

**EATON COUNTY ROAD COMMISSION
CHARLOTTE, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and other
supplementary information)**

YEAR ENDED SEPTEMBER 30, 2023



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INDEPENDENT AUDITOR'S REPORT

Board of County Road Commissioners
Eaton County Road Commission
Charlotte, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Eaton County Road Commission (the Commission), a component unit of Eaton County, Michigan, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Eaton County Road Commission, as of September 30, 2023, and the respective changes in financial position, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission 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 Commission'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Commission'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 Commission'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, budgetary comparison schedules, and other post-employment benefit (OPEB) schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maney Costeiran PC

February 9, 2024

EATON COUNTY ROAD COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Eaton County Road Commission (Commission), we offer the readers of the Commission's financial statements this narrative and analysis of the financial activities of the Commission for the fiscal year ended September 30, 2023.

Financial Highlights

Net position, over time, enables governmental agencies to determine their overall fiscal position. As shown on the Commission's net position chart, the Commission's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$138,708,420 at the end of the fiscal year. There was an increase of \$7,751,052 in net position during 2023.

The general operating fund had an increase in fund balance for the year of \$2,504,543. Total fund balance is \$16,271,029.

Overview of the Financial Statements

This discussion and analysis is intended to provide a basis of understanding the Commission's basic financial statements. These statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Supplementary information is also provided for additional informational purposes.

To simplify financial reporting and improve readability, the government-wide financial statements and the fund statements have been combined to report the statement of net position and governmental fund balance sheet on a single page and the statement of activities and governmental fund revenues, expenditures, and changes in fund balance on a single page. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Statements

The statement of net position presents information on all of the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as one indicator of the Road Commission's overall fiscal position.

The statement of activities presents information showing how the Commission's net position changed during the most recent fiscal period. 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 in past or future fiscal periods (for instance, depreciation expense associated with capital assets).

The government-wide financial statements include only the Commission itself (known as the primary government). The Commission has no legally separate component units for which the Commission is financially accountable. In this report, financial information for the Commission is reported separately from the financial information presented for Eaton County, which reports the Commission as a component unit.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activity of the Commission is accounted for in a governmental fund (general fund).

EATON COUNTY ROAD COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

Governmental funds (general fund) are used to account for essentially the same function reported in the government-wide financial statements. However, unlike the government-wide financial statements, general 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 the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund 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 the governmental fund and the government-wide statements.

The Commission maintains one governmental fund (general fund). Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balance for the Commission. The general fund is a major fund for financial reporting purposes as defined by GASB Statement No. 34.

The Commission adopts an annual appropriated budget for its fund. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The Commission does not maintain any proprietary funds.

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 Commission's own programs. The Commission has one fiduciary fund – the Employee Health Care Benefit Trust fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Commission's financial statements. The notes to the financial statements are considered to be part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including this management's discussion and analysis and trend information for the Retired Employees' Healthcare Plan.

**EATON COUNTY ROAD COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u> <u>(as restated)</u>
ASSETS		
Current and other assets	\$ 30,167,526	\$ 18,854,804
Capital assets	119,475,681	114,631,831
TOTAL ASSETS	<u>149,643,207</u>	<u>133,486,635</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>620,925</u>	<u>1,032,704</u>
LIABILITIES		
Current liabilities	10,458,747	2,331,057
Noncurrent liabilities	78,412	151,016
TOTAL LIABILITIES	<u>10,537,159</u>	<u>2,482,073</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,018,553</u>	<u>1,153,424</u>
NET POSITION		
Investment in capital assets	119,475,681	114,631,831
Restricted	3,602,371	2,703,837
Unrestricted	15,630,368	13,621,700
TOTAL NET POSITION	<u>\$ 138,708,420</u>	<u>\$ 130,957,368</u>

Condensed Statement of Activities

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
PROGRAM REVENUES		
Charges for services	\$ 128,584	\$ 115,716
Operating grants and contributions	7,900,753	6,563,311
Capital grants and contributions	11,035,083	10,414,648
General revenues		
Property taxes	4,912,442	4,658,308
Interest	701,508	40,942
Other	80,475	403,031
TOTAL PROGRAM REVENUES	<u>24,758,845</u>	<u>22,195,956</u>
EXPENSES		
Current		
Public Works	17,007,793	15,748,369
CHANGE IN NET POSITION	<u>\$ 7,751,052</u>	<u>\$ 6,447,587</u>

EATON COUNTY ROAD COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the Commission's net position by \$7,751,052 during fiscal year 2023. This increase in net position is primarily due to staffing issues requiring projects to be pushed into future years.

Fund Level Financial Statements

Total fund balance at September 30, 2023, was \$16,271,029, compared to \$13,766,486 at September 30, 2022, and was comprised of three components. One component is nonspendable to indicate that it was not available for spending because it has already been committed to inventory purchases which are included as fund assets. The nonspendable fund balance was \$812,903 as of September 30, 2023. The next component of fund balance is \$10,379,190 that is assigned for subsequent year's expenditures. The remaining balance of the Commission's fund balance is considered unassigned. The unassigned fund balance at September 30, 2023, was \$5,078,936. Overall, there was an increase in the total fund balance of \$2,504,543 for 2023 due to operating revenues exceeding expenditures.

General Operating Fund Budget Highlights

Amendments to the original budget were made during the year as more information on funding sources and related projects became known. The Commission amended its 2023 fiscal year budget to reflect an increase in budgeted revenue of approximately \$10,125,356 and a decrease to budgeted expenditures of approximately \$2,342,241, both primarily related to an estimated reduction in Federal and State revenue sources.

Capital Assets and Debt Administration

Capital Assets

Capital assets in total, net of accumulated depreciation, increased from \$114,631,831 to \$119,475,681 due primarily to investments in infrastructure made possible by the county-wide property tax millage. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (including infrastructure) is allocated over their estimated useful lives and reported as depreciation expense. More detailed information regarding capital assets can be found in the notes to the financial statements.

