Yard and storage	1,396,051	-	-	-	1,396,051
Infrastructure:					
Roads	97,277,351	3,560,844	(3,622,328)	-	97,215,867
Bridges	22,220,223	2,004,243	-	-	24,224,466
Traffic signals	700,550	-	-	-	700,550
	<u>138,272,685</u>	<u>6,601,883</u>	<u>(3,747,550)</u>	<u>-</u>	<u>141,127,018</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,190,486)	(66,506)	33,514	-	(2,223,478)
Road equipment	(11,536,735)	(864,797)	55,262	-	(12,346,270)
Shop equipment	(104,484)	(242)	10,908	-	(93,818)
Office equipment	(154,612)	(6,843)	3,102	-	(158,353)
Engineering equipment	(119,361)	(4,554)	11,438	-	(112,477)
Yard and storage	(1,371,822)	(18,574)	-	-	(1,390,396)
Infrastructure:					
Roads	(43,997,135)	(4,891,054)	3,622,328	-	(45,265,861)
Bridges	(12,268,622)	(498,555)	-	-	(12,767,177)
Traffic signals	(583,334)	(31,914)	-	-	(615,248)
	<u>(72,326,591)</u>	<u>(6,383,039)</u>	<u>3,736,552</u>	<u>-</u>	<u>(74,973,078)</u>
Total capital assets being depreciated, net	<u>65,946,094</u>	<u>218,844</u>	<u>(10,998)</u>	<u>-</u>	<u>66,153,940</u>
Road Commission capital assets, net	<u>\$ 103,294,999</u>	<u>\$ 218,844</u>	<u>\$ (10,998)</u>	<u>\$ -</u>	<u>\$ 103,502,845</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Activity for the Library System for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 107,487	\$ -	\$ -	\$ -	\$ 107,487
Capital assets, being depreciated:					
Land improvements	138,559	-	-	-	138,559
Buildings and improvements	1,274,465	-	-	-	1,274,465
Machinery and equipment	247,736	-	-	-	247,736
Office furniture and equipment	1,181,760	-	-	-	1,181,760
Books and a/v materials	2,392,845	446,577	(423,871)	-	2,415,551
Vehicles and other	237,499	-	-	-	237,499
	<u>5,472,864</u>	<u>446,577</u>	<u>(423,871)</u>	<u>-</u>	<u>5,495,570</u>
Less accumulated depreciation for:					
Land improvements	(85,820)	(3,271)	-	-	(89,091)
Buildings and improvements	(932,451)	(21,636)	-	-	(954,087)
Machinery and equipment	(161,911)	(9,269)	-	-	(171,180)
Office furniture and equipment	(959,257)	(27,106)	-	-	(986,363)
Books and a/v materials	(1,232,808)	(393,795)	423,871	-	(1,202,732)
Vehicles and other	(167,224)	(23,506)	-	-	(190,730)
	<u>(3,539,471)</u>	<u>(478,583)</u>	<u>423,871</u>	<u>-</u>	<u>(3,594,183)</u>
Total capital assets being depreciated, net	<u>1,933,393</u>	<u>(32,006)</u>	<u>-</u>	<u>-</u>	<u>1,901,387</u>
Library System capital assets, net	<u>\$ 2,040,880</u>	<u>\$ (32,006)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,008,874</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Activity for the Department of Water & Sewer for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 607,217	\$ -	\$ -	\$ -	\$ 607,217
Construction in progress	2,407,600	690,570	(861,049)	-	2,237,121
	<u>3,014,817</u>	<u>690,570</u>	<u>(861,049)</u>	<u>-</u>	<u>2,844,338</u>
Capital assets, being depreciated:					
Buildings and improvements	14,858,788	59,527	-	-	14,918,315
Improvements other than buildings	4,766,905	8,133	-	-	4,775,038
Machinery and equipment	20,131,432	477,529	(224,691)	-	20,384,270
Water system	58,435,404	691,256	-	-	59,126,660
Sewer system	30,095,946	23,430	-	-	30,119,376
	<u>128,288,475</u>	<u>1,259,875</u>	<u>(224,691)</u>	<u>-</u>	<u>129,323,659</u>
Less accumulated depreciation for:					
Buildings and improvements	(10,903,808)	(328,376)	-	-	(11,232,184)
Improvements other than buildings	(2,270,708)	(587,214)	-	-	(2,857,922)
Machinery and equipment	(13,972,761)	(1,485,590)	224,691	-	(15,233,660)
Water system	(6,164,734)	(1,262,388)	-	-	(7,427,122)
Sewer system	(16,011,021)	(676,930)	-	-	(16,687,951)
	<u>(49,323,032)</u>	<u>(4,340,498)</u>	<u>224,691</u>	<u>-</u>	<u>(53,438,839)</u>
Total capital assets being depreciated, net	<u>78,965,443</u>	<u>(3,080,623)</u>	<u>-</u>	<u>-</u>	<u>75,884,820</u>
Department of Water & Sewer capital assets, net	<u>\$ 81,980,260</u>	<u>\$ (2,390,053)</u>	<u>\$ (861,049)</u>	<u>\$ -</u>	<u>\$ 78,729,158</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Activity for the Drain Commission for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 333,173	\$ -	\$ -	\$ -	\$ 333,173
Construction in progress	1,889,552	3,183,888	-	-	5,073,440
	<u>2,222,725</u>	<u>3,183,888</u>	<u>-</u>	<u>-</u>	<u>5,406,613</u>
Capital assets, being depreciated:					
Land improvements (infrastructure)	5,915,522	-	-	-	5,915,522
Buildings	171,681	-	-	-	171,681
Machinery and equipment	786,868	71,475	-	-	858,343
Vehicles	283,772	-	-	-	283,772
	<u>7,157,843</u>	<u>71,475</u>	<u>-</u>	<u>-</u>	<u>7,229,318</u>
Less accumulated depreciation for:					
Land improvements (infrastructure)	(2,207,024)	(248,267)	-	-	(2,455,291)
Buildings	(171,681)	-	-	-	(171,681)
Machinery and equipment	(518,209)	(48,447)	-	-	(566,656)
Vehicles	(196,307)	(26,982)	-	-	(223,289)
	<u>(3,093,221)</u>	<u>(323,696)</u>	<u>-</u>	<u>-</u>	<u>(3,416,917)</u>
Total capital assets being depreciated, net	<u>4,064,622</u>	<u>(252,221)</u>	<u>-</u>	<u>-</u>	<u>3,812,401</u>
Drain Commission capital assets, net	<u>\$ 6,287,347</u>	<u>\$ 2,931,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,219,014</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Activity for BAYANET for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Construction in progress	\$ 76,400	\$ 73,600	\$ -	\$ (150,000)	\$ -
Capital assets, being depreciated:					
Furniture and equipment	54,237	-	-	-	54,237
Vehicles	-	31,030	-	150,000	181,030
	<u>54,237</u>	<u>31,030</u>	<u>-</u>	<u>150,000</u>	<u>235,267</u>
Less accumulated depreciation for:					
Furniture and equipment	(26,599)	(7,375)	-	-	(33,974)
Vehicles	-	(26,638)	-	-	(26,638)
	<u>(26,599)</u>	<u>(34,013)</u>	<u>-</u>	<u>-</u>	<u>(60,612)</u>
Total capital assets being depreciated, net	<u>27,638</u>	<u>(2,983)</u>	<u>-</u>	<u>150,000</u>	<u>174,655</u>
BAYANET capital assets, net	<u>\$ 104,038</u>	<u>\$ 70,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,655</u>

7. PAYABLES

Accounts payable and accrued liabilities are as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 921,182	\$ 1,185,400	\$ 1,099,806
Wages, fringe benefits and other accrued liabilities	1,168,241	900,987	1,518,155
Deposits	47,668	14,650	15,000
Due to other governmental units	1,792,854	103,660	400,744
Due to component unit	285,761	-	-
Due to primary government	-	-	223,803
Estimated insurance claims payable	729,209	636,240	-
Total	<u>\$ 4,944,915</u>	<u>\$ 2,840,937</u>	<u>\$ 3,257,508</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	Due from Other Funds	Due to Other Funds
General fund	\$ 88,753	\$ 973,059
911 service fund	-	3,468
Department on aging fund	-	3,008
Mosquito control fund	-	2,062
Health Department /district health fund	-	2,170
Nonmajor governmental funds	-	100,273
100% tax payment fund	26,129	211,330
Nonmajor enterprise funds	209,522	80
Internal service funds	971,046	-
Total	\$ 1,295,450	\$ 1,295,450

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

The general fund has a long-term advance of \$518,905 to the drain component unit to provide resources for the construction and maintenance of County drains. The drain component unit records this advance within long-term debt. See Note 9 for specific repayment terms.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Transfers Out	Transfers In		
	General Fund	Department on Aging Fund	Health Department/ District Health Fund
General fund	\$ -	\$ 6,200	\$ 972,597
911 service fund	280,345	-	-
Department on aging fund	449,463	-	-
Mosquito control fund	120,625	-	-
Health Department /district health fund	343,332	-	-
Nonmajor governmental funds	443,261	-	-
100% tax payment fund	1,100,000	-	-
Nonmajor enterprise funds	80,000	-	-
Internal service funds	4,647	-	-
	<u>\$ 2,821,673</u>	<u>\$ 6,200</u>	<u>\$ 972,597</u>

Transfers Out	Transfers In	
	Nonmajor Governmental Funds	Total
General fund	\$ 1,821,569	\$ 2,800,366
911 service fund	-	280,345
Department on aging fund	-	449,463
Mosquito control fund	-	120,625
Health Department /district health fund	-	343,332
Nonmajor governmental funds	105,605	548,866
100% tax payment fund	-	1,100,000
Nonmajor enterprise funds	-	80,000
Internal service funds	-	4,647
	<u>\$ 1,927,174</u>	<u>\$ 5,727,644</u>

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

9. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Primary Government					
Governmental activities:					
Direct borrowings:					
Capital lease payable	\$ 317,600	\$ -	\$ (79,400)	\$ 238,200	\$ 79,400
Compensated absences	2,345,876	2,653,970	(2,891,367)	2,108,479	263,560
Total governmental activities	2,663,476	2,653,970	(2,970,767)	2,346,679	342,960
Business-type activities -					
Direct borrowings:					
Revenue bonds	27,705,000	28,925,000	(26,610,000)	30,020,000	960,000
DWRF loans	23,115,000	-	(1,510,000)	21,605,000	1,545,000
Total installment debt	50,820,000	28,925,000	(28,120,000)	51,625,000	2,505,000
Deferred amounts:					
Bond discount	(31,307)	-	31,307	-	-
Compensated absences	27,143	5,601	(26,656)	6,088	6,088
Total business-type activities	50,815,836	28,930,601	(28,115,349)	51,631,088	2,511,088
Total primary government	\$ 53,479,312	\$ 31,584,571	\$ (31,086,116)	\$ 53,977,767	\$ 2,854,048

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end, \$1,321 of internal service funds compensated absences are included with the governmental activities amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Primary Government

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

	Governmental Activities	Business-type Activities
Capital lease payable	\$ 397,000	\$ -
Revenue bonds - B	-	30,000,000
Revenue bonds - A	-	28,925,000
DWRF loans	-	29,545,285

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

The capital lease payable, loans and bonds payable are direct obligations and pledge the full faith and credit of the County. The capital lease payable is due through 2024 in annual principal-only payments of \$79,400. At year end, the total cost of the asset is \$397,000 and the accumulated depreciation is \$79,400. Revenue bonds are secured by the revenue generated by the local municipalities that participate in the Bay Area Water Treatment Plant. The capital lease payable, revenue bonds, and DWRF loans currently outstanding are as follows:

Obligation	Interest Rates	Amount
Governmental activities		
Capital lease payable	0%	\$ 238,200
Business-type activities		
Revenue bonds - B	4.50 - 5.25%	\$ 1,095,000
Revenue bonds - A	0.473-3.080%	28,925,000
DWRF loans	2.00 - 2.50%	21,605,000
Total		\$ 51,625,000

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Refunded and Defeased Debt

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

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

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 79,400	\$ -	\$ 2,505,000	\$ 1,142,131
2023	79,400	-	2,475,000	1,172,339
2024	79,400	-	2,545,000	1,095,319
2025	-	-	2,580,000	1,059,984
2026	-	-	2,635,000	1,010,212
2027-2031	-	-	12,090,000	4,306,825
2032-2036	-	-	12,570,000	2,884,714
2037-2041	-	-	9,860,000	1,528,306
2042-2043	-	-	4,365,000	197,926
	<u>\$ 238,200</u>	<u>\$ -</u>	<u>\$ 51,625,000</u>	<u>\$ 14,397,757</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Road Commission- Direct borrowings:					
Installment purchase agreements	\$ 2,600,714	\$ -	\$ (550,489)	\$ 2,050,225	\$ 539,286
Compensated absences	1,015,415	295,842	(384,810)	926,447	385,000
Total	\$ 3,616,129	\$ 295,842	\$ (935,299)	\$ 2,976,672	\$ 924,286

Road Commission.

Direct obligations currently outstanding are as follows:

Obligation	Interest Rates	Amount
Installment purchase agreement - Hoppler Drain	2.60%	\$ 663,600
Installment purchase agreement - Tebo Erickson Drain	2.50%	815,200
Installment purchase agreement - Waldo Drain	3.50%	571,425
		<u>\$ 2,050,225</u>

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

Year Ended December 31,	Principal	Interest
2022	539,286	53,634
2023	539,286	38,787
2024	539,286	23,941
2025	318,085	9,095
2026	114,282	-
	<u>\$ 2,050,225</u>	<u>\$ 125,457</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Library System - Compensated absences	\$ 171,200	\$ 196,305	\$ (221,795)	\$ 145,710	\$ 14,571

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Department of Water & Sewer-					
General obligation					
bonds	\$ 2,915,000	\$ -	\$ (240,000)	\$ 2,675,000	\$ 250,000
Direct borrowings:					
Capital lease - due to					
primary government	50,820,000	-	(2,025,000)	48,795,000	2,080,000
Equipment					
lease payable	17,243	-	(6,270)	10,973	6,270
	<u>50,837,243</u>	<u>-</u>	<u>(2,031,270)</u>	<u>48,805,973</u>	<u>2,086,270</u>
Total installment debt	53,752,243	-	(2,271,270)	51,480,973	2,336,270
Other postemployment					
benefits and pension					
payable (see below)	2,169,295	-	(219,118)	1,950,177	219,118
Compensated absences	414,274	-	(19,984)	394,290	59,143
Total	<u>\$ 56,335,812</u>	<u>\$ -</u>	<u>\$ (2,510,372)</u>	<u>\$ 53,825,440</u>	<u>\$ 2,614,531</u>

Department of Water & Sewer.

