

**Antrim County Road Commission**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2021**

ANTRIM COUNTY ROAD COMMISSION

BOARD OF COUNTY ROAD COMMISSIONERS

Godfrey Hoogerhyde  
Chairman

Dieter Amos  
Vice Chairman

Kevin Giar  
Commissioner

Burt R. Thompson, P.E.  
Engineer/Manager

Dale E. Farrier  
Office Manager

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**CERTIFIED PUBLIC ACCOUNTANTS**

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**MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT**

Board of County Road Commissioners  
Antrim County Road Commission  
Mancelona, Michigan 49659

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the accompanying financial statements of the governmental activities, major fund and the aggregate remaining fund information of the Antrim County Road Commission (a component unit of Antrim County, Michigan) as of and for the year ended December 31, 2021, and related notes to the financial statements, which collectively comprise the Antrim County Road Commission'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, major fund and the aggregate remaining fund information of the Antrim County Road Commission, as of December 31, 2021, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Antrim County Road 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 Antrim County Road 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Antrim County Road 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 Antrim County Road 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, employee retirement and benefit systems, and budgetary comparison information on pages 4 through 9, pages 35 through 42 and pages 43 through 44 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Antrim County Road Commission's basic financial statements. The analysis schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 standard generally accepted in the United States of America. In our opinion, the analysis schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2022 on our consideration of the Antrim County Road Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Antrim County Road Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Antrim County Road Commission's internal control over financial reporting and compliance.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

April 19, 2022

## **Management's Discussion and Analysis**

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### Using This Annual Report

Our discussion and analysis of Antrim County Road Commission's financial performance provides an overview of the Road Commission's financial activities for the calendar year ended December 31, 2021. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Road Commission and present a longer-term view of the Road Commission's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the road commission's operations in more detail than a government-wide financial statement.

### Reporting the Road Commission as a Whole

#### Government-Wide Statements

The Statement of Net Position and the Statement of Activities report information about the Road Commission, as a whole, and about its activities in a way that helps answer the question of whether the Road Commission, as a whole, is better off or worse off as a result of the year's activities. The Statement of Net Position includes all of the Road Commission's assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two statements, mentioned above, report the road commission's net position and how they have changed. The reader can think of the Road Commission's net position as one way to measure the Road Commission's financial health or financial position. Over time, increases or decreases in the road commission's net position is one indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Road Commission you need to consider additional nonfinancial factors such as changes in the county's property tax base, the condition of the Road Commission's roads, and changes in the law related to the gas taxes and its distribution.

#### Fund Financial Statements

The Road Commission currently has two funds, the general operations fund and trust fund. All of the Road Commission's operating activities are accounted for in the general operations fund. The general operations fund is a governmental fund type. Our analysis of the Road Commission's major fund begins on this page. The fund financial statements begin on page 12 and provide detailed information about the major fund.

Governmental funds focus on how money flows into and out of this fund and the balances left at year end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Road Commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Road Commission's services. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund in a reconciliation following the fund financial statements.

The Road Commission is responsible for ensuring that the assets reported in the fiduciary fund are used for their intended purposes. All of the Road Commission's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Road Commission's government-wide financial statements because the Road Commission cannot use these assets to finance its operations.

**Financial Overview**

The Road Commission’s net position was \$33,421,156 at December 31, 2021, an 3.83% increase over 2020. The net position is summarized below.

Net Position

Restricted net position is those assets that have constraints placed on them by either: a) by creditors, grantors, contributors, or laws or regulations of other governments; or b) by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used for only the specific purpose stipulated in the legislation. As such all assets (except for assets invested in capital assets) are considered restricted.

The investment in capital assets was \$40,216,878 at December 31, 2021 and \$38,252,814 at December 31, 2020.

Net position as of years ended December 31, 2020 and 2021 are as follows:

	<u>2020</u>	<u>2021</u>
Current and Other Assets	\$ 3,653,160	\$ 2,347,963
Capital Assets	<u>38,252,814</u>	<u>40,216,878</u>
Total Assets	<u>41,905,974</u>	<u>42,564,841</u>
Deferred Outflows of Resources	<u>289,579</u>	<u>388,673</u>
Current Liabilities	497,752	507,661
Other Liabilities	<u>9,082,077</u>	<u>7,795,649</u>
Total Liabilities	<u>9,579,829</u>	<u>8,303,310</u>
Deferred Inflows of Resources	<u>427,707</u>	<u>1,229,048</u>
Net Position:		
Investment in Capital Assets	38,252,814	40,216,878
Unrestricted	<u>(6,064,797)</u>	<u>(6,795,722)</u>
Total Net Position	<u>\$ 32,188,017</u>	<u>\$ 33,421,156</u>

**Financial Overview (Continued)**

A summary of changes in net position for the years ended December 31, 2020 and 2021 follows:

	<u>2020</u>	<u>2021</u>
Program Revenues		
Charges for Services	\$ 1,032,909	\$ 989,012
Operating Grants, Capital Grants and Contributions	8,442,475	7,911,055
Interest Earnings and Other	<u>1,525</u>	<u>37,665</u>
Total Revenues	<u>9,476,909</u>	<u>8,937,732</u>
Program Expenses		
Primary Roads Maintenance	2,109,940	3,171,963
Local Roads Maintenance	3,372,584	3,510,295
State Trunkline Equipment	900,362	824,285
Administrative and Other	<u>235,764</u>	<u>555,335</u>
	<u>349,899</u>	<u>(357,285)</u>
Total Expenses	<u>6,968,549</u>	<u>7,704,593</u>
Changes in Net Position	2,508,360	1,233,139
Net Position – Beginning	<u>29,679,657</u>	<u>32,188,017</u>
Net Position – Ending	<u>\$ 32,188,017</u>	<u>\$ 33,421,156</u>

**The Road Commission's Fund**

The Road Commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the county which are earmarked by law for road and highway purposes.

A summary of changes in Operating Fund for the years ended December 31, 2020 and December 31, 2021 is as follows:

	<u>2020</u>	<u>2021</u>
Revenues:		
Licenses and Permits	\$ 48,908	\$ 58,666
Federal Sources	708,116	-
State Sources	6,005,103	6,543,860
Contributions from Local Units	1,729,256	1,367,195
Charges for Services	984,001	930,346
Interest Earnings and Rent	1,525	337
Gain (Loss) on Disposal	<u>-</u>	<u>37,278</u>
Total Revenues	<u>9,476,909</u>	<u>8,937,682</u>
Expenditures:		
Public Works	9,083,849	9,593,101
Capital Outlay	<u>(20,480)</u>	<u>659,687</u>
Total Expenditures	<u>9,063,369</u>	<u>10,252,788</u>
Excess of Revenues Over (Under) Expenditures	413,540	(1,315,106)
Fund Balance – January 1	<u>2,741,868</u>	<u>3,155,408</u>
Fund Balance – December 31	<u>\$ 3,155,408</u>	<u>\$ 1,840,302</u>

**Budgetary Highlights**

Prior to the beginning of any year, the Road Commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budgets were compiled. In addition, by policy, the board reviews and authorizes large expenditures when requested throughout the year.

The final amended revenue budget for 2021 was less than actual revenues by \$485,579. This was primarily due to an increase in state sources.

The final amended expenditure budget for 2021 was \$1,342,212 over the actual expenditures primarily due to primary and local road costs.

**Capital Asset and Debt Administration**

*Capital Assets*

As of December 31, 2020 and 2021, the Road Commission had \$38,252,814 and \$40,216,878, respectively invested in capital assets as follows:

	<u>2020</u>	<u>2021</u>
Capital Assets Not Being Depreciated		
Land and Improvements	\$ 247,786	\$ 261,759
Infrastructure and Land Improvements	<u>18,782,790</u>	<u>19,812,742</u>
Total Capital Assets Not Being Depreciated	<u>19,030,576</u>	<u>20,074,501</u>
Capital Assets Being Depreciated		
Buildings	2,515,478	2,656,757
Road Equipment	9,263,673	9,980,494
Other Equipment and Assets	1,585,080	1,605,274
Infrastructure and Improvements	<u>28,261,926</u>	<u>27,749,893</u>
Total Capital Assets Being Depreciated	<u>41,626,157</u>	<u>41,992,418</u>
Total Accumulated Depreciation	<u>(22,403,919)</u>	<u>(21,850,041)</u>
Total Net Capital Assets	<u>\$ 38,252,814</u>	<u>\$ 40,216,878</u>

Major additions included the following:

Land and Buildings	<u>\$ 9,543</u>	<u>\$ 155,252</u>
Equipment	<u>\$ 761,515</u>	<u>\$ 1,330,128</u>
Infrastructure – Roads and Bridges	<u>\$ 3,371,161</u>	<u>\$ 2,770,500</u>

*Debt*

There were no installment purchase agreements entered into during 2021. All the equipment was acquired with Road Commission funds. The Road Commission does have two operating leases expiring in 2023.

Long-term debt includes accrued vacation and sick pay leave, retiree health insurance liability and net pension liability.

**Economic Factors and Next Year’s Budget**

The Board of County Road Commissioners, along with the Road Commission’s fiscal and chief administrative officers, considered many factors when setting the calendar year 2022 budget. These factors included MTF collection forecasts, the economy, township contributions, MDOT’s maintenance budget and various other items. We are projecting an increase in revenues for 2022 primarily due to State and Federal project revenue. The MTF funds are starting the year 2022 up from 2021 due to higher fuel tax collections and appropriations. Budget adjustments may be necessary during 2022, if these trends continue.