Long-term Obligations

Long-term obligations at September 30, 2023, included compensated absences of \$243,033, which consists of accumulated vacation, sick leave (at 50%), and comp time which is earned but not yet paid. More detailed information of long-term debt can be found in the notes to the financial statements.

As of September 30, 2023, the Commission had no outstanding loans.

EATON COUNTY ROAD COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Road Fund Budgetary Highlights

The primary sources of revenue available to the road commission are distributions from the Michigan Transportation Fund (MTF), the road commission's share of the proceeds of the County Local Road Millage, and state and federal grants, together totaling over 96% of budgeted revenues in 2022-2023. All are currently stable.

Looking ahead MTF distributions for fiscal year 2024 have been estimated based on the most recent information provided by the Michigan Department of Transportation and the County Road Association of Michigan and show an increase of approximately 3%.

Annual revenue generated by the Local Road Millage which runs through 2026 increased by 5% in 2023 and is expected to increase by 6.5% in 2024.

Many state and federal grants are competitively awarded and can vary each year. Although recent federal legislation and state budget appropriations have increased funding for grant programs, unusually large increases in construction costs will offset some of the additional funding.

The Road Commission was awarded an MEDC grant to improve public infrastructure for a new battery platform factory that will support operations of one of the area's largest employers and accelerate the transition to electric vehicle manufacturing in Michigan. This grant is expected to be fully expended over the next three years.

The Commission does not expect an appreciable increase in the number of road and bridge projects funded primarily by federal grants in 2024 nor in the near future. Further, timing of receipt of grant revenues will continue to present budgeting challenges and require increased expenditures for the required local matching funds and grant administration work.

While the Commission's maintenance expenditures are sensitive to weather conditions, 2024 maintenance expenditures are expected to be similar to 2023.

Request for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the component unit's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Eaton County Road Commission, 1112 Reynolds Road, Charlotte, MI 48813.

BASIC FINANCIAL STATEMENTS

**EATON COUNTY ROAD COMMISSION
GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	General Operating Fund	Adjustment	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 9,008	\$ -	\$ 9,008
Deposits with fiscal agent	23,006,759	-	23,006,759
Accounts receivable	6,877	-	6,877
Due from other governmental units			
Federal/State	2,719,258	-	2,719,258
Local	10,350	-	10,350
Inventory	812,903	-	812,903
Capital assets not being depreciated	-	24,407,115	24,407,115
Capital assets, net of accumulated depreciation	-	95,068,566	95,068,566
Net OPEB asset	-	3,602,371	3,602,371
TOTAL ASSETS	26,565,155	123,078,052	149,643,207
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB	-	620,925	620,925
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 26,565,155	123,698,977	150,264,132
LIABILITIES			
Accounts payable	\$ 1,012,585	-	1,012,585
Accrued liabilities	83,170	-	83,170
Due to other governmental units	87,533	-	87,533
Advances from other governmental units	10,838	-	10,838
Unearned revenue	9,100,000	-	9,100,000
Current portion of accrued compensated absences	-	164,621	164,621
Noncurrent portion of accrued compensated absences	-	78,412	78,412
TOTAL LIABILITIES	10,294,126	243,033	10,537,159
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	-	1,018,553	1,018,553
FUND BALANCE			
Nonspendable - inventory	812,903	(812,903)	-
Assigned - subsequent year's expenditures	10,379,190	(10,379,190)	-
Unassigned	5,078,936	(5,078,936)	-
TOTAL FUND BALANCE	16,271,029	(16,271,029)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 26,565,155	(15,009,443)	11,555,712
NET POSITION			
Investment in capital assets		119,475,681	119,475,681
Restricted for other post-employment benefits		3,602,371	3,602,371
Unrestricted		15,630,368	15,630,368
TOTAL NET POSITION		\$ 138,708,420	\$ 138,708,420

See accompanying notes to financial statements.

**EATON COUNTY ROAD COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total fund balance - governmental fund \$ 16,271,029

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

Certain assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund.

Capital assets not being depreciated	24,407,115
Capital assets being depreciated	95,068,566

Some assets are not current financial resources and therefore are not reported as assets in the governmental funds. These amounts consist of:

Net OPEB asset	3,602,371
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Governmental funds report actual OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net OPEB asset as of the measurement date. OPEB contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual OPEB plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to OPEB	620,925
Deferred inflows of resources related to OPEB	(1,018,553)

Long-term obligations are not due and payable in the current period and therefore are not reported in the Governmental Fund Balance Sheet. Long-term obligations at year-end consist of:

Compensated absences	(243,033)
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Net position of governmental activities \$ 138,708,420

**EATON COUNTY ROAD COMMISSION
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>General Operating Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Current			
Public works	\$ 22,254,302	\$ (5,246,509)	\$ 17,007,793
PROGRAM REVENUES			
Charges for services	128,584	-	128,584
Operating grants and contributions	7,900,753	-	7,900,753
Capital grants and contributions	11,035,083	-	11,035,083
TOTAL PROGRAM REVENUES	<u>19,064,420</u>	<u>-</u>	<u>19,064,420</u>
NET PROGRAM (EXPENDITURES/ EXPENSES) REVENUES	<u>(3,189,882)</u>	<u>5,246,509</u>	<u>2,056,627</u>
General revenues			
Property taxes	4,912,442	-	4,912,442
Interest	701,508	-	701,508
Other	80,475	-	80,475
TOTAL GENERAL REVENUES	<u>5,694,425</u>	<u>-</u>	<u>5,694,425</u>
NET CHANGE IN FUND BALANCE/NET POSITION	2,504,543	5,246,509	7,751,052
Fund balance/Net position, beginning of the year (as restated)	<u>13,766,486</u>	<u>117,190,882</u>	<u>130,957,368</u>
Fund balance/Net position, end of the year	<u><u>\$ 16,271,029</u></u>	<u><u>\$ 122,437,391</u></u>	<u><u>\$ 138,708,420</u></u>

See accompanying notes to financial statements.