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

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

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

Obligation	Interest Rates	Amount
General obligation bonds	2.25 - 4.375%	\$ 2,675,000
Capital lease	2.00 - 5.25%	48,795,000
Equipment lease	2.00 - 5.25%	10,973
		<u>\$ 51,480,973</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

Year Ended December 31,	Direct Borrowings		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 2,086,270	\$ 1,890,222	\$ 250,000	\$ 113,669
2023	2,144,703	1,832,438	260,000	103,669
2024	2,205,000	1,767,169	270,000	93,269
2025	2,265,000	1,699,828	285,000	81,794
2026	2,340,000	1,630,103	295,000	69,681
2027-2031	10,915,000	7,098,363	1,315,000	146,394
2032-2036	11,920,000	5,151,175	-	-
2037-2041	10,105,000	2,904,319	-	-
2042-2043	4,825,000	383,250	-	-
	<u>\$ 48,805,973</u>	<u>\$ 24,356,867</u>	<u>\$ 2,675,000</u>	<u>\$ 608,476</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Drain Commission- Direct borrowings:					
Advance from primary government	\$ 675,319	\$ -	\$ (156,415)	\$ 518,904	\$ 160,927
Bonds payable	5,630,495	-	(586,200)	5,044,295	918,699
Total	<u>\$ 6,305,814</u>	<u>\$ -</u>	<u>\$ (742,615)</u>	<u>\$ 5,563,199</u>	<u>\$ 1,079,626</u>

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

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

Obligation	Interest Rates	Amount
Advance from primary government	2.50% - 3.00%	\$ 518,904
Tebo Erickson drain bond payable	1.95%	1,662,495
Hoppler drain bond payable	2.21%	1,760,000
Waldo drain bond payable	2.00%-3.00%	1,621,800
		<u>\$ 5,563,199</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

Year Ended December 31,	Direct Borrowings		Bonds Payable	
	Principal	Interest	Principal	Interest
2022	\$ 160,927	\$ 15,192	\$ 918,699	\$ 127,961
2023	165,567	10,550	918,699	90,900
2024	131,397	5,772	918,699	71,669
2025	61,013	1,830	918,699	52,439
2026	-	-	478,699	33,208
2027-2031	-	-	377,400	99,280
2032-2036	-	-	289,000	55,335
2037-2040	-	-	224,400	13,464
	<u>\$ 518,904</u>	<u>\$ 33,344</u>	<u>\$ 5,044,295</u>	<u>\$ 544,257</u>

10. DEFINED BENEFIT PENSION PLAN

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

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

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

	Primary Government	Component Units	Total
Retirees and beneficiaries receiving benefits	700	185	885
Terminated plan members entitled to, but not yet receiving benefits	46	7	53
Active plan members	814	134	948
	<u>1,560</u>	<u>326</u>	<u>1,886</u>

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Funding Policy/Contributions - The Plan benefit provisions and contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners, who also administers the plan, in accordance with County policies, union contracts, and plan provisions. The County's policy is to fund normal costs which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The provisions of the Plan require the County to contribute at an actuarially determined rate. Plan members contribute at a rate of 3.67% to 4.64% of their annual salary. The Library portion of the plan is closed to new hires as of January 1, 2012 and therefore, the annual plan member contribution is fixed at \$34,176 for the year ended December 31, 2021. The employer contribution current rates, which were determined through an actuarial valuation are as follows:

General county	0.00%
Sheriff's department	0.00%
Department of water and sewer	15.00%
Medical care facility	1.20%
Road commission	15.08%
Library	\$ -

Amounts received from employer contributions for the year ended December 31, 2021 are as follows:

	Contributions
Primary government	\$ 134,415
Component units	<u>1,114,122</u>
	<u>\$ 1,248,537</u>

Actuarial Assumptions. The total pension liability was calculated as of December 31, 2020 from an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement:

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

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Long-term Expected Real Rate of Return. The long-term expected rate of return on the Plan's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return at December 31, 2020 for each major asset class included in the Plan's target asset allocation as disclosed above are summarized as follows:

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

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

	Primary Government and Component Units		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2019	\$ 259,078,016	\$ 315,204,334	\$ (56,126,318)
Changes for the year:			
Service cost	4,597,456	-	4,597,456
Interest on the total pension liability	18,354,165	-	18,354,165
Difference between expected and actual experience	(2,504,617)	-	(2,504,617)
Employer contributions	-	1,314,145	(1,314,145)
Employee contributions	-	1,740,809	(1,740,809)
Net investment income	-	48,521,218	(48,521,218)
Benefit payments and refunds	(16,431,695)	(16,431,695)	-
Administrative expenses	-	(194,354)	194,354
Net changes	<u>4,015,309</u>	<u>34,950,123</u>	<u>(30,934,814)</u>
Balance at December 31, 2020	<u>\$ 263,093,325</u>	<u>\$ 350,154,457</u>	<u>\$ (87,061,132)</u>

The net pension asset is allocated as follows:

Primary government	\$ 65,501,237
Pension Trust	128,491
Component units	19,265,299
Component unit fiduciary funds not included within this report	<u>2,166,105</u>
	<u>\$ 87,061,132</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Primary Government		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2019	\$ 195,302,076	\$ 237,612,059	\$ (42,309,983)
Changes for the year:			
Service cost	3,465,723	-	3,465,723
Interest on the total pension liability	13,836,012	-	13,836,012
Difference between expected and actual experience	(1,888,068)	-	(1,888,068)
Employer contributions	-	990,648	(990,648)
Employee contributions	-	1,312,283	(1,312,283)
Net investment income	-	36,576,992	(36,576,992)
Benefit payments and refunds	(12,386,787)	(12,386,787)	-
Administrative expenses	-	(146,511)	146,511
Net changes	3,026,880	26,346,625	(23,319,745)
Balance at December 31, 2020	\$ 198,328,956	\$ 263,958,684	\$ (65,629,728)
	Component Units		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2019	\$ 63,775,940	\$ 77,592,275	\$ (13,816,335)
Changes for the year:			
Service cost	1,131,733	-	1,131,733
Interest on the total pension liability	4,518,153	-	4,518,153
Difference between expected and actual experience	(616,549)	-	(616,549)
Employer contributions	-	323,497	(323,497)
Employee contributions	-	428,526	(428,526)
Net investment income	-	11,944,226	(11,944,226)
Benefit payments and refunds	(4,044,908)	(4,044,908)	-
Administrative expenses	-	(47,843)	47,843
Net changes	988,429	8,603,498	(7,615,069)
Balance at December 31, 2020	\$ 64,764,369	\$ 86,195,773	\$ (21,431,404)

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Primary government	\$ (43,268,442)	\$ (65,629,728)	\$ (84,476,358)
Component units	(14,129,319)	(21,431,404)	(27,585,774)
County's net pension asset	<u>\$ (57,397,761)</u>	<u>\$ (87,061,132)</u>	<u>\$ (112,062,132)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2021, the County recognized pension expense of \$(13,104,815). At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government and Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 969,948	\$ 4,485,963	\$ (3,516,015)
Change in proportionate share	2,144,043	2,144,043	-
Changes of assumptions	465,232	-	465,232
Net difference between projected and actual earnings on pension plan investments	-	35,890,389	(35,890,389)
Component unit fiduciary funds not included within this report	(444,475)	(1,054,202)	609,727
	<u>3,134,748</u>	<u>41,466,193</u>	<u>(38,331,445)</u>
Contributions subsequent to measurement date	1,248,537	-	1,248,537
Total	<u>\$ 4,383,285</u>	<u>\$ 41,466,193</u>	<u>\$ (37,082,908)</u>

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 731,180	\$ 3,381,676	\$ (2,650,496)
Change in proportionate share	258,117	1,978,090	(1,719,973)
Changes of assumptions	350,708	-	350,708
Net difference between projected and actual earnings on pension plan investments	-	27,055,432	(27,055,432)
	<u>1,340,005</u>	<u>32,415,198</u>	<u>(31,075,193)</u>
Contributions subsequent to measurement date	134,415	-	134,415
Total	<u>\$ 1,474,420</u>	<u>\$ 32,415,198</u>	<u>\$ (30,940,778)</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 238,768	\$ 1,104,287	\$ (865,519)
Change in proportionate share	1,885,926	165,953	1,719,973
Changes of assumptions	114,524	-	114,524
Net difference between projected and actual earnings on pension plan investments	-	8,834,957	(8,834,957)
Component unit fiduciary funds not included within this report	(444,475)	(1,054,202)	609,727
	<u>1,794,743</u>	<u>9,050,995</u>	<u>(7,256,252)</u>
Contributions subsequent to measurement date	1,114,122	-	1,114,122
Total	<u>\$ 2,908,865</u>	<u>\$ 9,050,995</u>	<u>\$ (6,142,130)</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total pension liability for the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Primary Government	Component Units	Total
2022	\$ (10,006,923)	\$ (1,975,681)	\$ (11,982,604)
2023	(5,231,738)	(997,551)	(6,229,289)
2024	(11,070,850)	(3,089,395)	(14,160,245)
2025	(4,582,332)	(1,214,005)	(5,796,337)
2026	(183,350)	20,380	(162,970)
	<u>\$ (31,075,193)</u>	<u>\$ (7,256,252)</u>	<u>\$ (38,331,445)</u>

Payable to the Pension Plan. As of year end, the County had outstanding contributions due to the plan in the amount of \$33,506.

11. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

	Primary Government	Component Units	Total
Retired members and beneficiaries	606	-	606
Active plan members	681	156	837
	1,287	156	1,443

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

General county	\$	2,903,985
Sheriff's department		770,997
Department of water and sewer		745,995
Medical care facility		2,913,771
Road commission		3,797,730
Library		90,172

Amounts received from employer contributions for the year ended December 31, 2021 are as follows:

	Contributions	
Primary government	\$	5,111,265
Component units		1,877,649
	\$	<u>6,988,914</u>

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

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

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Long-term Expected Real Rate of Return. The long-term expected rate of return on the Plan's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return at December 31, 2020 for each major asset class included in the Plan's target asset allocation as disclosed above are summarized as follows:

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

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

	Primary Government and Component Units		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2019	\$ 131,968,820	\$ 46,052,050	\$ 85,916,770
Changes for the year:			
Service cost	1,209,908	-	1,209,908
Interest	9,124,656	-	9,124,656
Difference between expected and actual experience	(44,095,297)	-	(44,095,297)
Changes of assumptions	4,603,779	-	4,603,779
Employer contributions	-	6,688,257	(6,688,257)
Net investment income	-	8,085,778	(8,085,778)
Benefit payments and refunds	(4,443,102)	(4,443,102)	-
Administrative expenses	-	(74,644)	74,644
Net changes	<u>(33,600,056)</u>	<u>10,256,289</u>	<u>(43,856,345)</u>
Balance at December 31, 2020	<u>\$ 98,368,764</u>	<u>\$ 56,308,339</u>	<u>\$ 42,060,425</u>

The net OPEB liability is allocated as follows:

Primary government	\$ 28,358,922
Component units	11,980,024
Component unit fiduciary funds not included within this report	<u>1,721,479</u>
	<u>\$ 42,060,425</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Primary Government		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2019	\$ 88,978,972	\$ 31,050,244	\$ 57,928,728
Changes for the year:			
Service cost	815,771	-	815,771
Interest	6,152,230	-	6,152,230
Difference between expected and actual experience	(29,730,918)	-	(29,730,918)
Changes of assumptions	3,104,063	-	3,104,063
Employer contributions	-	4,509,506	(4,509,506)
Net investment income	-	5,451,774	(5,451,774)
Benefit payments and refunds	(2,995,728)	(2,995,728)	-
Administrative expenses	-	(50,328)	50,328
Net changes	(22,654,582)	6,915,224	(29,569,806)
Balance at December 31, 2020	\$ 66,324,390	\$ 37,965,468	\$ 28,358,922
	Component Units		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2019	\$ 42,989,848	\$ 15,001,806	\$ 27,988,042
Changes for the year:			
Service cost	394,137	-	394,137
Interest	2,972,426	-	2,972,426
Difference between expected and actual experience	(14,364,379)	-	(14,364,379)
Changes of assumptions	1,499,716	-	1,499,716
Employer contributions	-	2,178,751	(2,178,751)
Net investment income	-	2,634,004	(2,634,004)
Benefit payments and refunds	(1,447,374)	(1,447,374)	-
Administrative expenses	-	(24,316)	24,316
Net changes	(10,945,474)	3,341,065	(14,286,539)
Balance at December 31, 2020	\$ 32,044,374	\$ 18,342,871	\$ 13,701,503

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Primary government	\$ 36,066,906	\$ 28,358,922	\$ 21,902,105
Component units	17,425,588	13,701,503	10,581,918
County's net OPEB liability	\$ 53,492,494	\$ 42,060,425	\$ 32,484,023

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

	1% Decrease (7.25%)	Current Trend Rate (8.25%)	1% Increase (9.25%)
Primary government	\$ 21,084,952	\$ 28,358,922	\$ 37,108,772
Component units	10,187,114	13,701,503	17,928,961
County's net OPEB liability	\$ 31,272,066	\$ 42,060,425	\$ 55,037,733

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2021, the County recognized OPEB expense of \$2,568,882. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Primary Government and Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 38,568,341	\$ (38,568,341)
Changes of assumptions	3,805,162	232,012	3,573,150
Change in proportionate share	2,919,703	2,919,703	-
Net difference between projected and actual earnings on pension plan investments	-	5,477,035	(5,477,035)
Component unit fiduciary funds not included within this report	(417,385)	(1,841,204)	1,423,819
	6,307,480	45,355,887	(39,048,407)
Contributions subsequent to measurement date	6,988,914	-	6,988,914
Total	\$ 13,296,394	\$ 45,355,887	\$ (32,059,493)

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 26,004,410	\$ (26,004,410)
Changes of assumptions	2,565,601	156,432	2,409,169
Change in proportionate share	2,029,257	1,006,352	1,022,905
Net difference between projected and actual earnings on pension plan investments	-	3,692,849	(3,692,849)
	<u>4,594,858</u>	<u>30,860,043</u>	<u>(26,265,185)</u>
Contributions subsequent to measurement date	5,111,265	-	5,111,265
Total	<u>\$ 9,706,123</u>	<u>\$ 30,860,043</u>	<u>\$ (21,153,920)</u>

Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 12,563,931	\$ (12,563,931)
Changes of assumptions	1,239,561	75,580	1,163,981
Change in proportionate share	890,446	1,913,351	(1,022,905)
Net difference between projected and actual earnings on pension plan investments	-	1,784,186	(1,784,186)
Component unit fiduciary funds not included within this report	(417,385)	(1,841,204)	1,423,819
	<u>1,712,622</u>	<u>14,495,844</u>	<u>(12,783,222)</u>
Contributions subsequent to measurement date	1,877,649	-	1,877,649
	<u>\$ 3,590,271</u>	<u>\$ 14,495,844</u>	<u>\$ (10,905,573)</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Primary Government	Component Units	Total
2022	\$ (6,048,304)	\$ (1,845,910)	\$ (7,894,214)
2023	(5,733,144)	(3,117,500)	(8,850,644)
2024	(6,065,167)	(3,191,935)	(9,257,102)
2025	(5,050,217)	(2,757,594)	(7,807,811)
2026	(3,368,353)	(1,870,283)	(5,238,636)
	<u>\$ (26,265,185)</u>	<u>\$ (12,783,222)</u>	<u>\$ (39,048,407)</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Payable to the OPEB Plan. As of year end, the County had outstanding contributions due to the Plan in the amount of \$68,175

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

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

	Plan Net Position		
	Employees' Retirement System	VEBA Trust	Total
Assets			
Investments, at fair value:			
Equities	\$ 209,129,579	\$ 21,325,476	\$ 230,455,055
Fixed income	89,285,739	13,010,046	102,295,785
Commingled funds	97,218,241	7,424,458	104,642,699
Mutual funds	61,829,238	49,889,179	111,718,417
Money market	9,022,343	2,171,017	11,193,360
Total investments	<u>466,485,140</u>	<u>93,820,176</u>	<u>560,305,316</u>
Receivables:			
Contributions	73,410	68,175	141,585
Interest and dividends	2,093,891	63,786	2,157,677
Total receivables	<u>2,167,301</u>	<u>131,961</u>	<u>2,299,262</u>
Other current assets:			
Prepaid items and other assets	1,818,781	79,007	1,897,788
Net pension asset	128,491	-	128,491
Total other current assets	<u>1,947,272</u>	<u>79,007</u>	<u>2,026,279</u>
Total assets	<u>470,599,713</u>	<u>94,031,144</u>	<u>564,630,857</u>
Deferred outflow of resources - pension	<u>2,638</u>	<u>-</u>	<u>2,638</u>
Liabilities			
Accounts payable	747,751	47,238	794,989
Accrued liabilities	2,799,163	1,326,205	4,125,368
Accrued vacation and sick pay	1,027	-	1,027
Unearned revenue	-	-	-
Total liabilities	<u>3,547,941</u>	<u>1,373,443</u>	<u>4,921,384</u>
Deferred inflow of resources - pension	<u>63,548</u>	<u>-</u>	<u>63,548</u>
Net position			
Restricted for:			
Employees' retirement system	466,990,862	-	466,990,862
Postemployment healthcare benefits	-	92,657,701	92,657,701
Total net position	<u>\$ 466,990,862</u>	<u>\$ 92,657,701</u>	<u>\$ 559,648,563</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Plan Changes in Net Position		
	Employees' Retirement System	VEBA Trust	Total
Additions			
Investment income:			
Net appreciation in fair value of investments	\$ 56,829,621	\$ 7,524,730	\$ 64,354,351
Interest and dividends	8,980,198	2,979,268	11,959,466
Less investment expense	(2,192,244)	(186,550)	(2,378,794)
Total investment income	<u>63,617,575</u>	<u>10,317,448</u>	<u>73,935,023</u>
Contributions:			
Employer	2,044,831	6,988,915	9,033,746
Plan members	<u>2,278,973</u>	-	<u>2,278,973</u>
Total contributions	<u>4,323,804</u>	<u>6,988,915</u>	<u>11,312,719</u>
Other revenue	<u>10,124</u>	-	<u>10,124</u>
Total additions	<u>67,951,503</u>	<u>17,306,363</u>	<u>85,257,866</u>
Deductions			
Benefit payments	21,117,569	4,388,308	25,505,877
Administrative expenses	<u>272,827</u>	<u>62,780</u>	<u>335,607</u>
Total deductions	<u>21,390,396</u>	<u>4,451,088</u>	<u>25,841,484</u>
Change in net position	46,561,107	12,855,275	59,416,382
Net position, beginning of year	<u>420,429,755</u>	<u>79,802,426</u>	<u>500,232,181</u>
Net position, end of year	<u>\$ 466,990,862</u>	<u>\$ 92,657,701</u>	<u>\$ 559,648,563</u>