**Contacting the Road Commission's Financial Management**

This financial report is designed to provide the public, citizens and other interested parties a general overview of the road commission's finances and to show the road commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Antrim County Road Commission's administrative offices at 319 E. Lincoln St., P.O. Box 308, Mancelona, MI 49659, phone 231-587-8521.

## **Basic Financial Statements**

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# Antrim County Road Commission

## Statement of Net Position December 31, 2021

### ASSETS

Cash and Equivalents	\$ 489,539
Accounts Receivable:	
Michigan Transportation Fund	1,078,672
State Trunkline Maintenance	111,010
State Other	19,323
Due from County Road Agreements	10,867
Sundry Accounts	10,998
Inventories:	
Road Materials	488,168
Equipment, Parts and Materials	94,345
Prepaid Items	45,041
Capital Assets (Not Depreciated)	20,074,501
Capital Assets (Net of Accumulated Depreciation)	<u>20,142,377</u>
Total Assets	<u>42,564,841</u>

### DEFERRED OUTFLOWS OF RESOURCES

Pension and OPEB items	<u>388,673</u>
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### LIABILITIES

Accounts Payable	68,455
Accrued Liabilities	52,980
Advances	386,226
Vested Employee Benefits - Due in more than one year	161,122
Other Post Employment Benefits - Due in more than one year	2,481,829
Net Pension Liability - Due in more than one year	<u>5,152,698</u>
Total Liabilities	<u>8,303,310</u>

### DEFERRED INFLOWS OF RESOURCES

Pension items	<u>1,229,048</u>
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### NET POSITION

Investment in Capital Assets	40,216,878
Unrestricted (Deficit)	<u>(6,795,722)</u>
Total Net Position	<u>\$ 33,421,156</u>



# Antrim County Road Commission

## Statement of Activities For the Year Ended December 31, 2021

Program Expenses:	
Primary Road Maintenance and Preventive Maintenance	\$ 3,171,963
Local Road Maintenance and Preventive Maintenance	3,510,295
State Trunkline	824,285
Net Equipment Expense	555,335
Net Administrative Expense	226,896
Other	<u>(584,181)</u>
Total Program Expenses	<u>7,704,593</u>
Program Revenues:	
Charges for Services:	
Licenses and Permits	58,666
Charges for Services	930,346
Operating Grants and Contributions:	
State Grants	5,121,861
Contributions from Local Units	18,694
Interest Earnings	337
Capital Grants and Contributions:	
State Grants	1,421,999
Contributions from Local Units	<u>1,348,501</u>
Total Program Revenues	<u>8,900,404</u>
General Revenue	
Gain on Equipment Disposal	<u>37,328</u>
Change in Net Position	1,233,139
Net Position - Beginning Balance	<u>32,188,017</u>
Net Position - Ending Balance	<u><u>\$ 33,421,156</u></u>

# Antrim County Road Commission

## Balance Sheet December 31, 2021

	Governmental Fund Type
	General
	<u>Operating Fund</u>
<b>ASSETS</b>	
Cash and Equivalents	\$ 489,539
Accounts Receivable:	
Michigan Transportation Fund	1,078,672
State Trunkline Maintenance	111,010
State Other	19,323
Due on County Road Agreements	10,867
Sundry Accounts	10,998
Inventories:	
Road Materials	488,168
Equipment, Parts and Materials	94,345
Prepaid Items	45,041
	<hr/>
Total Assets	\$ 2,347,963
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts Payable	\$ 68,455
Accrued Liabilities	52,980
Advances	386,226
	<hr/>
Total Liabilities	507,661
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<b>FUND BALANCE</b>	
Nonspendable	627,554
Unassigned	1,212,748
	<hr/>
Total Fund Balance	\$ 1,840,302
	<hr/> <hr/>

## Antrim County Road Commission

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### Reconciliation of the Balance Sheet Fund Balance to the Statement of Net Position For the Year Ended December 31, 2021

<b>Total Governmental Fund Balance</b>	\$ 1,840,302
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	40,216,878
Net pension liability requirement.	(5,152,698)
Deferred outflows resulting from Pension & OPEB items.	388,673
Deferred inflows resulting from Pension items.	(1,229,048)
Other long-term liabilities are not available to pay in the current period and therefore are not reported in the funds.	<u>(2,642,951)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 33,421,156</u></u>

# Antrim County Road Commission

## Statement of Revenues, Expenditures, and Changes in Fund Balance For the Year Ended December 31, 2021

	Governmental Fund Type
	General Operating Fund
Revenues	
Licenses and Permits	\$ 58,666
State Sources	6,543,860
Contributions from Local Units	1,367,195
Charges for Services	930,346
Interest Earnings and Rent	337
Other Revenue	37,278
Total Revenues	<u>8,937,682</u>
Expenditures	
Public Works	9,593,101
Capital Outlay	659,687
Total Expenditures	<u>10,252,788</u>
Excess of Revenues Over (Under) Expenditures	(1,315,106)
Fund Balance - Beginning of Year	<u>3,155,408</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 1,840,302</u></u>