**EATON COUNTY ROAD COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balance - governmental fund \$ 2,504,543

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

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Purchases of capital assets	12,739,499
Depreciation expense	(7,895,452)
Disposal of capital assets	(197)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental fund. These activities consist of:

Change in compensated absences	43,110
Change in prepaid items	(178,120)
Change in deferred outflows of resources related to OPEB	(411,779)
Change in deferred inflows of resources related to OPEB	134,871
Change in net OPEB asset	814,577

Change in net position of governmental activities \$ 7,751,052

**EATON COUNTY ROAD COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023**

	<u>Employee Health Care Benefit Trust</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 49,977
Investments	<u>6,702,982</u>
TOTAL ASSETS	<u>6,752,959</u>
NET POSITION	
Restricted for retiree health care benefits	<u><u>\$ 6,752,959</u></u>

See accompanying notes to financial statements.

**EATON COUNTY ROAD COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Employee Health Care Benefit Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 266,857
Investment earnings	
Net change in fair value of investments	<u>667,902</u>
TOTAL ADDITIONS	<u>934,759</u>
DEDUCTIONS	
Benefit payments	266,857
Administrative expenses	<u>48,627</u>
TOTAL DEDUCTIONS	<u>315,484</u>
CHANGE IN NET POSITION	619,275
Net position, beginning of year	<u>6,133,684</u>
Net position, end of year	<u><u>\$ 6,752,959</u></u>

See accompanying notes to financial statements.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eaton County Road Commission (Commission) is a component unit of Eaton County, Michigan. The Commission is used to control the expenditure of revenues from the State distribution of gas and weight taxes, federal financial assistance, and contributions from other local units of government for road projects performed throughout the county.

The Road Commission was established pursuant to the county road law (MCL 224.1) and is governed by a five member Board of County Road Commissioners appointed by the County Board of Commissioners. The Road Commission provides services to 16 townships in Eaton County and maintains over 1,170 miles of local and primary roads.

The financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

Reporting Entity

The Commission is required by Public Act 51 of the State of Michigan to have an audit performed of its operations. This financial report has been prepared to meet this State requirement.

As required by accounting principles generally accepted in the United States of America, these financial statements are exclusive presentations of the financial condition and results of operations of the Commission. The Commission is discretely presented in Eaton County's (the primary government) financial statements. A copy of the County's audited financial statements may be obtained at the County Courthouse in Charlotte, Michigan.

Fiduciary Component Units

The Employee Health Care Benefit Trust Fund was established to account for the assets set aside to fund the Eaton County Road Commission's Other Post-Employment Benefits Plan. The primary purpose of the Trust is to provide the necessary funding for the retiree health benefits provided to eligible Commission employees during retirement. The Trust was established through Brinker Capital Investments, LLC with the Commission's Board of Road Commissioners serving as the trustees. The assets of the Trust are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purchase prior to the satisfaction of all liabilities. The assets are protected from any of the Commission's creditors. The Board of Road Commissioners has the ability to exercise oversight responsibility, specifically in the area of designation of management.

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities are supported by charges for services and intergovernmental revenues.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Basis of Presentation (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

As permitted by GASB Statement No. 34, the Commission uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the statement of net position and governmental fund balance sheet and the statement of activities and governmental fund revenues, expenditures, and changes in fund balance. The major individual governmental fund is reported as a separate column in the aforementioned financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and fiduciary fund financial statements (statement of net position and statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund (general 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. However, debt service expenditures, as well as expenditures related to compensated absences not expected to be paid in the current year, and claims and judgments, are recorded only when payment is due.

State and grant revenue, property taxes, licenses, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the Commission to disburse fiduciary resources.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following *Major Governmental Fund*:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the Commission.

In addition, the Commission reports the Employee Health Care Benefit Trust Fund, a component unit fiduciary fund, to account for assets held in a trustee capacity and fund future medical insurance for eligible retirees and their beneficiaries.

Property Tax Revenue

Property taxes are levied on December 1 of each year (the lien date) and are due in full by March 1 of the year following the levy, at which time uncollected taxes become delinquent. Property taxes recorded for the fiscal year ended September 30, 2023, were levied and billed on December 1, 2022. All property taxes are billed and collected by cities, villages, and townships and remitted to Eaton County. Eaton County remits property taxes to the Commission. For the year ended September 30, 2023, Eaton County levied 1.4985 mills per \$1,000 of assessed valuation for road operations. The total taxable value for the 2022 levy for property within the County was \$4,208,049,009.

Tax Abatements

The Commission's tax revenues have been reduced by tax abatements throughout the County. Management has determined these amounts to be immaterial to the financial statements.

Budgetary Data

The governmental fund is under formal budgetary control. The budget shown in the financial statements was adopted on a basis consistent with generally accepted accounting principles (GAAP), which is the modified accrual basis used to reflect actual results and consists only of those amounts contained in the formal budget as originally adopted or as amended by the Board of County Road Commissioners. The budget for the General Operating Fund is adopted at the activity level, and in accordance with the Uniform Budgeting and Accounting Act as prescribed by the State of Michigan.

Cash, Cash Equivalents, and Investments

Cash consists of the Commission's checking account and imprest cash. Investments consist of external investment pools. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Cash, Cash Equivalents, and Investments (continued)

The Uniform Accounting Procedures Manual for Michigan County Road Commissions provides that the County Treasurer maintain the cash of the Commission. All the Commission's receipts are deposited with the Eaton County Treasurer's Office, and in order to make disbursements, the Commission requests the County Treasurer to transfer the required funds to an imprest vendor or payroll checking account. Also, in order to invest cash, a request is made of the County Treasurer. All funds of the Commission are held with the County Treasurer in separate accounts in the Commission's name.

Statutes authorize the Commission to invest funds in the following:

- a. Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The Health Care Benefits Trust Fund is authorized by the Michigan Public Employees' Retirement System's Investment Act 314 of 1965, as amended, to invest in stocks, government and corporate securities, mortgages, real estate, and various other instruments, subject to certain limitations.