13. SELF-INSURANCE

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

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

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

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

General Liability

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

	2021	2020
Claims liability, beginning of year	\$ 195,234	\$ 337,098
Claims incurred, including changes in estimates	412,244	(31,579)
Claims payments and adjustments	<u>(271,949)</u>	<u>(110,285)</u>
Claims liability, end of year	<u>\$ 335,529</u>	<u>\$ 195,234</u>

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

	2021	2020
Claims liability, beginning of year	\$ 746,250	\$ 152,198
Claims incurred, including changes in estimates	28,471	725,471
Claims payments and adjustments	<u>(474,778)</u>	<u>(131,419)</u>
Claims liability, end of year	<u>\$ 299,943</u>	<u>\$ 746,250</u>

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

	2021	2020
Claims liability, beginning of year	\$ 475,751	\$ 431,534
Claims incurred, including changes in estimates	6,648,524	6,235,731
Claims payments and adjustments	<u>(6,730,595)</u>	<u>(6,191,514)</u>
Claims liability, end of year	<u>\$ 393,680</u>	<u>\$ 475,751</u>

BAY COUNTY, MICHIGAN

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The Medical Care Facility is self-insured for healthcare claims. The Medical Care Facility is covered by a stop-loss policy that covers individual claims over \$15,000. Changes in the estimated claims liabilities for healthcare claims of the Medical Care Facility are as follows for the years ended December 31:

	2021	2020
Claims liability, beginning of year	\$ 143,174	\$ 200,491
Claims incurred, including changes in estimates	3,273,269	2,915,063
Claims payments and adjustments	<u>(3,086,257)</u>	<u>(2,972,380)</u>
Claims liability, end of year	<u>\$ 330,186</u>	<u>\$ 143,174</u>

General Liability – Road Commission Component Unit

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

General Liability – Department of Water and Sewer Component Unit

The Department of Water and Sewer is self-insured for workers' compensation claims. This program is administered by an independent company which furnishes safety inspection, claims review, and claims processing services. The employers' liability maximum limit of indemnity per occurrence is \$1,000,000 and the self-insured retention per occurrence is \$450,000. Net cost for the current year was \$15,105.

The Department of Water and Sewer is further insured for general, automobile, and errors or omissions claims as a member of the Michigan County Road Commission Self-Insurance Pool and is insured for liabilities up to a limit of \$10,500,000 per occurrence, subject to a \$1,000 deductible. The Department of Water and Sewer would be responsible for losses in excess of the limit. Payments made for the current year were \$43,066.

The Department of Water and Sewer is further insured as a member of the Michigan County Road Commission Self-Insurance Pool for building, contents, off-road equipment and licensed vehicles claims and is insured for the lessor of the scheduled value of property or the cost of repairs or replacement, subject to a \$500 deductible. Payments made for the current year were \$210,843.

The Department of Water and Sewer became self-insured for healthcare claims effective February 1, 2006. Blue Cross Blue Shield of Michigan administers the claims and provides \$75,000 specific stop loss coverage in a combined contract with DWS and Bay County Road Commission. Payments made for the current year were \$1,244,870.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

14. PROPERTY TAXES

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

Although the County's 2021 ad valorem tax is levied and collectible by December 1, 2021, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

The taxable value of real and personal property for the December 1, 2020 levy totaled \$2,946,153,607. The taxable value of real and personal property for the July 1, 2021 levy totaled \$2,999,465,473. The tax levy for fiscal year 2021 operations was based on the following rates:

General operating	5.7257 mills
Mosquito control	.5500 mills
Gypsy moth	.1000 mills
911 central dispatch	.7000 mills
County library	1.8853 mills
Senior citizens	.5500 mills
Soldiers' Relief	.1000 mills
Historical society	.0952 mills
Medical care	1.7500 mills

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

Tax Abatements

Industrial property tax abatements are granted by the State of Michigan under public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GAAP. Property taxes abated by the County in 2021 amounted to \$154,562, related to IFT exemptions.

The Brownfield Redevelopment Financing Act, 1996 PA 381, as amended (Act 381), authorizes Brownfield Redevelopment Authorities (BRAs) to facilitate the implementation of Brownfield Plans and associated Work Plans that promote the revitalization, redevelopment, and reuse of contaminated, blighted, functionally obsolete, or historic resources. Act 381 authorizes and permits the use of school and local tax increment financing to help reduce the burden of Brownfield related costs when redeveloping affected properties. Accordingly, such agreements meet the criteria of "tax abatements" under GAAP. Property taxes abated by the County in 2021 amount to \$441,008, related to brownfield exemptions.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

15. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	911 Service Fund	Department on Aging Fund	Health Department /District Health Fund	Mosquito Control Fund	Nonmajor Funds	Total
Nonspendable:							
Inventory	\$ 16,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,809
Prepays	402,186	47,427	-	-	-	26,500	476,113
Long-term advance	518,905	-	-	-	-	-	518,905
Total nonspendable	937,900	47,427	-	-	-	26,500	1,011,827
Restricted for:							
General county services	149,085	-	-	-	-	-	149,085
911 services	-	1,185,330	-	-	-	-	1,185,330
Division on aging	-	-	1,843,440	-	-	-	1,843,440
Health department	-	-	-	1,723,677	-	-	1,723,677
Mosquito control	-	-	-	-	1,513,040	-	1,513,040
Friend of the court	-	-	-	-	-	370,632	370,632
Gypsy moth control	-	-	-	-	-	427,437	427,437
Register of deeds	-	-	-	-	-	153,853	153,853
Concealed pistol licensing	-	-	-	-	-	180,896	180,896
Local C.F.O. training	-	-	-	-	-	52,894	52,894
Drug law enforcement	-	-	-	-	-	24,567	24,567
Home rehabilitation	-	-	-	-	-	1,989,142	1,989,142
Septic system replacement	-	-	-	-	-	105,605	105,605
Child care/social services	-	-	-	-	-	1,125	1,125
Soldiers' relief	-	-	-	-	-	406,317	406,317
Historical preservation	-	-	-	-	-	20	20
Total restricted	149,085	1,185,330	1,843,440	1,723,677	1,513,040	3,712,488	10,127,060
Committed for:							
Budget Stabilization	7,216,228	-	-	-	-	-	7,216,228
Assigned for:							
General county services	2,183,613	-	-	-	-	-	2,183,613
Health department	-	-	-	1,724,670	-	-	1,724,670
Law library	-	-	-	-	-	11,117	11,117
Community corrections	-	-	-	-	-	400	400
Social welfare	-	-	-	-	-	9,886	9,886
Child care	-	-	-	-	-	725,426	725,426
Child care social/services	-	-	-	-	-	15,133	15,133
Total assigned	2,183,613	-	-	1,724,670	-	761,962	4,670,245
Unassigned	8,945,896	-	-	-	-	-	8,945,896
Total fund balances, governmental funds	\$ 19,432,722	\$ 1,232,757	\$ 1,843,440	\$ 3,448,347	\$ 1,513,040	\$ 4,500,950	\$ 31,971,256

BAY COUNTY, MICHIGAN

Notes To Financial Statements

16. NET POSITION

Restricted Net Position

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

	Governmental Activities	Business-type Activities	Component Units
Restricted for:			
Pension benefits	\$ 24,319,421	\$ 10,301,948	\$ 13,123,169
Insurance claims	4,739,773	-	-
Health and welfare	3,977,564	-	-
Home rehabilitation	1,989,142	-	-
Pest control	1,942,868	-	-
Other:			
Public safety	1,599,593	-	-
Judicial	370,632	-	-
Debt service	-	-	6,249,456
Register of deeds	153,853	-	-
Donor restrictions	149,494	-	-
	<u>\$ 39,242,340</u>	<u>\$ 10,301,948</u>	<u>\$ 19,372,625</u>

Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2021, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Assets not being depreciated	\$ 2,211,953	\$ 2,038,339	\$ 45,707,343
Assets being depreciated, net	34,950,274	18,784,483	147,927,203
	<u>37,162,227</u>	<u>20,822,822</u>	<u>193,634,546</u>
Related debt:			
Due within one year	342,960	2,511,088	4,633,014
Due more than one year	2,003,719	49,120,000	57,878,007
Less:			
Non-capital debt	-	(51,625,000)	-
Unspent bond proceeds	-	-	(557,055)
Compensated absences	(2,108,479)	(6,088)	(1,466,447)
Retiree benefit obligation	-	-	(1,950,177)
	<u>238,200</u>	<u>-</u>	<u>58,537,342</u>
Net investment in capital assets	\$ 36,924,027	\$ 20,822,822	\$ 135,097,204

BAY COUNTY, MICHIGAN

Notes To Financial Statements

17. COMMITMENTS, CONTINGENCIES, AND PENDING LITIGATION

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

The County is a defendant in litigation related to provisions of the Michigan General Property Tax Act and surplus proceeds generated through the auction of property tax-foreclosed properties under the statute, with similarly situated counties in the state. Proceedings are currently stayed while an appeal pending in the U.S. Circuit Court of Appeals is heard. The County may be required to repay in the future some portion of the surplus from previous years proceeds to former owners of property tax-foreclosed properties for the tax-foreclosed property dispositions. As of December 31, 2021, the County is not able to reasonably estimate this potential liability. Accordingly, no amounts for this potential liability have been recognized in the County's delinquent tax foreclosure fund.

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

At December 31, 2021, the County Drain Commission had total outstanding commitments related to the Waldo Intercounty Drain, Hoppler Creek Drain, and Tebo-Erickson Drain projects in the approximate amount of \$1,452,446.

As of December 31, 2021, the Medical Care Facility has a commitment balance of \$6,203,102 related to its renovation project.

18. SUBSEQUENT EVENT

On January 11, 2022, the Board approved the replacement of the Arena roof project at a cost of \$125,950.

On April 19, 2022, the Board approved the allocation of \$300,000 in ARPA funding to the Inter-Generational Care Project.

On June 21, 2022, the Board approved the Community Center roof replacement project at a cost of \$141,465.

BAYANET

Subsequent to year-end, BAYANET entered into an agreement to purchase a surveillance van in the amount of \$101,400.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

19. CORONAVIRUS (COVID-19) AND CARES ACT FUNDING

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the County for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The County directly received over \$10.5 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as State public safety and public health programs, purchases of personal protection equipment (PPE), transportation assistance, library assistance, and election assistance.

Medical Care Facility

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the Facility for providing emergency services to its residents, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The Federal Government requires the Facility to comply with certain terms and conditions outlined by the U.S. Department of Health and Human Services (Department).

The Facility recognized revenue of \$11,211,839 during the year ended December 31, 2021, from various federal and state funding sources to be used to respond to the impacts of the COVID-19 pandemic, including \$1,560,780 from the Provider Relief Fund for eligible expenses (\$509,297) and lost revenue (\$1,051,483), and \$2,505,792 from the Michigan Department of Health and Human Services (MDHHS) for reimbursement of costs for COVID-19 testing, personal protective equipment, and for infection prevention and control. In addition, the Facility recognized \$4,658,220 for the Employee Retention Credit and \$2,487,047 related to the forgiveness of the Payroll Protection Program loan.



REQUIRED SUPPLEMENTARY INFORMATION

BAY COUNTY, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ending December 31,			
	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 4,597,456	\$ 4,204,664	\$ 4,154,779	\$ 4,082,245
Interest	18,354,165	18,052,689	17,454,630	17,280,650
Changes in benefits	-	-	-	-
Differences between expected and actual experience	(2,504,617)	(2,138,494)	2,243,847	(3,927,946)
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(16,431,695)	(15,882,249)	(15,375,944)	(14,767,057)
Net change in total pension liability	<u>4,015,309</u>	<u>4,236,610</u>	<u>8,477,312</u>	<u>2,667,892</u>
Total pension liability, beginning of year	<u>259,078,016</u>	<u>254,841,406</u>	<u>246,364,094</u>	<u>243,696,202</u>
Total pension liability, end of year	<u>263,093,325</u>	<u>259,078,016</u>	<u>254,841,406</u>	<u>246,364,094</u>
Plan fiduciary net position				
Employer contributions	1,314,145	1,197,464	1,526,177	1,784,822
Employee contributions	1,740,809	1,721,903	1,645,878	1,664,592
Net investment income (loss)	48,521,218	59,850,265	(17,819,901)	48,824,494
Benefit payments, including refunds of member contributions	(16,431,695)	(15,882,249)	(15,375,944)	(14,767,057)
Administrative expenses	(194,354)	(212,320)	(162,313)	(278,665)
Net change in fiduciary net position	<u>34,950,123</u>	<u>46,675,063</u>	<u>(30,186,103)</u>	<u>37,228,186</u>
Fiduciary net position, beginning of year	<u>315,204,334</u>	<u>268,529,271</u>	<u>298,715,374</u>	<u>261,487,188</u>
Fiduciary net position, end of year	<u>350,154,457</u>	<u>315,204,334</u>	<u>268,529,271</u>	<u>298,715,374</u>
Net pension asset	<u>\$ (87,061,132)</u>	<u>\$ (56,126,318)</u>	<u>\$ (13,687,865)</u>	<u>\$ (52,351,280)</u>
Fiduciary net position as a percentage of total pension asset	133.09%	121.66%	105.37%	121.25%
Covered payroll	<u>\$ 39,492,417</u>	<u>\$ 38,040,191</u>	<u>\$ 37,281,066</u>	<u>\$ 37,891,976</u>
Net pension asset as a percentage of covered payroll	-220.45%	-147.54%	-36.72%	-138.16%

See notes to required supplementary information.



2016	2015	2014
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\$ 4,033,693	\$ 3,995,877	\$ 3,941,541
17,018,949	16,521,779	15,873,703
300,125	-	-
(3,434,251)	-	2,048,465
8,000,602	-	-

<u>(14,250,784)</u>	<u>(13,564,472)</u>	<u>(12,935,261)</u>
11,668,334	6,953,184	8,928,448

<u>232,027,868</u>	<u>225,074,684</u>	<u>216,146,236</u>
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<u>243,696,202</u>	<u>232,027,868</u>	<u>225,074,684</u>
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1,958,204	2,165,361	2,574,104
1,759,828	1,591,066	1,669,919
19,028,272	1,861,801	19,045,651

<u>(14,250,784)</u>	<u>(13,564,472)</u>	<u>(12,935,261)</u>
<u>(287,391)</u>	<u>(248,428)</u>	<u>(193,343)</u>
8,208,129	(8,194,672)	10,161,070

<u>253,279,059</u>	<u>261,473,731</u>	<u>251,312,661</u>
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<u>261,487,188</u>	<u>253,279,059</u>	<u>261,473,731</u>
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<u>\$ (17,790,986)</u>	<u>\$ (21,251,191)</u>	<u>\$ (36,399,047)</u>
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107.30%	109.16%	116.17%
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<u>\$ 37,854,795</u>	<u>\$ 37,463,853</u>	<u>\$ 36,274,550</u>
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-47.00%	-56.72%	-100.34%
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BAY COUNTY, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2015	\$ 1,784,822	\$ 2,165,361	\$ (380,539)	\$ 37,463,853	5.78%
2016	1,306,845	1,958,204	(651,359)	37,854,795	4.71%
2017	1,072,462	1,784,822	(712,360)	37,891,976	4.71%
2018	1,621,479	1,526,177	95,302	37,281,066	4.09%
2019	1,152,393	1,314,145	(161,752)	38,040,191	5.43%
2020	1,278,469	1,320,589	(42,120)	39,492,417	3.34%
2021	1,246,043	1,248,537	(2,494)	39,231,596	3.18%

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

Employees' Retirement System

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

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

Notes to Schedule of Contributions

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar amount for Library Level percentage of payroll for all other groups
Remaining amortization period	22 years closed for groups that are underfunded 20 years open for groups that are overfunded
Asset valuation method	5-year smoothed market
Wage inflation	3.25%
Price inflation	2.50%
Salary Increases	3.75% to 8.50% including inflation
Investment rate of return	7.25%
Mortality	RP-2014 Employee Generational Mortality Tables RP-2014 Healthy Annuitant Generational Mortality Tables RP-2014 Disabled Generational Mortality Tables

Assumption Changes

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

Benefit Changes

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

BAY COUNTY, MICHIGAN

Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

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

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan
For the Year Ended December 31, 2021

Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2018	\$ 9,966,040	\$ 8,324,269	\$ 1,641,771	\$ 25,293,502	32.91%
2019	9,913,517	6,855,355	3,516,682	24,361,461	26.26%
2020	11,278,791	6,542,923	4,735,868	23,365,490	28.00%
2021	11,222,650	6,988,914	4,233,736	22,060,519	31.68%

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

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

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

Notes to Schedule of Contributions

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent-of-payroll for the department of water and sewer Level dollar amount for all other groups
Remaining amortization period	12 years closed for the road commission 20 years closed for medical care facility 22 years closed for all other groups
Asset valuation method	Fair value of assets
Price inflation	2.50%
Wage inflation	3.25%
Salary increases	3.75% to 8.50%, including wage inflation
Investment rate of return	7.00%, net of plan investment expenses
Mortality	RP-2014 Employee Generational Mortality Tables RP-2014 Healthy Annuitant Generational Mortality Tables RP-2014 Disabled Generational Mortality Tables
Healthcare trend rates	8.25% trend, gradually decreasing to 3.50% in year 9
Excise tax	No load was applied in connection with the "Cadillac" tax.