**Antrim County Road Commission**

**Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental  
Fund to the Statement of Activities  
For the Year Ended December 31, 2021**

**Net Change in Fund Balance - Total Governmental Funds** \$ (1,315,106)

Amounts reported for governmental activities in the statements are different because:

Governmental funds report capital outlays and infrastructure costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation and retirements in the current period. 1,964,064

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 584,181

**Net Change in Net Position of Governmental Activities** \$ 1,233,139

# Antrim County Road Commission

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**Statement of Net Position  
Fiduciary Fund  
December 31, 2021**

	<u>OPEB Trust Fund</u>
<b>ASSETS</b>	
Cash and Equivalents	<u>\$        33,367</u>
<b>NET POSITION</b>	
Restricted for Other Post Employment Benefits	<u>\$        33,367</u>

# Antrim County Road Commission

## Statement of Changes in Net Position Fiduciary Fund For the Year Ended December 31, 2021

	<u>OPEB Trust Fund</u>
<b>ADDITIONS:</b>	
Investment Earnings:	
Contributions - Employer	\$ 88,150
Interest earnings	39
	<hr/>
Total Additions	88,189
	<hr/>
<b>DEDUCTIONS:</b>	
Benefits payments, including refunds of member contributions	77,050
	<hr/>
Total Deductions	77,050
	<hr/>
Change in Net Position	11,139
Net Position Restricted for Other Post Employment Benefits	
Beginning of Year	22,228
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End of Year	\$ 33,367
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## **Notes to Financial Statements**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Antrim County Road Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Antrim County Road Commission.

**A. Reporting Entity**

The Antrim County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a three-member Board of County Road Commissioners appointed by the Antrim County Board of County Commissioners. The Road Commission may not issue debt without the County's approval and property tax levies are subject to County Board of Commissioners' approval.

The criteria established by the Governmental Accounting Standards Board (GASB) Statement Number 14 and as amended by GASB No. 61, "The Financial Reporting Entity," for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Based on the above criteria, these financial statements present the Antrim County Road Commission as a discretely presented component unit of Antrim County.

The Road Commission Operating Fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the County, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners is responsible for administration of the Road Commission Operating Fund.

**B. 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 activities of the Antrim County Road Commission. There is only one fund reported in the government-wide financial statements.

The statement of net position presents the Road Commission's assets, outflows, liabilities and inflows with the difference being reported as either investment in capital assets or unrestricted net position.

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 revenue.

Separate financial statements are provided for the operating fund (governmental fund). The operating fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****C. 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. Revenue is 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.

Amounts reported as program revenue include: (1) charges to customer or applicants for goods or services or privileges provided; (2) Michigan transportation funds, State/Federal contracts and township contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vested employee benefits and claims and judgments, are recorded only when payment is due.

Michigan transportation funds, grants, permits, township contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**Cash and Equivalents

Cash and equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Deposits are recorded at cost.

Inventories

Inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, equipment repairs and operations as used.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges and similar items), are reported in the operating fund in the government-wide financial statements. Capital assets are defined by the Antrim County Road Commission as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated since fiscal years ending June 30, 1980 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34. The Antrim County Road Commission has capitalized the current year’s infrastructure, as required by GASB Statement 34, and has reported the infrastructure assets in the statement of net position.

Depreciation

Depreciation is computed on the sum-of-the-years’-digits method for road equipment and straight-line method for all other assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 50 years
Equipment - Road	5 to 8 years
Equipment - Office	4 to 10 years
Equipment - Shop	10 years
Equipment - Engineering	4 to 10 years
Equipment – Yard and Storage	4 to 10 years
Infrastructure – Roads	8 to 30 years
Infrastructure – Bridges	12 to 50 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the operating fund statement of net position.

Pensions and Other Post Employment Benefits

For purposes of measuring the net pension liability, OPEB liability, deferred outflows of resources and deferred inflows of resources, and pension and fringe expense, information about the fiduciary net position of the Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the actuaries. 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.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Road Commission has pension and OPEB items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Road Commission has pension items that qualify for reporting in this category.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, outflows, liabilities and inflows affect the disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Road Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Commission has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Board would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Procedures

Budgetary procedures are established pursuant to PA 621 of 1978, as amended, (MCL 141.421) which requires the County Board of Road Commissioners to approve a budget for the County Road Fund. The Manager prepares a budget in accordance with the Act which is adopted by the Board at a public hearing each December. All budgets lapse at fiscal year end.

Budget Violations

Public Act 621 of 1978, as amended, requires budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. Expenditures that exceeded appropriations by material amounts are listed on page 44.