Inventory

Inventory consists of various operating parts, supplies, and road materials, and the cost is recognized using the consumption method (inventories recorded as expenditures when they are used). Inventories are stated at average cost determined on a first in, first out method, except for road materials, which are determined on the average cost method and are not in excess of fair value.

Unearned Revenue

Unearned revenue is reported in connection with resources that have been received, but not yet earned.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Fund Balance

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. As applicable, committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Road Commissioners. The Commission 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. Unassigned fund balance is the residual classification for the general fund.

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

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (roads, bridges, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date received.

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

The Uniform Accounting Procedures Manual for Michigan County Road Commissions provide for recording depreciation in the General Operating Fund as a charge to various expense accounts and a credit to the depreciation contra expense account. Accordingly, the annual depreciation expense does not affect the available operating fund balance of the General Operating Fund.

Depreciation is recorded over the estimated useful lives (ranging from 4 to 50 years) of the assets, using the sum-of-years digits methods for road equipment and the straight-line method for all other capital assets and infrastructure as follows:

Buildings and improvements	50 years
Equipment	4-10 years
Infrastructure	
Roads	8-30 years
Bridges	25-50 years
Traffic signals	15 years

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Commission reports deferred amounts which correspond to the Commission's net OPEB liability/asset and are related to differences between expected and actual experience, changes in assumptions, and differences between projected and actual plan investment earnings. These amounts are deferred in the government-wide financial statements and are recognized as an outflow or inflow of resources in the period to which they apply.

Compensated Absences

Under existing general Commission rules and regulations and its labor agreement, all regular full-time employees are eligible for paid leave in varying amounts based on the number of years of service completed by each employee.

Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Eaton County Road Commission Other Post-Employment Benefit and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Commission. 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.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits and investments referred to below have been reported on the financial statements based upon criteria disclosed in Note 1. The following summarizes the categories of these amounts as of September 30, 2023.

	Primary Government	Fiduciary Fund	Total
Cash and cash equivalents	\$ 9,008	\$ 49,977	\$ 58,985
Deposits with fiscal agent	23,006,759	-	23,006,759
Investments	-	6,702,982	6,702,982
	\$ 23,015,767	\$ 6,752,959	\$ 29,768,726

As of September 30, 2023, the Commission had deposits and investments summarized by the following categorization:

Deposits	
Checking	\$ 58,735
Held by County Treasurer	23,006,759
Cash on hand	250
Investments	6,702,982
	\$ 29,768,726

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. As of September 30, 2023, \$983,442 of the Commission's bank balance of \$1,233,442 was exposed to custodial credit risk because it was uninsured and uncollateralized. A portion of the deposits reported by the Commission are held by the County and under the control of the County Treasurer. It is impractical to determine the amount covered by federal depository insurance as these funds are only a portion of the County's deposits. Complete disclosures for the County as a whole are presented in the County's audited financial statements.

Custodial Credit Risk - Investments

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

The Commission will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Commission will do business.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury notes	\$ 487,938	3.78
Commercial paper	1,107,360	3.49
U.S. Mortgage backed securities	427,127	1.39
Michigan CLASS investment pool	<u>22,996,362</u>	0.13
	<u>\$ 25,018,787</u>	
Portfolio weighted average maturity		<u>0.36</u>

One day maturity equals 0.0027, one year equals 1.00.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>
Michigan CLASS investment pool	\$ 22,996,362	AAAm
Commercial paper	132,445	AA-
Commercial paper	167,236	A+
Commercial paper	317,809	A
Commercial paper	70,557	A-
Commercial paper	235,012	BBB+
Commercial paper	<u>184,301</u>	BBB
Total fair value	<u>\$ 24,103,722</u>	

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

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

Foreign Currency Risk

The Commission is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The Commission is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Commission's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance at Sept. 30, 2023</u>
Investment by fair value level				
U.S. Treasury notes	\$ 487,938	\$ -	\$ -	\$ 487,938
U.S. Mortgage backed securities	-	427,127	-	427,127
Commercial paper	-	1,107,360	-	1,107,360
Total investments by fair value level	<u>\$ 487,938</u>	<u>\$ 1,534,487</u>	<u>\$ -</u>	<u>2,022,425</u>
Investments at net asset value (NAV)				
Michigan CLASS investment pool				22,996,362
Mutual funds				<u>4,680,557</u>
Total investments at net asset value (NAV)				<u>27,676,919</u>
Total investments				<u>\$ 29,699,344</u>

Investments in Entities that Calculate Net Asset Value Per Share

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

At the year ended September 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Michigan CLASS investment pool	\$ 22,996,362	\$ -	No restrictions	None
Mutual funds	<u>4,680,557</u>	<u>-</u>	No restrictions	None
	<u>\$ 27,676,919</u>	<u>\$ -</u>		

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023, was as follows:

	Restated Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 243,002	\$ -	\$ -	\$ 243,002
Land improvements - right of ways	779,102	-	-	779,102
Land improvements - infrastructure	23,385,011	-	-	23,385,011
Total capital assets not being depreciated	<u>24,407,115</u>	<u>-</u>	<u>-</u>	<u>24,407,115</u>
Capital assets being depreciated/depleted				
Depletable assets	50,559	-	-	50,559
Buildings and improvements	6,821,143	24,172	-	6,845,315
Equipment				
Road	9,787,496	1,641,975	(399,361)	11,030,110
Shop	116,348	-	-	116,348
Office	246,596	-	-	246,596
Engineering	96,722	25,981	-	122,703
Yard and storage	587,280	12,288	-	599,568
Infrastructure - roads	115,164,779	11,035,083	(6,727,660)	119,472,202
Infrastructure - bridges	26,385,815	-	-	26,385,815
Infrastructure - traffic signals	2,682,915	-	(1,345,000)	1,337,915
Total capital assets being depreciated/depleted	<u>161,939,653</u>	<u>12,739,499</u>	<u>(8,472,021)</u>	<u>166,207,131</u>
Less accumulated depreciation/depletion				
Depletable assets	50,559	-	-	50,559
Buildings and improvements	3,039,328	127,074	-	3,166,402
Equipment				
Road	7,883,599	774,228	(399,164)	8,258,663
Shop	98,315	2,890	-	101,205
Office	240,999	2,021	-	243,020
Engineering	89,165	8,487	-	97,652
Yard and storage	575,341	2,730	-	578,071
Infrastructure - roads	45,735,484	6,442,079	(6,727,660)	45,449,903
Infrastructure - bridges	12,087,942	434,289	-	12,522,231
Infrastructure - traffic signals	1,914,205	101,654	(1,345,000)	670,859
Total accumulated depreciation/depletion	<u>71,714,937</u>	<u>7,895,452</u>	<u>(8,471,824)</u>	<u>71,138,565</u>
Total assets being depreciated, net	<u>90,224,716</u>	<u>4,844,047</u>	<u>(197)</u>	<u>95,068,566</u>
Capital assets, net	<u>\$ 114,631,831</u>	<u>\$ 4,844,047</u>	<u>\$ (197)</u>	<u>\$ 119,475,681</u>