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (concluded)

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

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

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

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

BAY COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds				
	Friend of the Court	Gypsy Moth Control	Register of Deeds Automation	Concealed Pistol Licensing	Local C.F.O. Training
Assets					
Cash and cash equivalents	\$ 183,714	\$ 171,793	\$ 66,260	\$ 70,580	\$ 52,224
Investments	189,898	270,045	88,545	110,982	-
Accounts receivable, net of allowance	-	-	9	417	768
Property taxes receivable, net of allowance	-	273,393	-	-	-
Interest receivable	-	1,157	296	-	-
Due from other governmental units	-	6,258	-	-	-
Prepaid items and other assets	-	-	-	-	-
Total assets	<u>\$ 373,612</u>	<u>\$ 722,646</u>	<u>\$ 155,110</u>	<u>\$ 181,979</u>	<u>\$ 52,992</u>
Liabilities					
Accounts payable	\$ 105	\$ 427	\$ 1,257	\$ 19	\$ 98
Accrued liabilities	2,816	4,062	-	1,044	-
Due to other funds	59	424	-	20	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>2,980</u>	<u>4,913</u>	<u>1,257</u>	<u>1,083</u>	<u>98</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	-	257	-	-	-
Taxes levied for a subsequent period	-	290,039	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>290,296</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	370,632	427,437	153,853	180,896	52,894
Assigned	-	-	-	-	-
Total fund balances	<u>370,632</u>	<u>427,437</u>	<u>153,853</u>	<u>180,896</u>	<u>52,894</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 373,612</u>	<u>\$ 722,646</u>	<u>\$ 155,110</u>	<u>\$ 181,979</u>	<u>\$ 52,992</u>

Special Revenue Funds							
Drug Law Enforcement	Law Library	Community Corrections	Home Rehabilitation	Septic System Replacement Revolving Loan	Social Welfare	Child Care	Child Care / Social Services
\$ 24,567	\$ 13,477	\$ 625	\$ 165,912	\$ 8,845	\$ 19,576	\$ 391,061	\$ 16,258
-	-	-	-	-	16,855	-	-
-	-	-	1,823,230	96,760	-	-	-
-	-	-	-	-	-	-	-
-	-	21,037	-	-	-	544,658	-
-	-	-	-	-	26,500	-	-
<u>\$ 24,567</u>	<u>\$ 13,477</u>	<u>\$ 21,662</u>	<u>\$ 1,989,142</u>	<u>\$ 105,605</u>	<u>\$ 62,931</u>	<u>\$ 935,719</u>	<u>\$ 16,258</u>
\$ -	\$ 2,360	\$ 7,973	\$ -	\$ -	\$ 26,545	\$ 65,520	\$ -
-	-	2,560	-	-	-	56,639	-
-	-	10,729	-	-	-	88,134	-
-	-	-	-	-	-	-	-
-	2,360	21,262	-	-	26,545	210,293	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	26,500	-	-
24,567	-	-	1,989,142	105,605	-	-	1,125
-	11,117	400	-	-	9,886	725,426	15,133
<u>24,567</u>	<u>11,117</u>	<u>400</u>	<u>1,989,142</u>	<u>105,605</u>	<u>36,386</u>	<u>725,426</u>	<u>16,258</u>
<u>\$ 24,567</u>	<u>\$ 13,477</u>	<u>\$ 21,662</u>	<u>\$ 1,989,142</u>	<u>\$ 105,605</u>	<u>\$ 62,931</u>	<u>\$ 935,719</u>	<u>\$ 16,258</u>

continued...

BAY COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
December 31, 2021

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Soldiers' Relief	Historical Preservation	Indigent Defense	
Assets				
Cash and cash equivalents	\$ 195,741	\$ 31,859	\$ 225,529	\$ 1,638,021
Investments	318,148	-	-	994,473
Accounts receivable, net of allowance	-	-	-	1,921,184
Property taxes receivable, net of allowance	273,530	260,390	-	807,313
Interest receivable	1,261	-	-	2,714
Due from other governmental units	6,258	5,958	20,181	604,350
Prepaid items and other assets	-	-	-	26,500
Total assets	<u>\$ 794,938</u>	<u>\$ 298,207</u>	<u>\$ 245,710</u>	<u>\$ 5,994,555</u>
Liabilities				
Accounts payable	\$ 14,124	\$ 21,709	\$ 73,160	\$ 213,297
Accrued liabilities	2,805	-	24,913	94,839
Due to other funds	394	-	513	100,273
Unearned revenue	80,864	-	147,124	227,988
Total liabilities	<u>98,187</u>	<u>21,709</u>	<u>245,710</u>	<u>636,397</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	395	389	-	1,041
Taxes levied for a subsequent period	290,039	276,089	-	856,167
Total deferred inflows of resources	<u>290,434</u>	<u>276,478</u>	<u>-</u>	<u>857,208</u>
Fund balances				
Nonspendable	-	-	-	26,500
Restricted	406,317	20	-	3,712,488
Assigned	-	-	-	761,962
Total fund balances	<u>406,317</u>	<u>20</u>	<u>-</u>	<u>4,500,950</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 794,938</u>	<u>\$ 298,207</u>	<u>\$ 245,710</u>	<u>\$ 5,994,555</u>

concluded.

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue Funds				
	Friend of the Court	Gypsy Moth Control	Register of Deeds Automation	Concealed Pistol Licensing	Local C.F.O. Training
Revenues					
Property taxes	\$ -	\$ 287,116	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	66,698	-
Federal	72,178	-	-	-	-
State	37,962	11,709	-	-	-
Interest, rents and royalties	-	175	(135)	(244)	-
Charges for services	41,475	-	-	-	10,965
Fines and forfeits	-	-	-	-	-
Reimbursements, refunds, and other revenues	-	-	-	-	-
Total revenues	<u>151,615</u>	<u>299,000</u>	<u>(135)</u>	<u>66,454</u>	<u>10,965</u>
Expenditures					
Current:					
General government	-	273,902	46,419	32,744	-
Public safety	-	-	-	-	15,375
Community and economic development	-	-	-	-	-
Health and welfare	-	-	-	-	-
Judicial	118,763	-	-	-	-
Recreation and culture	-	-	-	-	-
Total expenditures	<u>118,763</u>	<u>273,902</u>	<u>46,419</u>	<u>32,744</u>	<u>15,375</u>
Revenues over (under) expenditures	<u>32,852</u>	<u>25,098</u>	<u>(46,554)</u>	<u>33,710</u>	<u>(4,410)</u>
Other financing sources (uses)					
Transfers in	-	-	105,900	-	-
Transfers out	-	(42,388)	-	(8,285)	-
Total other financing sources (uses)	<u>-</u>	<u>(42,388)</u>	<u>105,900</u>	<u>(8,285)</u>	<u>-</u>
Net change in fund balances	<u>32,852</u>	<u>(17,290)</u>	<u>59,346</u>	<u>25,425</u>	<u>(4,410)</u>
Fund balances, beginning of year	<u>337,780</u>	<u>444,727</u>	<u>94,507</u>	<u>155,471</u>	<u>57,304</u>
Fund balances, end of year	<u>\$ 370,632</u>	<u>\$ 427,437</u>	<u>\$ 153,853</u>	<u>\$ 180,896</u>	<u>\$ 52,894</u>

Special Revenue Funds							
Drug Law Enforcement	Law Library	Community Corrections	Home Rehabilitation	Septic System Replacement Revolving Loan	Social Welfare	Child Care	Child Care / Social Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	22,466	-
-	-	86,892	-	-	-	250,861	-
-	-	-	22	-	-	-	-
-	-	-	-	-	-	-	-
192	6,500	-	-	-	-	-	-
-	-	800	121	-	-	1,313,401	-
192	6,500	87,692	143	-	-	1,586,728	-
-	-	-	-	-	-	-	-
-	-	123,778	-	-	-	-	-
-	-	-	149	-	-	-	-
-	-	-	-	-	57,011	2,612,487	-
-	44,595	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	44,595	123,778	149	-	57,011	2,612,487	-
192	(38,095)	(36,086)	(6)	-	(57,011)	(1,025,759)	-
-	39,500	-	-	105,605	52,950	1,018,948	-
-	-	-	(156,087)	-	-	(200,805)	-
-	39,500	-	(156,087)	105,605	52,950	818,143	-
192	1,405	(36,086)	(156,093)	105,605	(4,061)	(207,616)	-
24,375	9,712	36,486	2,145,235	-	40,447	933,042	16,258
\$ 24,567	\$ 11,117	\$ 400	\$ 1,989,142	\$ 105,605	\$ 36,386	\$ 725,426	\$ 16,258

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Soldiers' Relief	Historical Preservation	Indigent Defense	
Revenues				
Property taxes	\$ 287,167	\$ 272,841	\$ -	\$ 847,124
Licenses and permits	-	-	-	66,698
Federal	-	-	-	94,644
State	54,218	11,147	793,428	1,246,217
Interest, rents and royalties	454	57	-	329
Charges for services	-	-	-	52,440
Fines and forfeits	-	-	-	6,692
Reimbursements, refunds, and other revenues	4,680	-	-	1,319,002
Total revenues	<u>346,519</u>	<u>284,045</u>	<u>793,428</u>	<u>3,633,146</u>
Expenditures				
Current:				
General government	-	-	-	353,065
Public safety	-	-	-	139,153
Community and economic development	-	-	-	149
Health and welfare	197,862	-	-	2,867,360
Judicial	-	-	1,337,180	1,500,538
Recreation and culture	-	299,717	-	299,717
Total expenditures	<u>197,862</u>	<u>299,717</u>	<u>1,337,180</u>	<u>5,159,982</u>
Revenues over (under) expenditures	<u>148,657</u>	<u>(15,672)</u>	<u>(543,752)</u>	<u>(1,526,836)</u>
Other financing sources (uses)				
Transfers in	-	-	604,271	1,927,174
Transfers out	(80,782)	-	(60,519)	(548,866)
Total other financing sources (uses)	<u>(80,782)</u>	<u>-</u>	<u>543,752</u>	<u>1,378,308</u>
Net change in fund balances	67,875	(15,672)	-	(148,528)
Fund balances, beginning of year	338,442	15,692	-	4,649,478
Fund balances, end of year	<u>\$ 406,317</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 4,500,950</u>

concluded.

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Friend of the Court
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ 63,471	\$ 63,471	\$ 72,178	\$ 8,707
State	30,000	30,000	37,962	7,962
Charges for services	43,580	43,580	41,475	(2,105)
Total revenues	137,051	137,051	151,615	14,564
Expenditures				
Current:				
Judicial	150,312	163,312	118,763	(44,549)
Net change in fund balance	(13,261)	(26,261)	32,852	59,113
Fund balance, beginning of year	337,780	337,780	337,780	-
Fund balance, end of year	<u>\$ 324,519</u>	<u>\$ 311,519</u>	<u>\$ 370,632</u>	<u>\$ 59,113</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Gypsy Moth Control
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 285,697	\$ 285,697	\$ 287,116	\$ 1,419
State	11,030	11,030	11,709	679
Interest, rents and royalties	8,309	8,309	175	(8,134)
Total revenues	305,036	305,036	299,000	(6,036)
Expenditures				
Current:				
General government	382,259	382,259	273,902	(108,357)
Revenues over (under) expenditures	(77,223)	(77,223)	25,098	102,321
Other financing uses				
Transfers out	(42,388)	(42,388)	(42,388)	-
Net change in fund balance	(119,611)	(119,611)	(17,290)	102,321
Fund balance, beginning of year	444,727	444,727	444,727	-
Fund balance, end of year	\$ 325,116	\$ 325,116	\$ 427,437	\$ 102,321

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Register of Deeds Automation
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest, rents and royalties	\$ 2,000	\$ 2,000	\$ (135)	\$ (2,135)
Expenditures				
Current:				
General government	76,516	76,516	46,419	(30,097)
Revenues under expenditures	(74,516)	(74,516)	(46,554)	27,962
Other financing sources				
Transfers in	90,000	90,000	105,900	15,900
Net change in fund balance	15,484	15,484	59,346	43,862
Fund balance, beginning of year	94,507	94,507	94,507	-
Fund balance, end of year	<u>\$ 109,991</u>	<u>\$ 109,991</u>	<u>\$ 153,853</u>	<u>\$ 43,862</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Concealed Pistol Licensing
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 60,000	\$ 60,000	\$ 66,698	\$ 6,698
Interest, rents and royalties	-	-	(244)	(244)
Total revenues	60,000	60,000	66,454	6,454
Expenditures				
Current:				
General government	74,726	75,226	32,744	(42,482)
Revenues over (under) expenditures	(14,726)	(15,226)	33,710	48,936
Other financing uses				
Transfers out	(8,285)	(8,285)	(8,285)	-
Net change in fund balance	(23,011)	(23,511)	25,425	48,936
Fund balance, beginning of year	155,471	155,471	155,471	-
Fund balance, end of year	<u>\$ 132,460</u>	<u>\$ 131,960</u>	<u>\$ 180,896</u>	<u>\$ 48,936</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local C.F.O. Training
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 20,000	\$ 20,000	\$ 10,965	\$ (9,035)
Expenditures				
Current:				
Public safety	26,463	26,463	15,375	(11,088)
Net change in fund balance	(6,463)	(6,463)	(4,410)	2,053
Fund balance, beginning of year	57,304	57,304	57,304	-
Fund balance, end of year	<u>\$ 50,841</u>	<u>\$ 50,841</u>	<u>\$ 52,894</u>	<u>\$ 2,053</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drug Law Enforcement
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeits	\$ 3,287	\$ 3,287	\$ 192	\$ (3,095)
Expenditures				
Current:				
Public safety	3,287	3,287	-	(3,287)
Net change in fund balance	-	-	192	192
Fund balance, beginning of year	24,375	24,375	24,375	-
Fund balance, end of year	<u>\$ 24,375</u>	<u>\$ 24,375</u>	<u>\$ 24,567</u>	<u>\$ 192</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Law Library
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeits	\$ 6,500	\$ 9,500	\$ 6,500	\$ (3,000)
Expenditures				
Current:				
Judicial	46,000	49,000	44,595	(4,405)
Revenues under expenditures	(39,500)	(39,500)	(38,095)	1,405
Other financing sources				
Transfers in	39,500	39,500	39,500	-
Net change in fund balance	-	-	1,405	1,405
Fund balance, beginning of year	9,712	9,712	9,712	-
Fund balance, end of year	<u>\$ 9,712</u>	<u>\$ 9,712</u>	<u>\$ 11,117</u>	<u>\$ 1,405</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Corrections
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State	\$ 156,796	\$ 156,796	\$ 86,892	\$ (69,904)
Reimbursements, refunds, and other revenues	1,550	1,550	800	(750)
Total revenues	158,346	158,346	87,692	(70,654)
Expenditures				
Current:				
Public safety	167,294	168,794	123,778	(45,016)
Net change in fund balance	(8,948)	(10,448)	(36,086)	(25,638)
Fund balance, beginning of year	36,486	36,486	36,486	-
Fund balance, end of year	\$ 27,538	\$ 26,038	\$ 400	\$ (25,638)