**NOTE 3 - CASH AND EQUIVALENTS**

The cash and equivalents are classified by GASB Statement No. 40 in the following categories:

<u>Balance Sheet Account</u>		<u>Cash Items</u>	
General Operating:			
Cash and Equivalents	\$ 489,539	Imprest Cash	\$ 200
Fiduciary:		Checking & Savings	489,339
Cash and Equivalents	<u>33,367</u>	Now Accounts	<u>33,367</u>
	<u>\$ 522,906</u>		<u>\$ 522,906</u>

Investments – Public Act 152 as amended, authorized the Commission to deposit and invest in the following:

- (a) Bonds and other direct obligations of the United States or its agencies.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- (c) Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States government or Federal agency obligation repurchase agreements.
- (e) Bankers' acceptance of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (g) Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
  - (i) The purchase of securities on a when-issued or delayed delivery basis.
  - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.

**NOTE 3 - CASH AND EQUIVALENTS (Continued)**

- (h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- (j) The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

The Road Commission has adopted the County's investment policy, which is in accordance with the provisions of Public Act 196 of 1997.

*Interest rate risk.* The Road Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Road Commission has no investment policy that would further limit its investment choices.

*Custodial deposit credit risk.* Custodial deposit credit risk is the risk that in the event of a bank failure, the Road Commission's deposits may not be returned. State law does not require and the Road Commission does not have a policy for deposit custodial credit risk. As of year end, \$274,763 of the Road Commission's bank balance of \$523,168 was exposed to credit risk because it was uninsured and uncollateralized.

*Fair value measurement.* The Road Commission 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 asset. 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. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Road Commission's assessment of the significance of particular inputs to these fair value measurements required judgment and considers factors specific to each asset or liability.

**NOTE 4 - ADVANCES**

State equipment purchase advance is determined by a formula applied to the book value of equipment of the previous fiscal year. This amount is adjusted each fiscal year in accordance with the formula and would be refunded to the State Department of Transportation upon termination of the State Highway Maintenance Contract. At December 31, 2021, the amount was \$310,972.

During 2021, the State had advanced \$75,254 on the routine maintenance agreement, which would be refunded to the State Department of Transportation upon termination of the contract.

**NOTE 5 - FEDERAL REVENUE/EXPENDITURES**

Most Federal dollars recorded by the Antrim County Road Commission in prior years were for projects controlled by the Michigan Department of Transportation (MDOT). Federal compliance testing of these funds will be included in the Single Audit of MDOT and not at the local road commission level. A Single Audit therefore is not required for the Antrim County Road Commission. Federal revenues totaled \$0 for 2021.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity of the Antrim County Road Commission for the current year was as follows:

	Beginning Balances 01/01/21	Additions	Adjustments/ Deductions	Ending Balances 12/31/21
Capital Assets (Nondepreciable)				
Land	\$ 247,786	\$ 13,973	\$ -	\$ 261,759
Infrastructure and Land Improvements	<u>18,782,790</u>	<u>1,029,952</u>	<u>-</u>	<u>19,812,742</u>
Subtotal	<u>19,030,576</u>	<u>1,043,925</u>	<u>-</u>	<u>20,074,501</u>
Capital Assets (Depreciable)				
Buildings	2,515,478	141,279	-	2,656,757
Equipment - Road	9,263,673	1,278,270	561,449	9,980,494
Equipment - Shop	291,035	32,403	31,664	291,774
Equipment - Office	147,088	2,550	-	149,638
Equipment - Engineering	97,566	16,905	-	114,471
Equipment – Yard and Storage	1,049,391	-	-	1,049,391
Infrastructure - Bridges	2,349,213	-	136,600	2,212,613
Infrastructure – Roads	<u>25,912,713</u>	<u>1,740,548</u>	<u>2,115,981</u>	<u>25,537,280</u>
Subtotal	<u>41,626,157</u>	<u>3,211,955</u>	<u>2,845,694</u>	<u>41,992,418</u>
Less Accumulated Depreciation				
Buildings	1,494,861	58,631	-	1,553,492
Equipment - Road	7,230,939	720,952	557,788	7,394,103
Equipment - Shop	217,826	16,464	31,664	202,626
Equipment - Office	122,793	11,293	-	134,086
Equipment - Engineering	62,491	4,982	-	67,473
Equipment – Yard and Storage	972,536	9,659	-	982,195
Infrastructure - Bridges	872,681	62,398	136,600	798,479
Infrastructure – Roads	<u>11,429,792</u>	<u>1,403,776</u>	<u>2,115,981</u>	<u>10,717,587</u>
Subtotal	<u>22,403,919</u>	<u>2,288,155</u>	<u>2,842,033</u>	<u>21,850,041</u>
Net Capital Assets - Depreciated	<u>19,222,238</u>	<u>923,800</u>	<u>(3,661)</u>	<u>20,142,377</u>
Total Net Capital Assets	<u>\$ 38,252,814</u>	<u>\$ 1,967,725</u>	<u>\$ (3,661)</u>	<u>\$ 40,216,878</u>

**NOTE 6 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the following programs:

Primary Road	\$ 680,418
Local Road	785,756
Equipment	720,952
Administrative	26,597
Allocated	<u>74,432</u>
 Total Depreciation Expense	 <u>\$ 2,288,155</u>

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.50% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2020.