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation expense was charged to the following activities:

Net equipment expense		
Direct equipment	\$	787,886
Indirect equipment		97,880
Net administrative expense		31,664
Infrastructure		<u>6,978,022</u>
	\$	<u><u>7,895,452</u></u>

NOTE 4 - LONG-TERM OBLIGATIONS

Long-term obligations of the Commission as of September 30, 2023, and for the year then ended consists of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated absences	<u>\$ 286,143</u>	<u>\$ 150,712</u>	<u>\$ (193,822)</u>	<u>\$ 243,033</u>	<u>\$ 164,621</u>

Compensated Absences - Vacation and Sick Leave

Employees are granted vacation and sick leave in varying amounts based upon the Commission’s administrative policy and union contract. Vacation time is credited annually to each employee but cannot be accumulated for more than one year. Employees are limited to 160 days of sick leave accumulation. Upon retirement, termination (resignation), death, or permanent disability, all employees are paid out 50% of their accumulated sick leave. Unused vacation is paid out at 100% after the end of each fiscal year.

NOTE 5 - FEDERAL FUNDING

The Commission is an indirect beneficiary of federal funds that are expended directly by the Michigan Department of Transportation. These expenditures are included in the single audit for the State of Michigan. Because the Commission expended less than \$750,000 in directly administered federal awards, a single audit was not required for the year ended September 30, 2023.

NOTE 6 - ECONOMIC DEPENDENCY

The Commission receives a substantial amount of its revenues from federal and state grants. A significant reduction in the level of this support, if this were to occur, could have an effect on the Eaton County Road Commission’s ability to continue its activities.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN

The Road Commission provides pension benefits for substantially all of its full-time employees through a defined contribution plan, called the Eaton County Road Commission Money Purchase Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after reaching the age of 18 and completing one year of service. Vesting is 100% on entry. The plan requires the Road Commission to contribute, on behalf of each covered employee, 12% of the employees' covered compensation. There is no contribution requirement of the plan members. Plan provisions and contribution requirements are established and may be amended by the Board of County Road Commissioners.

The Road Commission's contributions to the plan were \$217,890 for the year ended September 30, 2023.

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Commission administers the Eaton County Road Commission Other Post-Employment Benefit, a single-employer defined benefit healthcare plan. In addition to the retirement benefits described in Note 7, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. In accordance with the Commission's policy, eligible retirees and their spouses are eligible to receive healthcare benefits at the age of normal retirement of 59½ years with 10 years of service.

Management of the Plan is vested in the Board of County Road Commissioners, which consists of five members appointed by the Eaton County Board of Commissioners.

Plan Membership

As of the most recent actuarial valuation on September 30, 2023, the Plan membership consisted of the following:

Inactive plan members receiving benefits	32
Active plan members	<u>32</u>
Total	<u><u>64</u></u>

Benefits Provided

The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the cost of benefits is dependent upon the employee's retirement date. The benefit terms are established in the Collective Bargaining Agreement.

Retirees who retired before March 9, 2004, are subject to no maximum benefit limitations; retirees who retired between March 9, 2004, and October 1, 2015, receive 4% of the health insurance premium up to a maximum employer contribution of \$500 per month for one person coverage and \$1,000 per month for two person coverage; and retirees who retire after October 1, 2015, receive a maximum employer contribution of \$550 per month for one person coverage, and \$1,100 per month for two person coverage reduced by 4% for each year of service at retirement that is less than 25 years. The Commission may prefund benefits as determined annually by the Board of County Road Commissioners.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Contributions

The Plan was established and is being funded under the authority of the Commission and under agreements with unions representing various classes of employees. The Plan's funding policy is that the employer will not make contributions to the OPEB Trust for the foreseeable future, and thus, the recommended contribution for the year is \$0. Currently, benefit payments are made from general operating funds - pay-as-you-go, but due to the plan's funding status in excess of 100%, payments may now be made from the OPEB Trust. There are no long-term contracts for contributions to the plan.

The Commission may prefund benefits as determined annually by the Board of County Road Commissioners. For the year ended September 30, 2023, the Commission contributed \$266,857 to the Plan.

Investments

The Commission's investment policy in regard to the allocation of the Plan's invested assets is established and may be amended by the Board of County Road Commissioners. It is the policy of the Board of County Road Commissioners to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB plan 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 expense 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 for each major asset class included in the target allocation as of September 30, 2023, along with the Plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global equity	56.6%	7.80%
Global fixed income	38.0%	4.80%
Private investments	2.1%	6.90%
Diversifying strategies	2.5%	6.30%
Real estate	0.8%	2.90%
	100.00%	

The sum of each target allocation times its long-term expected rate, included inflation, is 6.56%.