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Home Rehabilitation
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest, rents and royalties	\$ -	\$ 22	\$ 22	\$ -
Reimbursements, refunds, and other revenues	-	128	121	(7)
Total revenues	-	150	143	(7)
Expenditures				
Current:				
Community and economic development	34,486	150	149	(1)
Revenues over (under) expenditures	(34,486)	-	(6)	(6)
Other financing uses				
Transfers out	-	(156,087)	(156,087)	-
Net change in fund balance	(34,486)	(156,087)	(156,093)	(6)
Fund balance, beginning of year	2,145,235	2,145,235	2,145,235	-
Fund balance, end of year	<u>\$ 2,110,749</u>	<u>\$ 1,989,148</u>	<u>\$ 1,989,142</u>	<u>\$ (6)</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Septic System Replacement Revolving Loan
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources				
Transfers in	\$ -	\$ 105,605	\$ 105,605	\$ -
Net change in fund balance	-	105,605	105,605	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 105,605</u>	<u>\$ 105,605</u>	<u>\$ -</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Social Welfare

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
Health and welfare	\$ 57,175	\$ 60,175	\$ 57,011	\$ (3,164)
Other financing sources				
Transfers in	52,950	52,950	52,950	-
Net change in fund balance	(4,225)	(7,225)	(4,061)	3,164
Fund balance, beginning of year	35,900	35,900	40,447	4,547
Fund balance, end of year	<u>\$ 31,675</u>	<u>\$ 28,675</u>	<u>\$ 36,386</u>	<u>\$ 7,711</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ 20,000	\$ 20,000	\$ 22,466	\$ 2,466
State	230,705	232,980	250,861	17,881
Reimbursements, refunds, and other revenues	1,351,153	1,368,960	1,313,401	(55,559)
Total revenues	1,601,858	1,621,940	1,586,728	(35,212)
Expenditures				
Current:				
Health and welfare	3,034,551	3,058,907	2,612,487	(446,420)
Revenues under expenditures	(1,432,693)	(1,436,967)	(1,025,759)	411,208
Other financing sources (uses)				
Transfers in	1,018,948	1,018,948	1,018,948	-
Transfers out	(161,850)	(161,850)	(200,805)	38,955
Total other financing sources (uses)	857,098	857,098	818,143	(38,955)
Net change in fund balance	(575,595)	(579,869)	(207,616)	372,253
Fund balance, beginning of year	933,042	933,042	933,042	-
Fund balance, end of year	\$ 357,447	\$ 353,173	\$ 725,426	\$ 372,253

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care/Social Services
For the Year Ended December 31, 2021

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

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Soldiers' Relief
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 285,697	\$ 285,697	\$ 287,167	\$ 1,470
State	71,198	71,198	54,218	(16,980)
Interest, rents and royalties	(3,500)	3,500	454	(3,046)
Reimbursements, refunds, and other revenues	-	-	4,680	4,680
Total revenues	353,395	360,395	346,519	(13,876)
Expenditures				
Current:				
Health and welfare	354,915	355,415	197,862	(157,553)
Revenues over (under) expenditures	(1,520)	4,980	148,657	143,677
Other financing uses				
Transfers out	(80,782)	(80,782)	(80,782)	-
Net change in fund balance	(82,302)	(75,802)	67,875	143,677
Fund balance, beginning of year	338,442	338,442	338,442	-
Fund balance, end of year	\$ 256,140	\$ 262,640	\$ 406,317	\$ 143,677

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Historical Preservation
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 277,583	\$ 277,583	\$ 272,841	\$ (4,742)
State	40,000	40,000	11,147	(28,853)
Interest, rents and royalties	75	75	57	(18)
Total revenues	317,658	317,658	284,045	(33,613)
Expenditures				
Current:				
Recreation and culture	317,658	317,658	299,717	(17,941)
Net change in fund balance	-	-	(15,672)	(15,672)
Fund balance, beginning of year	15,692	15,692	15,692	-
Fund balance, end of year	\$ 15,692	\$ 15,692	\$ 20	\$ (15,672)

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Indigent Defense
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State	\$ 627,799	\$ 920,372	\$ 793,428	\$ (126,944)
Expenditures				
Current:				
Judicial	1,142,482	1,435,055	1,337,180	(97,875)
Revenues under expenditures	(514,683)	(514,683)	(543,752)	(29,069)
Other financing sources (uses)				
Transfers in	606,212	606,212	604,271	(1,941)
Transfers out	(91,529)	(91,529)	(60,519)	(31,010)
Other financing sources (uses)	514,683	514,683	543,752	29,069
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

NONMAJOR ENTERPRISE FUNDS

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

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

The **Housing Fund** accounts for the operations of the Hampton Township Housing Project, which provides low-income housing to eligible County residents.

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

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

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2021

	Golf Course	Housing	Delinquent Property Tax Foreclosure	Commissary	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 63,107	\$ -	\$ 364,701	\$ 37,738	\$ 465,546
Investments	108,212	-	385,672	50,011	543,895
Accrued interest receivable	437	-	1,458	179	2,074
Inventories	4,708	-	-	-	4,708
Due from other funds	-	-	209,522	-	209,522
Due from component units	-	-	25,000	-	25,000
Prepaid items and other assets	-	-	12,720	-	12,720
Total current assets	176,464	-	999,073	87,928	1,263,465
Noncurrent assets:					
Net pension asset	151,419	-	-	-	151,419
Capital assets not being depreciated	136,933	-	-	-	136,933
Capital assets being depreciated, net	44,839	-	-	-	44,839
Total noncurrent assets	333,191	-	-	-	333,191
Total assets	509,655	-	999,073	87,928	1,596,656
Deferred outflows of resources					
Deferred pension amounts	3,107	-	-	-	3,107
Liabilities					
Current liabilities:					
Accounts payable	3,950	-	3,727	-	7,677
Accrued liabilities	3,812	-	-	-	3,812
Due to other funds	80	-	-	-	80
Unearned revenue	8,183	-	-	-	8,183
Current portion of compensated absences	3,558	-	-	-	3,558
Total liabilities (all current)	19,583	-	3,727	-	23,310
Deferred inflows of resources					
Deferred pension amounts	74,888	-	-	-	74,888
Net position					
Investment in capital assets	181,772	-	-	-	181,772
Restricted for pension benefits	79,638	-	-	-	79,638
Unrestricted	156,881	-	995,346	87,928	1,240,155
Total net position	\$ 418,291	\$ -	\$ 995,346	\$ 87,928	\$ 1,501,565

BAY COUNTY, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended December 31, 2021

	Golf Course	Housing	Delinquent Property Tax Foreclosure	Commissary	Total
Operating revenues					
Charges for services	\$ 630,161	\$ 62,155	\$ 440,205	\$ 286,517	\$ 1,419,038
Other	8,273	53,936	11,270	-	73,479
Total operating revenues	638,434	377,581	451,475	286,517	1,754,007
Operating expenses					
Personnel services	256,572	-	-	-	256,572
Supplies	77,304	-	-	-	77,304
Other services	207,636	196,256	166,681	198,016	768,589
Depreciation	17,676	28,599	-	-	46,275
Total operating expenses	559,188	224,855	166,681	198,016	1,148,740
Operating income (loss)	79,246	152,726	284,794	88,501	605,267
Nonoperating revenues (expenses)					
Interest income	26	36	7,561	905	8,528
Interest expense	-	-	(9,029)	(1,188)	(10,217)
Extraordinary maintenance	-	(7,609)	-	-	(7,609)
Total nonoperating revenues (expenses)	26	(7,573)	(1,468)	(283)	(9,298)
Income (loss) before transfers	79,272	145,153	283,326	88,218	595,969
Transfers					
Transfers out	-	-	-	(80,000)	(80,000)
Change in net position before capital contribution and special item	79,272	145,153	283,326	8,218	515,969
Capital contribution	-	146,483	-	-	146,483
Special item - equity disposition	-	(1,211,093)	-	-	(1,211,093)
Change in net position	79,272	(919,457)	283,326	8,218	(548,641)
Net position, beginning of year	339,019	919,457	712,020	79,710	2,050,206
Net position, end of year	\$ 418,291	\$ -	\$ 995,346	\$ 87,928	\$ 1,501,565

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2021

	Golf Course	Housing	Delinquent Property Tax Foreclosure	Commissary	Total
Cash flows from operating activities					
Cash received from customers	\$ 639,138	\$ 326,863	\$ 259,996	\$ 286,517	\$ 1,512,514
Cash payments to suppliers for goods and services	(285,823)	(213,042)	(166,857)	(198,016)	(863,738)
Cash payments to employees and related taxes and insurance	(285,209)	(57,490)	-	-	(342,699)
Net cash provided by operating activities	<u>68,106</u>	<u>56,331</u>	<u>93,139</u>	<u>88,501</u>	<u>306,077</u>
Cash flows from noncapital financing activities					
Interest paid on long-term debt	-	-	(9,029)	(1,188)	(10,217)
Transfers out	-	-	-	(80,000)	(80,000)
Development costs	-	(51,408)	-	-	(51,408)
Extraordinary maintenance	-	(7,609)	-	-	(7,609)
Net cash provided by noncapital financing activities	<u>-</u>	<u>(59,017)</u>	<u>(9,029)</u>	<u>(81,188)</u>	<u>(149,234)</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	(524,948)	-	-	(524,948)
Cash flows from investing activities					
Proceeds from sale of investments	-	-	3,253	1,411	4,664
Purchase of investments	(44,735)	-	-	-	(44,735)
Interest received	(144)	36	7,026	954	7,872
Net cash provided by (used in) investing activities	<u>(44,879)</u>	<u>36</u>	<u>10,279</u>	<u>2,365</u>	<u>(32,199)</u>
Net change in cash and cash equivalents	<u>23,227</u>	<u>(527,598)</u>	<u>94,389</u>	<u>9,678</u>	<u>(400,304)</u>
Cash and cash equivalents, beginning of year	<u>39,880</u>	<u>527,598</u>	<u>270,312</u>	<u>28,060</u>	<u>865,850</u>
Cash and cash equivalents, end of year	<u>\$ 63,107</u>	<u>\$ -</u>	<u>\$ 364,701</u>	<u>\$ 37,738</u>	<u>\$ 465,546</u>

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2021

	Golf Course	Housing	Delinquent Property Tax Foreclosure	Commissary	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 79,246	\$ 152,726	\$ 284,794	\$ 88,501	\$ 605,267
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	17,676	28,599	-	-	46,275
Changes in assets and liabilities that provided (used) cash:					
Accounts receivable, net	-	3,275	-	-	3,275
Inventories	(875)	-	-	-	(875)
Due from other funds	-	-	(195,206)	-	(195,206)
Prepaid items and other assets	-	1,104	(176)	-	928
Accounts payable	(725)	(126,502)	3,727	-	(123,500)
Accrued liabilities	(1,093)	(69,065)	-	-	(70,158)
Due to other funds	(8)	-	-	-	(8)
Unearned revenue	1,429	(29,333)	-	-	(27,904)
Net pension asset	(60,274)	(220,927)	-	-	(281,201)
Deferred outflows - pension	2,909	(14,581)	-	-	(11,672)
Deferred inflows - pension	27,937	113,804	-	-	141,741
Net OPEB liability	-	244,794	-	-	244,794
Deferred outflows - OPEB	-	(31,541)	-	-	(31,541)
Deferred inflows - OPEB	-	22,154	-	-	22,154
Compensated absences	1,884	(18,176)	-	-	(16,292)
Net cash provided by (used in) operating activities	\$ 68,106	\$ 56,331	\$ 93,139	\$ 88,501	\$ 306,077

concluded.

INTERNAL SERVICES FUNDS

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

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

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

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2021

	Self Insurance	Healthcare Self Insurance	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 581,431	\$ 2,427,950	\$ 3,009,381
Investments	919,789	-	919,789
Accounts receivable, net of allowance	10,555	10,818	21,373
Accrued interest receivable	3,491	-	3,491
Due from other funds	18,968	952,078	971,046
Prepaid items and other assets	81,069	477,165	558,234
Total current assets	<u>1,615,303</u>	<u>3,868,011</u>	<u>5,483,314</u>
Noncurrent assets:			
Net pension asset	18,371	-	18,371
Total assets	<u>1,633,674</u>	<u>3,868,011</u>	<u>5,501,685</u>
Deferred outflows of resources			
Deferred pension amounts	<u>377</u>	<u>-</u>	<u>377</u>
Liabilities			
Current liabilities:			
Accounts payable	10,474	676	11,150
Accrued liabilities	1,861	-	1,861
Estimated insurance claims payable	335,529	393,680	729,209
Compensated absences	<u>1,321</u>	<u>-</u>	<u>1,321</u>
Total liabilities	<u>349,185</u>	<u>394,356</u>	<u>743,541</u>
Deferred inflows of resources			
Deferred pension amounts	<u>9,086</u>	<u>-</u>	<u>9,086</u>
Net position			
Restricted for:			
Pension benefits	9,662	-	9,662
Insurance claims	<u>1,266,118</u>	<u>3,473,655</u>	<u>4,739,773</u>
Total net position	<u>\$ 1,275,780</u>	<u>\$ 3,473,655</u>	<u>\$ 4,749,435</u>

BAY COUNTY, MICHIGAN

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

Internal Service Funds

For the Year Ended December 31, 2021

	Self Insurance	Healthcare Self Insurance	Total
Operating revenues			
Charges for services	\$ 484,409	\$ 8,445,600	\$ 8,930,009
Operating expenses			
Personnel services	585,788	6,777,533	7,363,321
Other services	139,801	1,457,326	1,597,127
Total operating expenses	725,589	8,234,859	8,960,448
Operating income (loss)	(241,180)	210,741	(30,439)
Nonoperating revenues			
Interest income	(3,656)	-	(3,656)
Income (loss) before transfers	(244,836)	210,741	(34,095)
Transfers out	-	(4,647)	(4,647)
Change in net position	(244,836)	206,094	(38,742)
Net position, beginning of year	1,520,616	3,267,561	4,788,177
Net position, end of year	\$ 1,275,780	\$ 3,473,655	\$ 4,749,435

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2021

	Self Insurance	Healthcare Self Insurance	Total
Cash flows from operating activities			
Cash received from interfund services provided	\$ 628,090	\$ 8,026,250	\$ 8,654,340
Cash payments to suppliers for goods and services	(139,801)	(1,776,952)	(1,916,753)
Cash payments to employees and related taxes and insurance	(539,872)	(6,777,533)	(7,317,405)
Net cash provided by (used in) operating activities	<u>(51,583)</u>	<u>(528,235)</u>	<u>(579,818)</u>
Cash flows from noncapital financing activities			
Transfers out	-	(4,647)	(4,647)
Cash flows from investing activities			
Proceeds from sale of investments	2,318	-	2,318
Interest received	(3,157)	-	(3,157)
Net cash provided by (used in) investing activities	<u>(839)</u>	<u>-</u>	<u>(839)</u>
Net change in cash and cash equivalents	(52,422)	(532,882)	(585,304)
Cash and cash equivalents, beginning of year	633,853	2,960,832	3,594,685
Cash and cash equivalents, end of year	<u>\$ 581,431</u>	<u>\$ 2,427,950</u>	<u>\$ 3,009,381</u>

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2021

	Self Insurance	Healthcare Self Insurance	Total
Reconciliation of operating income (loss)			
to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (241,180)	\$ 210,741	\$ (30,439)
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating activities:			
Changes in assets and liabilities			
that provided (used) cash:			
Accounts receivable, net	(7,447)	(9,235)	(16,682)
Due from other funds	298	(328,044)	(327,746)
Due from other governmental units	155	-	155
Prepaid items and other assets	-	(319,626)	(319,626)
Accounts payable	10,380	-	10,380
Accrued liabilities	(5,373)	-	(5,373)
Estimated claims payable	140,295	(82,071)	58,224
Net pension asset	92,183	-	92,183
Deferred outflows - pension	6,920	-	6,920
Deferred inflows - pension	(47,863)	-	(47,863)
Compensated absences	49	-	49
Net cash provided by (used in) operating activities	\$ (51,583)	\$ (528,235)	\$ (579,818)

concluded.