General Information about the Pension Plan

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

<b>01 – Gen Union: Open Division</b>	
	<u>2020 Valuation</u>
<b>Benefit Multiplier:</b>	2.50% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions:</b>	0%
<b>RS50% Percentage:</b>	50%
<b>Act 88:</b>	No



**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

<b>10 – Gen NonUni: Open Division</b>	
	<u><b>2020 Valuation</b></u>
<b>Benefit Multiplier:</b>	2.50% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions:</b>	0%
<b>RS50% Percentage:</b>	50%
<b>Act 88:</b>	No

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>31</u>
	80

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission’s competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Road Commission is required to contribute at an actuarially determined rate of \$37,238 and \$22,194 of monthly payroll for union and nonunion employees, respectively.

Net Pension Liability

The Road Commission’s net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35% net of interest and administrative expense including inflation

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Mortality rates used were based on the RP-2010 General Employees and Healthy Retirees, head count weighted, MP-2019 scale.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of January 1, 2014, through December 31, 2018.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.00%	5.25%
Global Fixed Income	20.00%	1.25%
Private Investment	20.00%	7.25%

*Discount Rate.* The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balances at December 31, 2020</b>	\$ 15,473,173	\$ 9,103,662	\$ 6,369,511
Service cost	157,125	-	157,125
Interest on total pension liability	1,145,764	-	1,145,764
Changes in benefits	(191,953)	-	(191,953)
Difference between expected and actual experience	(405,885)	-	(405,885)
Changes in assumptions	364,941	-	364,941
Employer contributions	-	1,037,608	(1,037,608)
Employee contributions	-	39,775	(39,775)
Net investment income	-	1,297,602	(1,297,602)
Benefit payments, including employee refunds	(951,774)	(951,774)	-
Administrative expense	-	(14,885)	14,885
Other changes	73,295	-	73,295
<b>Net changes</b>	<b>191,513</b>	<b>1,408,326</b>	<b>(1,216,813)</b>
<b>Balances as of December 31, 2021</b>	<b>\$ 15,664,686</b>	<b>\$ 10,511,988</b>	<b>\$ 5,152,698</b>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Road Commission, calculated using the discount rate of 7.60% as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net Pension Liability:	\$6,771,231	\$5,152,698	\$3,772,955

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

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

For the year ended December 31, 2021, the Road Commission recognized pension expense of \$523,502. At December 31, 2021, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 339,332
Changes in benefits	-	127,969
Changes in assumptions	387,955	-
Net difference between projected and actual earnings on pension plan investments	-	761,747
<b>Total</b>	<b>\$ 387,955</b>	<b>\$ 1,229,048</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recorded in pension expense as follows:

<u>Year Ended December 31:</u>	
2022	\$ (124,019)
2023	(375,091)
2024	(217,100)
2025	(124,883)

**NOTE 8 - RISK MANAGEMENT**

Antrim County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan which authorize contracts between Municipal Corporations (inter-local agreements) to form group self-insurance pools.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, vehicle liability coverage, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Antrim County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, vehicle and equipment liability, bodily injury, property damage and personal injury liability. The Pool agreement provides that it shall be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance based upon limits determined by the Pool Board of Directors.

The Antrim County Road Commission is also self-insured for worker's compensation as a member of the County Road Association Self Insurance Fund. The Antrim County Road Commission was unable to provide an estimate of additional potential assessments under these arrangements.

**NOTE 9 - LONG-TERM DEBT**

The following is a summary of pertinent information concerning the County Road Commission's long-term debt.

	<u>Beginning Balances</u>	<u>Net Additions (Reductions)</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 171,208	\$ (10,086)	\$ 161,122

Vested employee benefits are for accumulated personal, sick and vacation days.

Road Commission employment policies provide for vacation and personal benefits to be earned in varying amounts depending on the employee's years of service. New employees are eligible for vacation benefits after 1 year of service, and vacation benefits accrue each July 1<sup>st</sup> and are paid a prorated share for unused vacation days. Employees may accumulate up to a maximum of 200 hours of vacation benefits. Personal days are paid to a maximum of 112 hours.

Road Commission employment policies provide for sick leave benefits for employees hired before fiscal year 2000. Employees hired prior to January 1, 2000, upon voluntary termination with ten working days notice, retirement, or death of an employee in the service of the Road Commission, shall be paid for 50% of any accumulated unused sick leave accumulated to December 31, 1999.