For the year ended September 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Net OPEB Asset

The Commission's net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023. The total OPEB liability was calculated based on the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	Included in investment rate of return
Salary increases:	3.25%
Investment rate of return:	6.56% including inflation
20-year Aa Municipal bond rate:	4.87%
Mortality:	2010 Public general employee and healthy retiree, headcount weighted with IRS 2024 Adjusted Scale MP-2021.
Discount Rate:	The discount rate used to measure the total OPEB liability was 6.56%. The projection of cash flows used to determine the discount rate indicates that the retirement plan's fiduciary net position should be sufficient to make all projected future benefit payments of current plan members, therefore, there is no crossover point or depletion date. Projected benefits were discounted at a discount rate equal to the long-term rate of return, plus inflation, as shown above.

Changes in Benefits

There were no changes in benefits during plan year 2023.

Changes in Assumptions

The actuarial assumptions were changed during the plan year as follows:

- Discount rate updated from 7.45% to 6.56%.
- Morality Improvement Scales updated from MP-2021 to IRS 2024 Adjusted Scale MP-2021.
- Medical trend updated to reflect PA202 prescribed rates for year 2023.
- Salary Scale updated from 3.0% to 3.25%.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances as of September 30, 2022	\$ 3,345,890	\$ 6,133,684	\$ (2,787,794)
Changes for the Year			
Service cost (beginning of year)	20,540	-	20,540
Interest	240,859	-	240,859
Experience (gains)/losses	(361,130)	-	(361,130)
Changes in actuarial assumptions	171,286	-	171,286
Contributions/benefit paid from general operating funds	-	266,857	(266,857)
Net investment income	-	667,902	(667,902)
Benefit payments, including refunds of employee contributions	(266,857)	(266,857)	-
Administrative expense	-	(48,627)	48,627
Total changes	(195,302)	619,275	(814,577)
Balances as of September 30, 2023	\$ 3,150,588	\$ 6,752,959	\$ (3,602,371)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the Commission, calculated using the discount rate 6.56%, as well as what the Commission's net OPEB asset would be if it were calculated using a discount rate that is 1% lower and 1% higher than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB Liability (Asset)	\$ (3,350,046)	\$ (3,602,371)	\$ (3,821,394)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset of the Commission, as well as what the Commission's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB Liability (Asset)	\$ (3,620,134)	\$ (3,602,371)	\$ (3,585,037)

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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

For the year ended September 30, 2023, the Commission recognized OPEB benefit of \$270,812. As of September 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,282	\$ 523,321
Changes in assumptions	137,962	495,232
Net difference between projected and actual investment earnings on OPEB plan investments	432,681	-
Total	\$ 620,925	\$ 1,018,553

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

Year Ending September 30,	OPEB Expense
2024	\$ (204,541)
2025	(229,842)
2026	121,409
2027	(79,485)
2028	(5,169)
	\$ (397,628)

NOTE 9 - CONTINGENT LIABILITIES

Under the terms of various federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such grants could lead to reimbursement to the grantor agencies. However, the Commission's management does not believe such disallowances, if any, will be material to the financial position of the Commission.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1982, the Michigan County Road Commission Self-Insurance Pool (MCRCSIP) was established by the road commissions in the State of Michigan as a public entity risk pool to operate a common risk management and insurance program for road commissions. Eaton County Road Commission pays annual premiums to MCRCSIP for its general insurance coverage, including coverage and services for general liability, auto liability, property, stop loss protection, claims administration, and risk management and loss control. The agreement for formation of the MCRCSIP provides the MCRCSIP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event. The Commission has not been informed of any special assessments being required.

Also, the Commission participates in the County Road Association Self-Insurance Fund (CRASIF), a public entity risk pool established for worker's compensation insurance to operate a common risk management and insurance program for road commissions. The Commission pays quarterly premiums to CRASIF for its workers' compensation insurance coverage. The agreement for formation of the CRASIF provides the CRASIF will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The Commission has not been informed of any special assessments being required.

The Commission continues to carry commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 11 - RESTATEMENT OF BEGINNING NET POSITION

Beginning net position of the governmental activities has been restated to correct the understatement of capital assets and overstatement of accrued liabilities as of September 30, 2023. Beginning fund balance of the general fund has been restated to correct the overstatement of accrued liabilities as of September 30, 2023.

	Governmental Activities	General Fund
Net position/fund balance at October 1, 2022	\$ 129,603,488	\$ 13,729,723
Understated capital assets	1,317,117	-
Overstated accrued liabilities	36,763	36,763
Restated beginning net position/fund balance at October 1, 2022	\$ 130,957,368	\$ 13,766,486

NOTE 12 - COMMITMENTS

The Commission has entered into various contracts totaling approximately \$4.3 million for a variety of maintenance and improvement projects. Future revenues are expected to be sufficient to cover these commitments.

**EATON COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended September 30, 2023, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued by the GASB in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the Commission's financial statements after the adoption of GASB Statement No. 96.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Commission is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Commission is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Commission is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**EATON COUNTY ROAD COMMISSION
GENERAL OPERATING FUND
BUDGETARY COMPARISON SCHEDULE - REVENUES
YEAR ENDED SEPTEMBER 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Property taxes	\$ 4,922,768	\$ 4,922,768	\$ 4,912,442	\$ (10,326)
Licenses and permits				
Permits	85,000	127,180	127,180	-
Intergovernmental				
Federal sources				
Surface Transportation Program	2,857,756	3,300,000	2,547,507	(752,493)
Other	250,000	250,030	250,030	-
State sources				
Michigan Transportation Fund	15,320,890	15,292,173	15,493,400	201,227
Other				
TEDF - D	272,985	272,985	256,661	(16,324)
State Trunkline Funds	189,000	189,000	250,030	61,030
Michigan Economic Development Fund	-	9,100,000	-	(9,100,000)
Local sources				
Township contributions	170,849	217,717	138,208	(79,509)
Total intergovernmental	19,061,480	28,621,905	18,935,836	(9,686,069)
Charges for services	-	-	1,404	1,404
Interest	60,000	666,839	701,508	34,669
Other				
Miscellaneous	100,000	15,912	15,973	61
Proceeds from sale of equipment	-	-	64,502	64,502
Total other	100,000	15,912	80,475	64,563
TOTAL REVENUES	\$ 24,229,248	\$ 34,354,604	\$ 24,758,845	\$ (9,595,759)