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

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

December 31, 2021

	Employees' Retirement System	VEBA Trust	Total
Assets			
Investments at fair value:			
Equities	\$ 209,129,579	\$ 21,325,476	\$ 230,455,055
Fixed income	89,285,739	13,010,046	102,295,785
Commingled funds	97,218,241	7,424,458	104,642,699
Mutual funds	61,829,238	49,889,179	111,718,417
Money market	9,022,343	2,171,017	11,193,360
Total investments	<u>466,485,140</u>	<u>93,820,176</u>	<u>560,305,316</u>
Receivables:			
Contributions	73,410	68,175	141,585
Interest and dividends	2,093,891	63,786	2,157,677
Total receivables	<u>2,167,301</u>	<u>131,961</u>	<u>2,299,262</u>
Other current assets:			
Prepaid items and other assets	1,818,781	79,007	1,897,788
Net pension asset	128,491	-	128,491
Total other current assets	<u>1,947,272</u>	<u>79,007</u>	<u>2,026,279</u>
Total assets	<u>470,599,713</u>	<u>94,031,144</u>	<u>564,630,857</u>
Deferred outflows of resources - pension	<u>2,638</u>	<u>-</u>	<u>2,638</u>
Liabilities			
Accounts payable	747,751	47,238	794,989
Accrued liabilities	2,799,163	1,326,205	4,125,368
Accrued vacation and sick pay	1,027	-	1,027
Total liabilities	<u>3,547,941</u>	<u>1,373,443</u>	<u>4,921,384</u>
Deferred inflows of resources - pension	<u>63,548</u>	<u>-</u>	<u>63,548</u>
Net position			
Restricted for:			
Pension benefits	466,990,862	-	466,990,862
Postemployment healthcare benefits	-	92,657,701	92,657,701
Total net position	<u>\$ 466,990,862</u>	<u>\$ 92,657,701</u>	<u>\$ 559,648,563</u>

BAY COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits - Employees' Retirement System and VEBA Trust
For the Year Ended December 31, 2021

	Employees' Retirement System	VEBA Trust	Total
Additions			
Investment income:			
Net appreciation in fair value of investments	\$ 56,829,621	\$ 7,524,730	\$ 64,354,351
Interest and dividends	8,980,198	2,979,268	11,959,466
Total investment earnings	65,809,819	10,503,998	76,313,817
Less investment expense	(2,192,244)	(186,550)	(2,378,794)
Net investment income	63,617,575	10,317,448	73,935,023
Contributions:			
Employer	2,044,831	6,988,915	9,033,746
Plan members	2,278,973	-	2,278,973
Total contributions	4,323,804	6,988,915	11,312,719
Other revenue	10,124	-	10,124
Total additions	67,951,503	17,306,363	85,257,866
Deductions			
Participant benefits (including refunds of contributions)	21,117,569	4,388,308	25,505,877
Administrative expenses	272,827	62,780	335,607
Total deductions	21,390,396	4,451,088	25,841,484
Change in net position	46,561,107	12,855,275	59,416,382
Net position, beginning of year	420,429,755	79,802,426	500,232,181
Net position, end of year	\$ 466,990,862	\$ 92,657,701	\$ 559,648,563

BAY COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2021

	General	Current Tax Collections	Library Penal Fine
Assets			
Cash and cash equivalents	\$ 8,248,929	\$ 552,131	\$ (6,804)
Investments	13,450,395	-	-
Due from other governmental units	143	-	-
Due from other custodial funds	-	-	7,271
Total assets	21,699,467	552,131	467
Liabilities			
Accounts payable	5,864	-	-
Accrued liabilities	5,135	-	-
Due to other custodial funds	-	-	-
Due to component units	-	143,334	-
Due to other governmental units	21,635,921	408,797	467
Deposits	52,547	-	-
Total liabilities	21,699,467	552,131	467
Net position			
Restricted for:			
Inmates	\$ -	\$ -	\$ -



District Court	Probate Court	Trial Court	Inmates	Total
\$ 310,016	\$ 157,342	\$ 194,615	\$ 58,075	\$ 9,514,304
-	-	-	-	13,450,395
-	174	-	-	317
-	-	-	-	7,271
<u>310,016</u>	<u>157,516</u>	<u>194,615</u>	<u>58,075</u>	<u>22,972,287</u>
-	-	-	13,445	19,309
-	4,350	-	43,621	53,106
7,271	-	-	-	7,271
-	-	-	-	143,334
302,745	153,166	148,693	-	22,649,789
-	-	45,922	-	98,469
<u>310,016</u>	<u>157,516</u>	<u>194,615</u>	<u>57,066</u>	<u>22,971,278</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,009</u>	<u>\$ 1,009</u>

BAY COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2021

	General Agency	Current Tax Collections	Library Penal Fine
Additions			
State education tax collected for other governments	\$ -	\$ 16,937,562	\$ -
Real estate transfer tax collected for other governments	2,999,666	-	-
Fees and fines collected on behalf of other governments	327,764	-	197,452
Collections from or on behalf of inmates	-	-	-
Other taxes collected for other governments	19,168	-	-
Total additions	<u>3,346,598</u>	<u>16,937,562</u>	<u>197,452</u>
Deductions			
Payments of state education tax to other governments	-	16,937,562	-
Payments of real estate transfer tax to other governments	2,999,666	-	-
Fees and fines remitted to other governments	327,764	-	197,452
Payments to or on behalf of inmates	-	-	-
Payments of other taxes to other governments	19,168	-	-
Total deductions	<u>3,346,598</u>	<u>16,937,562</u>	<u>197,452</u>
Change in net position	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



District Court	Probate Court	Trial Court	Inmates	Total
\$ -	\$ -	\$ -	\$ -	\$ 16,937,562
-	-	-	-	2,999,666
513,384	132,974	68,808	-	1,240,382
-	-	-	956,009	956,009
-	-	-	-	19,168
<u>513,384</u>	<u>132,974</u>	<u>68,808</u>	<u>956,009</u>	<u>22,152,787</u>
-	-	-	-	16,937,562
-	-	-	-	2,999,666
513,384	132,974	68,808	-	1,240,382
-	-	-	956,032	956,032
-	-	-	-	19,168
<u>513,384</u>	<u>132,974</u>	<u>68,808</u>	<u>956,032</u>	<u>22,152,810</u>
-	-	-	(23)	(23)
-	-	-	1,032	1,032
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,009</u>	<u>\$ 1,009</u>

COMPONENT UNITS

LIBRARY SYSTEM

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

DRAIN COMMISSION

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

BAY COUNTY, MICHIGAN

Statement of Net Position and Balance Sheet

Library System Component Unit
December 31, 2021

	Library System	Adjustments	Statement of Net Position
Assets			
Current assets:			
Cash and cash equivalents	\$ 199,199	\$ -	\$ 199,199
Investments	6,845,359	-	6,845,359
Property taxes receivable	5,120,000	-	5,120,000
Accrued interest receivable	19,492	-	19,492
Due from primary government	125,032	-	125,032
Due from other governmental units	-	-	-
Prepaid items and other assets	371,056	-	371,056
Total current assets	<u>12,680,138</u>	<u>-</u>	<u>12,680,138</u>
Noncurrent assets:			
Net pension asset	-	3,603,983	3,603,983
Capital assets not being depreciated	-	107,487	107,487
Capital assets being depreciated, net	-	1,901,387	1,901,387
Total noncurrent assets	<u>-</u>	<u>5,612,857</u>	<u>5,612,857</u>
Total assets	<u>\$ 12,680,138</u>	<u>5,612,857</u>	<u>18,292,995</u>
Deferred outflows of resources			
Deferred pension amounts		272,201	272,201
Deferred OPEB amounts		360,587	360,587
Total deferred outflows of resources		<u>632,788</u>	<u>632,788</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 78,023	-	78,023
Accrued liabilities	98,493	-	98,493
Current portion of compensated absences	-	14,571	14,571
Total current liabilities	<u>176,516</u>	<u>14,571</u>	<u>191,087</u>
Noncurrent liabilities:			
Compensated absences, net of current portion	-	131,139	131,139
Net OPEB liability	-	875,406	875,406
Total noncurrent liabilities	<u>-</u>	<u>1,006,545</u>	<u>1,006,545</u>
Total liabilities	<u>176,516</u>	<u>1,021,116</u>	<u>1,197,632</u>
Deferred inflows of resources			
Deferred pension amounts	-	1,675,020	1,675,020
Deferred OPEB amounts	-	933,094	933,094
Unavailable revenue - state revenue	125,032	(125,032)	-
Taxes levied for a subsequent period	5,120,000	-	5,120,000
Total deferred inflows of resources	<u>5,245,032</u>	<u>2,483,082</u>	<u>7,728,114</u>
Fund balances			
Nonspendable	371,056	(371,056)	-
Assigned - library events	93,543	(93,543)	-
Assigned - capital outlay	344,451	(344,451)	-
Unassigned	6,449,540	(6,449,540)	-
Total fund balances	<u>7,258,590</u>	<u>(7,258,590)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,680,138</u>		
Net position			
Investment in capital assets		2,008,874	2,008,874
Restricted for:			
Pension benefits		2,201,164	2,201,164
Unrestricted		5,789,999	5,789,999
Total net position		<u>\$ 10,000,037</u>	<u>\$ 10,000,037</u>

BAY COUNTY, MICHIGAN

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

Library System Component Unit
For the Year Ended December 31, 2021

	Library System	Adjustments	Statement of Activities
Revenues			
Property and other taxes	\$ 5,065,130	\$ -	\$ 5,065,130
Federal grants	9,926	-	9,926
State grants	392,441	(141,702)	250,739
Interest income	67,648	-	67,648
Charges for services	23,107	-	23,107
Donations	36,136	-	36,136
Penal fines	194,688	-	194,688
Total revenues	<u>5,789,076</u>	<u>(141,702)</u>	<u>5,647,374</u>
Expenditures / expenses			
Current:			
Recreation and culture	5,160,692	(1,162,294)	3,998,398
Depreciation	-	478,583	478,583
Contributions to other units	5,492	-	5,492
Total expenditures / expenses	<u>5,166,184</u>	<u>(683,711)</u>	<u>4,482,473</u>
Net change in fund balance / net position	622,892	542,009	1,164,901
Fund balance / net position, beginning of year	<u>6,635,698</u>	<u>2,199,438</u>	<u>8,835,136</u>
Fund balance / net position, end of year	<u>\$ 7,258,590</u>	<u>\$ 2,741,447</u>	<u>\$ 10,000,037</u>

BAY COUNTY, MICHIGAN

Combining Statement of Net Position and Balance Sheet

Drain Commission Component Unit

December 31, 2021

	Drain Debt Service Funds	Drain Operations and Maintenance	Drain Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 930,396	\$ 497,274	\$ 1,785,427
Investments	507	616,100	1,257,081
Special assessments	5,149,541	3,140	98,759
Accrued interest receivable	2	2,149	4,743
Due from other funds	-	65,460	20,198
Due from other governmental units	43,974	525,000	10,931
Due from primary government	189,454	73,586	41,023
Prepaid items and other assets	-	-	620,317
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total assets	\$ 6,313,874	\$ 1,782,709	\$ 3,838,479
Liabilities			
Accounts payable	\$ -	\$ 2,924	\$ 7,769
Accrued liabilities	-	2,700	-
Due to other funds	-	1,070	120,782
Due to primary government	-	112,308	50,301
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	-	119,002	178,852
Deferred inflows of resources			
Unavailable revenue - long-term receivables	5,545,650	601,726	150,714
Fund balances			
Nonspendable	-	-	620,317
Restricted - debt service	768,224	-	-
Assigned	-	1,061,981	2,888,596
Total fund balances	768,224	1,061,981	3,508,913
Total liabilities, deferred inflows of resources and fund balances	\$ 6,313,874	\$ 1,782,709	\$ 3,838,479
Net position			
Net investment in capital assets			
Restricted for:			
Debt service			
Unrestricted			
Total net position			

Revolving Drain	Total Governmental Funds	Adjustments	Statement of Net Position
\$ -	\$ 3,213,097	\$ -	\$ 3,213,097
-	1,873,688	-	1,873,688
-	5,251,440	-	5,251,440
-	6,894	-	6,894
36,194	121,852	(121,852)	-
-	579,905	-	579,905
-	304,063	-	304,063
-	620,317	-	620,317
-	-	5,406,613	5,406,613
-	-	3,812,401	3,812,401
<u>\$ 36,194</u>	<u>\$ 11,971,256</u>	<u>9,097,162</u>	<u>21,068,418</u>
\$ -	\$ 10,693	-	10,693
-	2,700	64,418	67,118
-	121,852	(121,852)	-
36,194	198,803	-	198,803
-	-	1,079,626	1,079,626
-	-	4,483,573	4,483,573
<u>36,194</u>	<u>334,048</u>	<u>5,505,765</u>	<u>5,839,813</u>
-	6,298,090	(6,298,090)	-
-	620,317	(620,317)	-
-	768,224	(768,224)	-
-	3,950,577	(3,950,577)	-
-	5,339,118	(5,339,118)	-
<u>\$ 36,194</u>	<u>\$ 11,971,256</u>		
		4,212,870	4,212,870
		6,249,456	6,249,456
		<u>4,766,279</u>	<u>4,766,279</u>
		<u>\$ 15,228,605</u>	<u>\$ 15,228,605</u>

BAY COUNTY, MICHIGAN

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

Fund Balances - Drain Commission Component Unit

For the Year Ended December 31, 2021

	Drain Debt Service Funds	Drains Operations and Maintenance	Drain Capital Projects Fund
Revenues			
Property and other taxes	\$ 1,101,050	\$ 19,260	\$ 106,341
Licenses and permits	-	1,100	11,200
Interest, rents and royalties	10	76,146	750
Reimbursements, refunds and other revenue	70,243	66,590	147,420
Contributions from local units	75,717	535,000	20,494
Total revenues	<u>1,247,020</u>	<u>698,096</u>	<u>286,205</u>
Expenditures / expenses			
Public works:			
Contractual services	319,825	413,491	3,409,728
Depreciation	-	-	-
Debt service:			
Principal	742,615	-	-
Interest and fiscal charges	137,684	-	-
Total expenditures / expenses	<u>1,200,124</u>	<u>413,491</u>	<u>3,409,728</u>
Revenues over (under) expenditures / expenses	<u>46,896</u>	<u>284,605</u>	<u>(3,123,523)</u>
Other financing sources (uses)			
Transfers in	-	-	29,511
Transfers out	-	(29,511)	-
Total other financing sources (uses)	<u>-</u>	<u>(29,511)</u>	<u>29,511</u>
Net change in fund balances / net position	46,896	255,094	(3,094,012)
Fund balances / net position, beginning of year	<u>721,328</u>	<u>806,887</u>	<u>6,602,925</u>
Fund balances / net position, end of year	<u>\$ 768,224</u>	<u>\$ 1,061,981</u>	<u>\$ 3,508,913</u>

Revolving Drain	Total Governmental Funds	Adjustments	Statement of Net Position
\$ -	\$ 1,226,651	\$ (1,232,037)	\$ (5,386)
-	12,300	-	12,300
-	76,906	-	76,906
-	284,253	-	284,253
-	631,211	-	631,211
-	<u>2,231,321</u>	<u>(1,232,037)</u>	<u>999,284</u>
-	4,143,044	(3,255,362)	887,682
-	-	323,696	323,696
-	742,615	(742,615)	-
-	<u>137,684</u>	<u>17,574</u>	<u>155,258</u>
-	<u>5,023,343</u>	<u>(3,656,707)</u>	<u>1,366,636</u>
-	<u>(2,792,022)</u>	<u>2,424,670</u>	<u>(367,352)</u>
-	29,511	(29,511)	-
-	<u>(29,511)</u>	<u>29,511</u>	<u>-</u>
-	-	-	-
-	<u>(2,792,022)</u>	<u>2,424,670</u>	<u>(367,352)</u>
-	<u>8,131,140</u>	<u>7,464,817</u>	<u>15,595,957</u>
<u>\$ -</u>	<u>\$ 5,339,118</u>	<u>\$ 9,889,487</u>	<u>\$ 15,228,605</u>

STATISTICAL SECTION

BAY COUNTY, MICHIGAN

Statistical Section Table of Contents

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

		<u>Page</u>
Financial Trends Tables 1-4	These schedules contain trend information to help the reader understand and evaluate how the County’s financial condition, performance and well-being have changed over time.	174
Revenue Capacity Tables 5-8	These schedules contain information to help the reader assess the County’s ability to generate its most significant local revenue source, the property tax.	184
Debt Capacity Tables 9-14	These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and its ability to issue additional debt in the future.	189
Demographic and Economic Information Tables 15-16	These schedules present various demographic and economic indicators to help the reader understand the environment within which the County operates and how they affect the County’s financial activities.	198
Operating Information Tables 17-19	These schedules contain information about the County’s operations and resources to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	201