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS**

*Plan Description* - The Road Commission administers a single-employer defined benefit healthcare plan. The retiree is then responsible for the cost of health insurance for his/her spouse and/or children. Benefit provisions are established and may be amended by the Board of County Road Commissioners. The Plan does not issue a publicly available report.

Any employee retiring after July 1, 1989, who had completed at least ten years of service and was eligible for retirement, has \$150 per month contributed towards the employee and spouse coverage. Effective for retirees retiring after July 1, 1999, the Road Commission contribution will be \$200 per month and effective July 1, 2003, \$250 per month. At age 65, those receiving \$250 per month change to \$200 per month for the remainder of their life. There were 40 retirees receiving benefits with an approximate annual cost of \$77,050. This benefit is not available for anyone hired after July 1, 2014.

*Funding Policy* - Contribution requirements are negotiated between the Commission and employees. The Commission contributes 100% of the cost for eligible plan members. For fiscal year 2021, the Commission contributed \$88,150 to the plan.

*Employees Covered by Benefit Terms*

As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees or beneficiaries	40
Inactive employees	-
Active employees	<u>19</u>
Total participants covered by OPEB Plan	<u>59</u>

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Actuarial assumptions and other inputs* - The total OPEB liability was determined by an actuarial valuation as of December 31, 2021 and a measurement date of December 31, 2021 and the following actuarial assumptions, applies to all periods included in the measurement:

Inflation	2.35%
Salary Increases	3.00%
Investment rate of return	2.50%
20-year Aa Municipal bond rate	2.43%
Mortality	2010 Public General Employees and Healthy Retirees head-count weighted MP-2021 Scale.

The long-term expected rate of return on retirement plan investments plus inflation is 2.50%.

The long-term expected rate of return on retirement 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 retirement plan 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 retirement plan’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100%	0.15%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 2.50%

*Discount Rate* - The discount rate used to measure the total OPEB liability was 2.50%. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make contributions of \$11,100 annually, pursuant upon their Corrective Action Plan, to the OPEB Trust in addition to paying benefits on a pay-as-you-go basis. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. There is no cross-over point or depletion date. The discount rate that yields the same present value of benefits is equal to the expected Real Rate of Return, plus inflation. This discount rate is used to determine the Total OPEB Liability.

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Change in the Net OPEB Liability:**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<b>Balances at December 31, 2020</b>	\$ 2,563,586	\$ 22,228	\$ 2,541,358
Service cost	33,080	-	33,080
Interest on total OPEB liability	63,954	-	63,954
Difference between expected and actual experience	(77,961)	-	(77,961)
Changes in assumptions	9,587	-	9,587
Contributions - employer	-	88,150	(88,150)
Benefit payments	(77,050)	(77,050)	-
Administrative expense	-	-	-
Investment income	-	39	(39)
<b>Net changes</b>	<u>(48,390)</u>	<u>11,139</u>	<u>(59,529)</u>
<b>Balances as December 31, 2021</b>	<u>\$ 2,515,196</u>	<u>\$ 33,367</u>	<u>\$ 2,481,829</u>

*Total OPEB Liability – Discount and Trend Rate Sensitivities* – The following presents the Total OPEB Liability of the Road Commission, calculated using discount rates 1% higher and lower than base assumptions:

Trend benefits are fixed payments and not subject to healthcare rates.

*Discount*

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>2,850,350</u>	\$ <u>2,515,196</u>	\$ <u>2,241,831</u>

*OPEB Expense*

Components of Road Commission’s OPEB Expense for the fiscal year ending December 31, 2021 are as follows:

Service Cost	\$ 33,080
Interest on Total OPEB Liability	63,954
Experience (Gains)/Losses	(77,961)
Changes in Assumptions	9,587
Net Investment Income	195
Projected Earnings	<u>(695)</u>
<b>Total OPEB Expense</b>	<u>\$ 28,160</u>

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Deferred Outflows and Inflows of Resources Related to OPEB Plan*

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on investments	\$ 718	\$ -

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

<u>Year Ended December 31:</u>	
2022	\$ 195
2023	195
2024	196
2025	132

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

Grants – The Road Commission has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Road Commission.

The Road Commission from time to time is named as a defendant in accident claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. Insurance coverage related to these claims and lawsuits, if any, is categorized under the general liability insurance program. It is the opinion of management and legal counsel that reasonable estimates of the Road Commission’s current liability for these matters, if any, have been recorded.

There are nonaccident liability and condemnation lawsuits currently pending against the Road Commission claiming amounts for damages and relief without stated limitations. It is the opinion of management and legal counsel that reasonable estimates of the Road Commission’s current liability for these matters, if any, have been recorded.

The Road Commission executed a contract for construction of a new maintenance facility at its Central Lake, Michigan location in the amount of approximately \$3,980,000. Progress payments for the project were about \$141,000 as of year end.