**EATON COUNTY ROAD COMMISSION
GENERAL OPERATING FUND
BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current				
Primary road				
Preservation - structural improvements	\$ 6,112,070	\$ 5,361,459	\$ 4,772,652	\$ 588,807
Routine and preventative maintenance	7,474,000	4,921,577	5,247,715	(326,138)
Total primary road	<u>13,586,070</u>	<u>10,283,036</u>	<u>10,020,367</u>	<u>262,669</u>
Local road				
Preservation - structural improvements	4,951,840	6,000,000	6,319,089	(319,089)
Routine and preventative maintenance	2,729,000	4,286,933	4,402,876	(115,943)
Total local road	<u>7,680,840</u>	<u>10,286,933</u>	<u>10,721,965</u>	<u>(435,032)</u>
Administrative - net	<u>810,000</u>	<u>750,000</u>	<u>677,592</u>	<u>72,408</u>
Equipment				
Direct	1,200,000	1,134,601	1,260,466	(125,865)
Indirect	1,250,000	1,390,498	1,404,925	(14,427)
Operating	350,000	446,598	456,847	(10,249)
Less equipment rental	<u>(2,500,000)</u>	<u>(3,084,492)</u>	<u>(3,327,566)</u>	<u>243,074</u>
Total equipment - net	<u>300,000</u>	<u>(112,795)</u>	<u>(205,328)</u>	<u>92,533</u>
Drain assessment	<u>300,000</u>	<u>294,850</u>	<u>253,118</u>	<u>41,732</u>
Other				
Miscellaneous	<u>100,000</u>	<u>26,512</u>	<u>29,194</u>	<u>(2,682)</u>
Capital outlay	2,533,000	1,666,935	1,719,626	(52,691)
Less				
Depreciation and depletion	<u>(650,000)</u>	<u>(877,802)</u>	<u>(962,232)</u>	<u>84,430</u>
Total capital outlay - net	<u>1,883,000</u>	<u>789,133</u>	<u>757,394</u>	<u>31,739</u>
TOTAL EXPENDITURES	<u><u>\$ 24,659,910</u></u>	<u><u>\$ 22,317,669</u></u>	<u><u>\$ 22,254,302</u></u>	<u><u>\$ 63,367</u></u>

EATON COUNTY ROAD COMMISSION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST SEVEN MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH YEAR)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 20,540	\$ 33,664	\$ 43,953	\$ 26,799	\$ 21,513	\$ 42,239	\$ 40,396
Interest	240,859	214,327	212,081	261,934	254,120	213,452	214,454
Difference between expected and actual experience	(361,130)	(87,141)	(449,868)	(34,364)	232,452	(3,768)	-
Change of assumptions	171,286	(521,720)	(416,111)	884,060	(91,979)	(843,460)	-
Benefit payments, including employee refunds	(266,857)	(256,590)	(297,191)	(289,569)	(297,776)	(287,798)	(269,549)
Net change in total OPEB liability	(195,302)	(617,460)	(907,136)	848,860	118,330	(879,335)	(14,699)
Total OPEB liability, beginning	3,345,890	3,963,350	4,870,486	4,021,626	3,903,296	4,782,631	4,797,330
Total OPEB liability, ending	<u>\$ 3,150,588</u>	<u>\$ 3,345,890</u>	<u>\$ 3,963,350</u>	<u>\$ 4,870,486</u>	<u>\$ 4,021,626</u>	<u>\$ 3,903,296</u>	<u>\$ 4,782,631</u>
Plan fiduciary net position							
Contributions to OPEB trust	\$ -	\$ 75,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Contributions/benefits paid from general operating fund	266,857	256,590	297,191	289,569	297,776	287,798	269,549
Net investment income	667,902	(1,166,517)	1,146,081	308,932	162,751	330,941	506,104
Benefit payments made from general operating funds	(266,857)	(256,590)	(297,191)	(289,569)	(297,776)	(287,798)	(269,549)
Administrative expenses	(48,627)	(65,511)	(61,343)	(50,741)	(36,805)	(43,389)	(38,049)
Net change in plan fiduciary net position	619,275	(1,157,028)	1,384,738	558,191	425,946	587,552	468,055
Plan fiduciary net position, beginning	6,133,684	7,290,712	5,905,974	5,347,783	4,921,837	4,334,285	3,866,230
Plan fiduciary net position, ending	<u>\$ 6,752,959</u>	<u>\$ 6,133,684</u>	<u>\$ 7,290,712</u>	<u>\$ 5,905,974</u>	<u>\$ 5,347,783</u>	<u>\$ 4,921,837</u>	<u>\$ 4,334,285</u>
Net OPEB liability (asset)	<u>\$ (3,602,371)</u>	<u>\$ (2,787,794)</u>	<u>\$ (3,327,362)</u>	<u>\$ (1,035,488)</u>	<u>\$ (1,326,157)</u>	<u>\$ (1,018,541)</u>	<u>\$ 448,346</u>
Plan fiduciary net position as a percentage of total OPEB liability	214.34%	183.32%	183.95%	121.26%	132.98%	126.10%	90.63%
Covered payroll	\$ 1,863,675	\$ 2,142,875	\$ 2,131,338	\$ 2,021,141	\$ 2,085,514	\$ 2,017,244	\$ 1,981,402
Net OPEB liability (asset) as a percentage of covered payroll	-193.29%	-130.10%	-156.12%	-51.23%	-63.59%	-50.49%	22.63%