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

BAY COUNTY, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 35,041	\$ 35,433	\$ 44,431	\$ 45,941
Restricted	2,701	13,510	14,379	22,222
Unrestricted (deficit)	12,924	274	(183)	(4,557)
Total governmental activities net position	50,666	49,217	58,627	63,606
Business-type activities				
Net investment in capital assets	7,353	6,953	7,563	7,906
Restricted	1,408	1,300	1,294	10,265
Unrestricted	10,268	10,713	9,768	12,539
Total business-type activities net position	19,029	18,966	18,625	30,710
Primary government				
Net investment in capital assets	42,394	42,386	51,994	53,847
Restricted	4,109	14,810	15,673	32,487
Unrestricted	23,192	10,987	9,585	7,982
Total primary government activities net position	\$ 69,695	\$ 68,183	\$ 77,252	\$ 94,316

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

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

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

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

Table 1
Unaudited

	2016	2017	2018	2019	2020	2021
\$	46,547	\$ 47,382	\$ 39,366	\$ 39,191	\$ 38,915	\$ 36,924
	23,861	26,348	26,904	25,193	31,244	39,242
	(8,895)	(8,701)	(17,543)	(12,993)	(13,665)	(7,931)
	<u>61,513</u>	<u>65,029</u>	<u>48,727</u>	<u>51,391</u>	<u>56,494</u>	<u>68,235</u>
	8,893	10,476	16,907	22,756	23,074	20,823
	7,969	8,308	8,802	7,460	7,503	10,302
	<u>11,894</u>	<u>11,388</u>	<u>(4,265)</u>	<u>(12,463)</u>	<u>(13,052)</u>	<u>(1,481)</u>
	<u>28,756</u>	<u>30,172</u>	<u>21,444</u>	<u>17,753</u>	<u>17,525</u>	<u>29,644</u>
	55,440	57,858	56,273	61,947	61,989	57,747
	31,830	34,656	35,706	32,653	38,747	49,544
	<u>2,999</u>	<u>2,687</u>	<u>(21,808)</u>	<u>(25,456)</u>	<u>(26,717)</u>	<u>(9,412)</u>
\$	<u>90,269</u>	<u>\$ 95,201</u>	<u>\$ 70,171</u>	<u>\$ 69,144</u>	<u>\$ 74,019</u>	<u>\$ 97,879</u>

BAY COUNTY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 15,617	\$ 13,754	\$ 12,031	\$ 13,287
Public safety	11,784	11,722	11,443	11,721
Community and economic development	273	296	110	208
Health and welfare	11,207	10,921	10,703	11,205
Public works	4	178	1,560	1,911
Judicial	6,909	6,831	6,840	7,085
Legislative	435	342	329	357
Recreation and culture	1,374	1,617	2,181	1,859
Interest on long-term debt	657	875	371	244
Total governmental activities expenses	48,260	46,536	45,568	47,877
Business-type activities:				
Medical Care Facility	24,312	23,743	24,269	23,114
100% Tax Payment	140	322	163	147
Golf Course	692	616	556	540
Delinquent Property Tax Foreclosure	186	195	181	185
Commissary	122	136	125	111
Water plant	-	-	-	-
Housing	804	759	725	688
Total business-type activities expenses	26,256	25,771	26,019	24,785
Total primary government expenses	74,516	72,307	71,587	72,662
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,041	2,853	2,684	3,045
Public safety	1,873	1,972	2,049	2,030
Community and economic development	180	57	162	44
Health and welfare	2,471	2,347	2,532	2,777
Public works	7	10	2	3
Judicial	1,989	1,906	1,853	2,040
Legislative	21	-	-	-
Recreation and culture	757	710	816	814
Operating grants and contributions	12,515	10,173	17,154	9,957
Capital grants and contributions	80	94	309	16
Total governmental activities program revenues	22,934	20,122	27,561	20,726

Table 2
Unaudited

	2016	2017	2018	2019	2020	2021
\$	13,952	\$ 13,985	\$ 11,877	\$ 13,592	\$ 12,665	\$ 11,404
	12,194	12,488	10,768	12,631	11,097	7,756
	245	233	239	277	154	250
	12,318	12,232	13,051	13,033	12,726	11,305
	3,798	3,277	9,497	1	1	1
	7,504	7,746	6,854	7,434	6,729	5,532
	375	421	1,848	401	381	366
	1,567	1,929	1,796	1,810	1,355	1,452
	175	81	49	100	46	-
	52,128	52,392	55,979	49,279	45,154	38,066
	25,661	26,174	25,335	29,610	27,538	19,653
	232	187	156	166	154	198
	486	559	520	554	482	559
	169	200	222	238	190	176
	111	196	150	171	139	199
	-	-	2,624	2,042	1,989	2,137
	702	735	678	807	747	232
	27,361	28,051	29,685	33,588	31,239	23,154
	79,489	80,443	85,664	82,867	76,393	61,220
	3,221	3,151	3,087	3,206	3,396	1,980
	1,992	2,132	2,126	2,197	1,751	1,837
	207	66	174	88	164	68
	3,041	2,852	3,249	3,311	2,658	2,934
	3,887	3,983	2	8	-	10
	1,751	1,767	1,954	2,086	1,509	1,571
	-	-	-	-	-	-
	845	848	886	930	537	895
	9,836	10,250	10,708	15,404	13,972	15,577
	26	26	253	9	23	40
	24,806	25,075	22,439	27,239	24,010	24,912

continued...

BAY COUNTY, MICHIGAN

Changes in Net Position

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

	2012	2013	2014	2015
Business-type activities:				
Charges for services:				
Medical Care Facility	\$ 21,600	\$ 20,949	\$ 21,576	\$ 23,487
100% Tax Payment	1,117	1,074	1,088	1,300
Golf Course	611	556	497	457
Delinquent Property Tax Foreclosure	244	290	199	406
Commissary	170	178	167	151
Housing	258	268	277	276
Operating grants and contributions	285	157	165	159
Capital grants and contributions	-	-	129	36
Total business-type activities program revenues	24,285	23,472	24,098	26,272
Total primary government program revenues	47,219	43,594	51,659	46,998
Net (expense)/revenue				
Governmental activities	(25,326)	(26,414)	(18,007)	(27,151)
Business-type activities	(1,971)	(2,299)	(1,921)	1,487
Total primary government net expense	(27,297)	(28,713)	(19,928)	(25,664)
General revenues and other changes in net position				
Governmental activities:				
Property taxes	21,204	22,476	22,334	22,461
Unrestricted investment earnings	505	620	1,636	203
Other revenue	238	658	2,223	2,830
Transfers - internal activities	1,350	1,210	1,225	1,243
Total governmental activities	23,297	24,964	27,418	26,737
Business-type activities:				
Property taxes	1,438	2,090	2,049	2,115
Unrestricted investment earnings	301	370	542	398
Other revenue	81	187	518	638
Transfers - internal activities	(1,350)	(1,210)	(1,225)	(1,243)
Total business-type activities	470	1,437	1,884	1,908
Total primary government	23,767	26,401	29,302	28,645
Change in Net Position				
Governmental activities	(2,029)	(1,450)	9,411	(414)
Business-type activities	(1,501)	(862)	(37)	3,395
Total primary government	\$ (3,530)	\$ (2,312)	\$ 9,374	\$ 2,981

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

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

Table 2
Unaudited

	2016	2017	2018	2019	2020	2021
\$	21,547	\$ 23,103	\$ 23,631	\$ 22,986	\$ 21,864	\$ 15,873
	1,138	1,123	1,097	1,087	1,019	1,082
	491	443	444	415	523	630
	289	297	322	469	644	440
	150	271	217	249	197	287
	284	271	274	282	279	62
	158	243	290	328	3,078	11,473
	-	89	-	-	-	146
	24,057	25,840	26,275	25,816	27,604	29,993
	48,863	50,915	48,714	53,055	51,614	54,905
	(27,322)	(27,317)	(33,540)	(22,040)	(21,144)	(13,154)
	(3,304)	(2,211)	(3,410)	(7,772)	(3,635)	6,839
	(30,626)	(29,528)	(36,950)	(29,812)	(24,779)	(6,315)
	22,882	23,430	22,742	21,927	22,430	22,879
	491	656	475	1,120	701	(40)
	597	277	257	378	1,935	877
	1,260	1,945	1,349	1,280	1,180	1,180
	25,230	26,308	24,823	24,705	26,246	24,896
	2,109	2,323	2,034	2,086	2,101	5,031
	265	434	2,979	2,650	2,143	2,224
	236	981	301	625	344	416
	(1,260)	(1,945)	(1,349)	(1,280)	(1,180)	(1,180)
	1,350	1,793	3,965	4,081	3,408	6,491
	26,580	28,101	28,788	28,786	29,654	31,387
	(2,092)	(1,009)	(8,717)	2,665	5,102	11,742
	(1,954)	(418)	555	(3,691)	(227)	13,330
\$	(4,046)	\$ (1,427)	\$ (8,162)	\$ (1,026)	\$ 4,875	\$ 25,072

concluded

BAY COUNTY, MICHIGAN

Fund Balances of Governmental Funds

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

	2012	2013	2014	2015
General fund				
Nonspendable	\$ 209	\$ 626	\$ 1,222	\$ 1,622
Restricted	199	170	168	174
Committed	5,054	4,943	4,943	5,148
Assigned	7,134	6,681	1,183	547
Unassigned	-	-	5,700	6,064
Total general fund	<u>12,596</u>	<u>12,420</u>	<u>13,216</u>	<u>13,555</u>
All other governmental funds				
Nonspendable	17	1,872	1,880	1,918
Restricted	5,455	29,531	20,131	11,666
Committed	1,431	-	-	-
Assigned	535	1,793	2,407	1,601
Total all other governmental funds	<u>\$ 7,438</u>	<u>\$ 33,196</u>	<u>\$ 24,418</u>	<u>\$ 15,185</u>

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

Table 3
Unaudited

	2016	2017	2018	2019	2020	2021
\$	1,650	\$ 1,510	\$ 1,243	\$ 1,091	\$ 936	\$ 938
	198	171	161	136	151	149
	6,779	6,824	6,824	6,824	7,143	7,216
	1,167	4,317	1,130	875	375	2,184
	4,184	2,496	3,891	5,129	9,134	8,946
	<u>13,978</u>	<u>15,318</u>	<u>13,249</u>	<u>14,055</u>	<u>17,739</u>	<u>19,433</u>
	60	27	29	61	57	74
	13,946	11,885	7,409	6,643	10,127	9,978
	-	-	-	-	-	-
	711	2,921	2,547	6,297	2,759	2,487
\$	<u>14,717</u>	<u>14,833</u>	<u>9,985</u>	<u>13,001</u>	<u>12,943</u>	<u>12,539</u>

BAY COUNTY, MICHIGAN

Changes in Fund Balances of Governmental Funds

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

	2012	2013	2014	2015
Revenues				
Property taxes	\$ 21,270	\$ 22,472	\$ 22,359	\$ 22,481
Special assessments (1)	-	-	-	-
Licenses and permits	407	423	403	468
Federal	6,930	4,560	9,859	3,853
State	4,908	4,805	6,775	5,223
Interest, rents and royalties	1,329	1,397	2,370	1,087
Charges for services	2,906	2,847	2,780	2,941
Fines and forfeits	584	546	527	639
Reimbursements, refunds and other revenue (1)	6,809	7,080	8,961	9,704
Total revenues	45,143	44,130	54,034	46,396
Expenditures				
General government	12,749	11,209	9,835	10,331
Public safety	10,813	11,264	10,601	10,540
Community and economic development	298	352	161	173
Health and welfare	10,565	10,195	10,946	11,064
Public works	4	4,764	44	2
Judicial	6,087	6,305	6,236	6,259
Legislative	445	354	330	354
Recreation and culture	1,588	1,623	1,984	1,825
Other functions	1,263	1,508	1,667	1,697
Capital outlay	-	-	36,151	17,951
Debt service:				
Principal	1,888	1,830	1,930	2,030
Interest and other fees	663	651	1,954	2,280
Contribution to component unit	-	-	-	-
Total expenditures	46,363	50,055	81,839	64,506
Excess of revenues over (under) expenditures	(1,220)	(5,925)	(27,805)	(18,110)
Other financing sources (uses)				
Transfers in	6,083	6,433	5,949	6,144
Payment to escrow agents to refund debt	(10,655)	-	-	-
Insurance recoveries/proceeds	10	7	5	11
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term debt	-	-	18,572	7,963
Proceeds of refunding bonds	9,775	30,000	-	-
Bond premium (discount)	1,004	(43)	-	-
Transfers (out)	(4,733)	(4,890)	(4,718)	(4,885)
Total other financing sources (uses)	1,484	31,507	19,808	9,233
Net change in fund balances	\$ 264	\$ 25,582	\$ (7,997)	\$ (8,877)
Debt service as a percentage of noncapital expenditures	5.60%	5.50%	5.05%	9.54%

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

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

Table 4
Unaudited

	2016	2017	2018	2019	2020	2021
\$	22,894	\$ 23,441	\$ 22,731	\$ 21,946	\$ 22,420	\$ 22,914
	3,885	3,980	-	-	-	-
	464	511	540	528	502	553
	3,940	4,036	4,013	3,901	6,464	5,278
	5,172	5,282	5,484	9,609	6,910	8,536
	1,248	1,398	1,243	1,823	1,180	703
	2,761	2,946	3,082	3,322	2,822	3,196
	532	587	662	616	324	370
	8,007	7,397	8,277	8,360	8,824	6,685
	<u>48,903</u>	<u>49,578</u>	<u>46,032</u>	<u>50,105</u>	<u>49,446</u>	<u>48,235</u>
	10,360	10,640	10,840	12,269	12,050	12,007
	10,830	11,371	13,702	11,797	12,083	12,476
	223	231	208	268	218	267
	11,319	11,403	12,070	12,415	12,693	13,073
	955	780	1	1	1	1
	6,198	6,432	6,539	7,185	7,364	8,167
	371	413	1,842	399	381	366
	1,944	1,827	1,781	1,799	1,369	1,736
	1,656	1,559	1,529	-	-	-
	431	40	-	-	-	-
	3,240	2,755	1,290	1,350	1,449	79
	2,697	2,665	160	109	55	-
	-	-	4,375	-	-	-
	<u>50,224</u>	<u>50,116</u>	<u>54,337</u>	<u>47,592</u>	<u>47,663</u>	<u>48,172</u>
	(1,321)	(538)	(8,305)	2,513	1,783	63
	6,338	6,876	6,386	6,827	6,851	5,728
	-	-	-	-	-	-
	-	38	31	24	32	40
	-	-	-	-	234	-
	-	-	-	-	397	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(5,063)	(4,920)	(5,030)	(5,541)	(5,669)	(4,543)
	<u>1,275</u>	<u>1,994</u>	<u>1,387</u>	<u>1,310</u>	<u>1,845</u>	<u>1,225</u>
\$	<u>(46)</u>	<u>\$ 1,456</u>	<u>\$ (6,918)</u>	<u>\$ 3,823</u>	<u>\$ 3,628</u>	<u>\$ 1,288</u>
	12.03%	11.03%	2.74%	3.11%	3.22%	0.16%

Governmental Activities Tax Revenue By Year

Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year		Property Tax
2012	\$	21,203,689
2013		22,475,803
2014		22,333,712
2015		22,461,189
2016		22,882,462
2017		23,431,134
2018		22,741,235
2019		21,927,262
2020		22,430,445
2021		22,878,841

BAY COUNTY, MICHIGAN

Table 6
Unaudited

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended December 31,	Real Property		Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial					
2012	\$ 1,850,561	\$ 394,855	\$ 270,064	\$ 2,515,480	11.4638	\$ 5,030,960	50.00%
2013	1,819,824	392,452	281,567	2,493,843	11.4638	4,987,686	50.00%
2014	1,878,624	381,200	277,453	2,537,277	11.4638	5,074,554	50.00%
2015	1,879,325	371,950	294,062	2,545,337	11.4638	5,090,674	50.00%
2016	1,940,345	370,281	245,516	2,556,142	11.6138	5,112,284	50.00%
2017	1,969,223	388,729	219,610	2,577,562	11.2138	5,155,124	50.00%
2018	1,994,688	399,121	215,701	2,609,510	11.2138	5,219,020	50.00%
2019	2,069,894	438,386	221,147	2,729,427	11.3138	5,458,854	50.00%
2020	2,202,365	501,486	278,470	2,982,321	12.0685	5,964,642	50.00%
2021	2,349,814	512,979	260,064	3,122,857	12.2984	6,245,714	50.00%