**EATON COUNTY ROAD COMMISSION
 SCHEUDLE OF CONTRIBUTIONS
 LAST SEVEN FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
 (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,085	\$ 121,673
Contributions in relation to the actuarially determined contribution	<u>266,857</u>	<u>331,590</u>	<u>597,191</u>	<u>589,569</u>	<u>597,776</u>	<u>587,798</u>	<u>269,549</u>
Contribution deficiency (excess)	<u>\$ (266,857)</u>	<u>\$ (331,590)</u>	<u>\$ (597,191)</u>	<u>\$ (589,569)</u>	<u>\$ (597,776)</u>	<u>\$ (570,713)</u>	<u>\$ (147,876)</u>
Covered payroll	\$ 1,863,675	\$ 2,142,875	\$ 2,131,338	\$ 2,021,141	\$ 2,085,514	\$ 2,017,244	\$ 1,981,402
Contributions as a percentage of covered payroll	14.32%	15.47%	28.02%	29.17%	28.66%	29.14%	13.60%

**EATON COUNTY ROAD COMMISSION
 SCHEUDLE OF INVESTMENT RETURNS
 RETIRED EMPLOYEES HEALTHCARE PLAN
 LAST SEVEN FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
 YEAR ENDED SEPTEMBER 30, 2023**

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	10.37%	-16.73%	17.37%	5.49%	3.17%	7.15%	8.54%

**EATON COUNTY ROAD COMMISSION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - OTHER POST-EMPLOYMENT BENEFITS

Methods and assumptions used to determine contribution rates:

The total OPEB liability was calculated based on the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	September 30, 2023
Measurement date:	September 30, 2023
Actuarial cost method:	Entry age normal
Actuarial valuation method:	Market value
Amortization method:	Level percentage of pay
Remaining amortization period:	11 years
Discount rate:	7.45%
Inflation:	Included in investment rate of return
Salary increases:	3.25%
Investment rate of return:	6.56% including inflation
20-year Aa Municipal bond rate:	4.87%
Healthcare cost trend rates:	Pre-Medicare - 7.25% graded down to 4.50% by 0.25% per year; Post-Medicare - 6.50% graded down to 4.50% by 0.25% per year Dental and Vision: 3.00%
Mortality:	2010 Public general employee and healthy retiree, headcount weighted with IRS 2024 Adjusted Scale MP-2021
Changes in benefits:	There were no changes in benefits during plan year 2023.
Changes in assumptions:	Discount rate updated from 7.45% to 6.56% Morality Improvement Scales updated from MP-2021 to IRS 2024 Adjusted Scale MP-2021 Medical trend updated to reflect PA202 prescribed rates for year 2023 Salary Scale updated from 3.0% to 3.25%

OTHER SUPPLEMENTARY INFORMATION

**EATON COUNTY ROAD COMMISSION
GENERAL OPERATING FUND
ANALYSIS OF CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Primary Road Fund</u>	<u>Local Road Fund</u>	<u>County Road Commission</u>	<u>Total</u>
TOTAL REVENUES	\$ 14,824,359	\$ 9,657,089	\$ 277,397	\$ 24,758,845
TOTAL EXPENDITURES	<u>10,369,466</u>	<u>11,130,389</u>	<u>754,447</u>	<u>22,254,302</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,454,893	(1,473,300)	(477,050)	2,504,543
OTHER FINANCING SOURCES (USES)				
Optional transfers in (out)	<u>(1,473,300)</u>	<u>1,473,300</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,981,593	-	(477,050)	2,504,543
Fund balance, beginning of year (as restated)	<u>11,833,008</u>	<u>720,454</u>	<u>1,213,024</u>	<u>13,766,486</u>
Fund balance, end of year	<u><u>\$ 14,814,601</u></u>	<u><u>\$ 720,454</u></u>	<u><u>\$ 735,974</u></u>	<u><u>\$ 16,271,029</u></u>

**EATON COUNTY ROAD COMMISSION
GENERAL OPERATING FUND
ANALYSIS OF REVENUES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Primary Road Fund</u>	<u>Local Road Fund</u>	<u>County Road Commission</u>	<u>Total</u>
REVENUES				
Taxes				
Property taxes	<u>\$ -</u>	<u>\$ 4,912,442</u>	<u>\$ -</u>	<u>\$ 4,912,442</u>
Licenses and permits				
Permits	<u>-</u>	<u>-</u>	<u>127,180</u>	<u>127,180</u>
Intergovernmental				
Federal sources	2,797,537	-	-	2,797,537
State sources	11,416,794	4,583,297	-	16,000,091
Local sources	<u>7,027</u>	<u>124,652</u>	<u>6,529</u>	<u>138,208</u>
Total intergovernmental	<u>14,221,358</u>	<u>4,707,949</u>	<u>6,529</u>	<u>18,935,836</u>
Charges for services	<u>-</u>	<u>-</u>	<u>1,404</u>	<u>1,404</u>
Interest	<u>603,001</u>	<u>36,698</u>	<u>61,809</u>	<u>701,508</u>
Other				
Miscellaneous	-	-	15,973	15,973
Proceeds from sale of equipment	<u>-</u>	<u>-</u>	<u>64,502</u>	<u>64,502</u>
Total other	<u>-</u>	<u>-</u>	<u>80,475</u>	<u>80,475</u>
TOTAL REVENUES	<u><u>\$ 14,824,359</u></u>	<u><u>\$ 9,657,089</u></u>	<u><u>\$ 277,397</u></u>	<u><u>\$ 24,758,845</u></u>

**EATON COUNTY ROAD COMMISSION
ANALYSIS OF EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Primary Road Fund</u>	<u>Local Road Fund</u>	<u>County Road Commission</u>	<u>Total</u>
EXPENDITURES				
Preservation - structural improvements	\$ 4,772,652	\$ 6,319,089	\$ -	\$ 11,091,741
Routine and preventative maintenance	5,247,715	4,402,876	-	9,650,591
Administrative expense - net	327,336	350,256	-	677,592
Equipment expense - net	(62,768)	(110,419)	(32,141)	(205,328)
Drain assessment	84,531	168,587	-	253,118
Other	-	-	29,194	29,194
Capital outlay - net	-	-	757,394	757,394
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 10,369,466</u>	<u>\$ 11,130,389</u>	<u>\$ 754,447</u>	<u>\$ 22,254,302</u>