Source: Bay County Equalization Department

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

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

BAY COUNTY, MICHIGAN

Property Tax Rates

Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year (1) (2)	Bay County				Overlapping Rates		
	Operating Millage	Special Millage	Debt Millage	Total County Millage	SET Schools (3)	Inter-mediate Schools	Community College
2012	5.7257	5.7381	0.0000	11.4638	6.0000	0.1891	2.0427
2013	5.7257	5.7381	0.0000	11.4638	6.0000	0.1891	2.0427
2014	5.7257	5.7381	0.0000	11.4638	6.0000	0.1891	2.0427
2015	5.7257	5.7381	0.0000	11.4638	6.0000	0.1891	2.0427
2016	5.7257	5.8881	0.0000	11.6138	6.0000	0.1891	2.0427
2017	5.7257	5.4881	0.0000	11.2138	6.0000	0.1891	2.0427
2018	5.7257	5.4881	0.0000	11.2138	6.0000	0.1891	2.0427
2019	5.7257	5.5881	0.0000	11.3138	6.0000	0.1891	2.0427
2020	5.7257	6.3428	0.0000	12.0685	6.0000	0.1891	2.0427
2021	5.7153	6.5831	0.0000	12.2984	6.0000	0.1887	2.0427

Source: Bay County Equalization Department

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

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

Table 7
Unaudited

Overlapping Rates						
Townships	Cities					Total Direct & Overlapping Rates
	Auburn	Bay City	Essexville	Pinconning	Midland	
1.3500	12.0000	20.0935	19.1300	14.6736	14.7900	101.7327
1.3500	12.0000	21.3365 *	20.3000 *	14.6736	15.0800 *	104.4357
1.3500	12.0000	21.3365 *	20.7000 *	14.6736	15.0400 *	104.7957
1.3500	12.0000	21.3365 *	21.4172 *	14.6736	15.0000 *	105.4729
1.3500	12.0000	21.1865 *	23.8431 *	14.6736	15.0000 *	107.8988
1.3500	13.5000	21.4085 *	16.1431 *	14.6736	15.1385 *	101.6593
1.3500	15.5000	21.4615 *	17.4031 *	14.6736	15.1385 *	104.9723
1.3500	15.5000	20.7115 *	17.4031 *	14.6736	15.1385 *	104.3223
1.3500	15.4986	20.7115 *	17.4031 *	14.6736	15.1385 *	105.0756
1.3500	17.4852	16.9615 *	17.4031 *	14.6295	15.1385 *	103.4976

BAY COUNTY, MICHIGAN

Table 8
Unaudited

Principal Property Taxpayers

December 31, 2021 and Nine Years Ago

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 159,967,815	1	5.33%	\$ 257,720,077	1	8.88%
Dow Corning Corporation	71,884,303	2	2.40%	75,212,626	2	2.59%
Michigan Electric Transmission	28,971,877	3	0.97%	21,540,810	5	0.74%
Enbridge Energy	18,325,214	4	0.61%			
SSP Development LLC	17,050,813	5	0.57%			
Meijer/Goodwill Co, Inc	11,089,953	6	0.37%	8,480,729	9	0.29%
Monitor/ Michigan Sugar	9,755,620	7	0.33%	25,243,949	4	0.87%
Charter Communications	8,326,827	8	0.28%			
S C Johnson	6,587,884	9	0.22%	35,406,850	3	1.22%
Mersen USA	5,511,423	10	0.18%	7,087,782	10	0.24%
General Motors/Delphi				19,896,165	6	0.69%
Northern Michigan Land				10,874,416	7	0.37%
Bay City Mall Associates				9,318,400	8	0.32%
Totals	<u>\$ 337,471,729</u>		<u>11.25%</u>	<u>\$ 470,781,804</u>		<u>16.22%</u>

Source: Bay County Equalization Department

Property Tax Levies and Collections

Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2012	\$ 16,177	\$ 15,537	96.19%	\$ 619	\$ 20	\$ 16,176	99.99%
2013	16,042	15,409	95.82%	619	13	16,041	99.99%
2014	15,981	15,348	95.70%	618	12	15,979	99.99%
2015	15,887	15,274	95.99%	599	10	15,886	99.99%
2016	15,579	14,984	93.06%	583	8	15,575	99.97%
2017	15,469	14,868	96.11%	582	14	15,464	99.97%
2018	15,673	15,067	96.14%	591	9	15,666	99.96%
2019	16,044	15,462	96.37%	571	8	16,041	99.98%
2020	16,423	15,825	96.36%	584	5	16,414	99.95%
2021	16,739	16,176	96.63%	554	*	16,729	99.94%

Source: Bay County Treasurer

* This information is not yet available.

BAY COUNTY, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Governmental Activities				Business-Type Activities (3)		
	General Obligation Bonds	Unamortized Bond Prem/ Discount	Capital Lease Payable	Installment Purchase Contracts	DWFR Loans	Revenue Bonds	Unamortized Bond Prem/ Discount
2012	\$ 12,810,000	\$ 999,535	\$ -	\$ -	\$ -	\$ -	\$ -
2013	10,980,000	858,473	-	-	-	30,000,000	(41,269)
2014	9,050,000	717,411	-	-	18,572,473	30,000,000	(39,846)
2015	7,020,000	576,349	-	-	26,535,285	30,000,000	(38,423)
2016	5,255,000	446,320	-	-	25,485,000	29,575,000	(37,000)
2017	4,010,000	334,740	-	-	24,415,000	29,135,000	(35,577)
2018	2,720,000	223,360	-	-	26,025,000	28,675,000	(34,153)
2019	1,370,000	111,580	-	-	24,585,000	28,200,000	(32,730)
2020	-	-	317,600	-	23,115,000	27,705,000	(31,307)
2021	-	-	238,200	-	21,605,000	30,020,000	-

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

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

(2) This information is not yet available.

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

Table 10
Unaudited

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	13,809,535	3.68%	129
	41,797,024	11.09%	391
	58,300,038	15.08%	549
	64,093,211	16.01%	607
	60,724,320	14.71%	580
	57,859,163	13.53%	555
	57,609,207	13.29%	554
	54,233,850	12.05%	526
	51,106,293	10.45%	499
	51,863,200	(2)	(2)

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Unamortized Bond Prem/Discount	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Taxable Value of Property (1)	Per Capita (2)
2012	\$ 12,810,000	\$ 999,535	\$ 65,394	\$ 13,744,141	0.47%	129
2013	10,980,000	858,473	85,397	11,753,076	0.41%	110
2014	9,050,000	717,411	112,545	9,654,866	0.34%	91
2015	7,020,000	576,349	116,548	7,479,801	0.26%	71
2016	5,255,000	446,320	133,085	5,568,235	0.20%	53
2017	4,010,000	334,740	21,824	4,287,339	0.15%	41
2018	2,720,000	223,360	45,049	2,898,311	0.11%	28
2019	1,370,000	111,580	70,110	1,411,470	0.05%	14
2020 (3)	-	-	-	-	0.00%	-
2021 (3)	-	-	-	-	0.00%	-

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

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

BAY COUNTY, MICHIGAN

Table 12
Unaudited

Direct and Overlapping Governmental Activities Debt

As of December 31, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt repaid with property taxes: County	\$ 169,509,284	66.98%	\$ 113,532,284
Bay County direct debt (2)			<u>238,200</u>
Total direct and overlapping debt			<u><u>\$ 113,770,484</u></u>

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

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

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

(2) Debt/discount related to the DWS Construction was accounted for in a newly formed business type-fund beginning in 2018 and no longer included in governmental activities. All direct general obligation debt was paid off as of 12/31/20.

BAY COUNTY, MICHIGAN

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	2012	2013	2014	2015
Debt limit	\$ 312,200	\$ 312,288	\$ 319,199	\$ 321,730
Total net debt applicable to limit	<u>20,501</u>	<u>48,076</u>	<u>63,920</u>	<u>67,627</u>
Legal debt margin	<u>\$ 291,699</u>	<u>\$ 264,212</u>	<u>\$ 255,279</u>	<u>\$ 254,103</u>
Total net debt applicable to the limit as a percentage of debt limit	6.57%	15.39%	20.03%	21.02%

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

(1) Includes primary government and component units.

Table 13
Unaudited

2016	2017	2018	2019	2020	2021
\$ 324,088	\$ 326,989	\$ 331,557	\$ 340,808	\$ 364,184	\$ 376,933
65,167	61,872	61,169	57,429	54,021	52,158
<u>\$ 258,921</u>	<u>\$ 265,117</u>	<u>\$ 270,388</u>	<u>\$ 283,379</u>	<u>\$ 310,163</u>	<u>\$ 324,775</u>
20.11%	18.92%	18.45%	16.85%	14.83%	13.84%

Legal Debt Margin Calculation for Current Fiscal Year

State equalized value of real property	\$ 3,509,268
State equalized value of personal property	260,064
Total state equalized value	<u>3,769,332</u>
Debt limit (10% of total state equalized value)	376,933
Debt applicable to limit: (1)	\$ 57,721
Less:	
Assets in debt service funds available for payment of principal	\$ -
Debt not subject to legal debt limit:	
Special assessment debt	<u>5,563</u>
Total deductions	<u>(5,563)</u>
Total amount of debt applicable to debt limit	<u>52,158</u>
Legal debt margin	<u>\$ 324,775</u>

BAY COUNTY, MICHIGAN

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Operating Revenue (2)	Operating Expenses (3)	Net Available Revenue	Debt Service (4)	
				Principal	Interest
Water Supply System No. 1 Revenue Bonds (1)					
2012 (5)	\$ 4,308,937	\$ 2,961,525	\$ 1,347,412	\$ 185,000	\$ 180,069
2013 (5) (6)	4,373,619	2,878,647	1,494,972	190,000	176,369
2014 (5) (6)	4,584,579	3,191,548	1,393,031	195,000	1,677,652
2015 (5) (6)	5,885,223	4,185,567	1,699,656	200,000	1,676,969
2016 (5) (6)	11,360,745	5,645,889	5,714,856	630,000	1,671,969
2017 (5) (6)	11,810,699	5,674,620	6,136,079	650,000	1,648,819
2018 (5) (6)	11,678,711	6,082,982	5,595,729	675,000	1,623,869
2019 (5) (6)	11,998,511	6,855,007	5,143,504	700,000	1,597,944
2020 (5) (6)	12,631,841	7,516,568	5,115,273	730,000	1,569,944
2021 (5) (6)	14,037,563	6,357,068	7,680,495	755,000	1,540,744

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

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

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

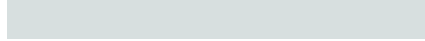
(3) Includes Department of Water and Sewer revenues, less depreciation and interest expense on bonded debt.

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

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

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

Table 14
Unaudited



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

\$ 365,069	3.69
366,369	4.08
1,872,652	0.74
1,876,969	0.91
2,301,969	2.48
2,298,819	2.67
2,298,869	2.43
2,297,944	2.24
2,299,944	2.22
2,295,744	3.35

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (1) (expressed in thousands)	Per Capita Personal Income (1)	School Enrollment (2)	Unemployment Rate (3)
2012	106,890	\$ 3,750,645	\$ 35,089	14,320	8.70%
2013	106,832	3,770,457	35,293	13,958	9.10%
2014	106,179	3,866,902	36,419	13,751	7.10%
2015	105,659	4,002,825	37,884	13,442	5.50%
2016	104,747	4,127,462	39,404	13,513	5.20%
2017	104,239	4,276,348	41,024	13,462	5.60%
2018	103,923	4,335,883	41,722	13,029	5.80%
2019	103,126	4,502,212	43,657	12,932	4.70%
2020	103,594	4,892,672	47,786	12,231	9.20%
2021	102,985	(4)	(4)	12,162	6.10%

Data Sources:

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

BAY COUNTY, MICHIGAN

Principal Employers

2021 and Nine Years Ago

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

Source:

Bay Future

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

(2) Excludes substitute teachers.

(3) Figure represents peak manufacturing/industry seasons.

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

(5) 2021 data not yet available.

Table 16
Unaudited



2012 (4)		
Employees	Rank	Percentage of Total County Employment
2,156	1	6.14%
1,555	2	4.43%
1,095	3	3.12%
1,013	4	2.89%
892	5	2.54%
524	7	1.49%
600	6	1.71%
400	9	1.14%
391	10	1.11%
465	8	1.32%
<u>9,091</u>		<u>25.89%</u>

BAY COUNTY, MICHIGAN

Full-time Equivalent Government Employees by Function/Program

Last Ten Fiscal Years

	2012	2013	2014	2015
Function				
Public safety	111	111	112	109
Community and economic development	2	2	1	2
Health and welfare	68	68	75	71
General government	86	88	89	84
Judicial	78	78	77	77
Legislative	1	-	-	-
Recreation and culture	8	8	7	9
100% tax payment	2	2	2	2
Golf course	3	3	1	1
Total	359	360	364	355

Source: Bay County Payroll Department

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

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

Table 17
Unaudited

2016	2017	2018	2019	2020	2021
101	115	118	118	118	117
2	1	2	2	2	2
70	70	73	73	84	86
90	93	97	98	99	101
77	75	72	72	72	71
-	-	-	-	-	-
11	11	10	13	10	9
2	2	2	2	2	2
2	2	2	2	2	2
<u>355</u>	<u>369</u>	<u>376</u>	<u>380</u>	<u>389</u>	<u>390</u>

BAY COUNTY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2012	2013	2014	2015
Function				
Public safety				
Number of incarcerated offenders	4,032	4,057	4,392	4,350
Health and welfare				
Department on aging				
Meal site meals served	37,867	37,928	36,404	36,644
Home delivered meals served	119,732	125,007	136,849	146,632
Public works				
Number of parking spaces leased	151	319	66	101
Judicial				
Circuit court total caseload	3,873	3,594	3,212	3,121
District court total caseload	25,720	24,612	23,635	25,641
Probate court total caseload	848	791	882	960
Recreation and culture				
Swimming pool admissions (1) (2)	3,033	4,150	3,935	4,100
Medical care facility				
Patient days	69,984	84,709	78,222	64,497
Patient admits	102	131	145	132
Golf course				
Memberships	193	176	131	118
Housing				
Number of lease days (4)	35,261	35,607	36,096	36,067

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

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

(1) This information contains some approximate values.

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

(3) This information is not available.

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

Table 18
Unaudited

2016	2017	2018	2019	2020	2021
4,205	4,298	4,420	4,079	1,909	1,231
35,687	39,987	37,875	42,348	22,925	28,195
146,109	141,358	176,781	197,506	216,596	214,430
69	91	60	93	5	75
3,241	3,175	3,093	2,907	2,318	(3)
21,452	23,832	23,523	21,957	13,938	(3)
823	879	862	859	872	(3)
4,460	3,786	6,401	3,723	-	2,898
100,287	88,648	64,343	84,281	59,175	51,882
139	115	97	100	64	45
105	104	102	103	72	98
36,221	35,983	35,468	35,114	35,289	8,378

BAY COUNTY, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	2012	2013	2014	2015
Function				
Public safety				
Sheriff				
Stations	1	1	1	1
Vehicles	25	34	35	34
Boats	3	3	3	3
Animal control				
Vehicles	4	5	5	5
Community and economic development				
Streets (miles)	1,567	1,567	1,568	1,574
Traffic signals	109	109	109	108
Health and welfare				
Department on aging				
Meal sites	5	5	5	5
Mosquito control				
Vehicles	32	32	32	33
Public works				
Pere Marquette/Madison Avenues				
Parking spaces available for lease	264	264	264	264
Recreation and culture				
Parks (1)	3	3	5	5
Medical care facility				
Beds	206	206	206	206
Golf course				
Golf carts	53	53	53	53
Housing				
Apartments	100	100	100	100

Sources: County departments

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

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

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

Table 19
Unaudited

2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
32	33	33	36	40	41
3	2	3	3	3	3
4	3	3	3	3	3
1,575	1,574	1,574	1,574	1,588	1,588
107	107	107	107	107	107
5	5	5	5	5	5
32	33	32	32	33	31
264	264	264	264	264	264
5	5	5	5	5	5
206	206	206	206	206	206
53	53	53	53	53	55
100	100	100	100	100	100