**NOTE 12 - EQUIPMENT LEASES**

The Road Commission has entered into cancelable operating equipment leases as follows:

Equipment Item	Lease Date	Lease Maturity Date	Annual Lease Payment	Guaranteed Purchase Amount
JD 672GP Motor Grader	05/15/18	05/15/2023	\$ 31,673	\$ 213,030
JD 672GP Motor Grader	05/15/18	05/15/2023	26,993	213,030

Rent expense for fiscal 2021 was \$58,666.

Subsequent maturities are as follows for lease commitments:

2022	\$58,666
------	----------

**NOTE 13 - SUBSEQUENT EVENTS**

During January 2022, the County of Antrim, Michigan executed Capital Improvement Bonds in the amount of \$3,875,000 for the benefit of the Road Commission. Proceeds from the issuance are restricted for construction of a new maintenance facility located in Central Lake, Michigan. In addition to the bond financing, construction payments after year end related to the building project amounted to approximately \$309,000. The facility was approximately 8% complete.

In February 2022, the Road Commission was awarded a \$2,000,000 grant from the Michigan Economic Development Corporation for the development of infrastructure related to the county road system of Antrim County.

## **Required Supplementary Information**

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# Antrim County Road Commission

## Employee Retirement and Benefit Systems Required Supplementary Information Schedule of Changes in Pension Liability For the Year Ended December 31, 2021

	2015	2016	2017	2018	2019	2020	2021
<b>Total pension liability</b>							
Service cost	\$ 150,184	\$ 152,349	\$ 165,238	\$ 165,806	\$ 177,272	\$ 175,261	\$ 157,125
Interest on total pension liability	987,193	1,011,984	1,036,197	1,084,955	1,106,582	1,096,659	1,145,764
Changes in benefits	-	589,653	-	(458)	-	-	(191,953)
Difference between expected and actual experience	-	(229,531)	248,105	(124,605)	110,215	(206,224)	(405,885)
Changes in assumptions	-	589,653	-	-	-	433,983	364,941
Other changes	(12,464)	(24,375)	(31,884)	(31,842)	89,391	91,076	73,295
Benefit payments, including refund of member contributions	(819,043)	(831,957)	(809,097)	(807,833)	(850,668)	(919,351)	(951,774)
<b>Net change in total pension liability</b>	305,870	1,257,776	608,559	286,023	632,792	671,404	191,513
<b>Total pension liability - beginning</b>	12,300,402	12,606,272	13,274,395	13,882,954	14,168,977	14,801,769	15,473,173
<b>Total pension liability - ending</b>	<u>\$ 12,606,272</u>	<u>\$ 13,864,048</u>	<u>\$ 13,882,954</u>	<u>\$ 14,168,977</u>	<u>\$ 14,801,769</u>	<u>\$ 15,473,173</u>	<u>\$ 15,664,686</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 662,974	\$ 688,212	\$ 795,116	\$ 876,622	\$ 875,645	\$ 872,309	\$ 1,037,608
Contributions - employee	(2,306)	-	15,608	47,020	46,362	45,098	39,775
Net investment income	(89,576)	663,785	848,217	(292,707)	967,670	1,053,454	1,297,602
Benefit payments, including refunds of member contributions	(819,043)	(831,957)	(809,097)	(807,833)	(850,668)	(919,351)	(951,774)
Administrative expense	(13,323)	(13,118)	(13,409)	(14,207)	(16,664)	(16,402)	(14,885)
<b>Net change in plan fiduciary net position</b>	(261,274)	506,922	836,435	(191,105)	1,022,345	1,035,108	1,408,326
<b>Plan fiduciary net position - beginning</b>	6,155,231	5,893,957	6,400,879	7,237,314	7,046,209	8,068,554	9,103,662
<b>Plan fiduciary net position - ending</b>	<u>\$ 5,893,957</u>	<u>\$ 6,400,879</u>	<u>\$ 7,237,314</u>	<u>\$ 7,046,209</u>	<u>\$ 8,068,554</u>	<u>\$ 9,103,662</u>	<u>\$ 10,511,988</u>
<b>Net pension liability - ending</b>	<u>\$ 6,712,315</u>	<u>\$ 7,463,169</u>	<u>\$ 6,645,640</u>	<u>\$ 7,122,768</u>	<u>\$ 6,733,215</u>	<u>\$ 6,369,511</u>	<u>\$ 5,152,698</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	47%	46%	52%	50%	55%	59%	67%
<b>Covered - employee payroll</b>	\$ 1,429,116	\$ 1,403,749	\$ 1,489,486	\$ 1,525,367	\$ 1,562,778	\$ 1,561,249	\$ 1,459,608
<b>Net pension liability as a percentage of covered-employee payroll</b>	470%	532%	446%	467%	431%	408%	353%

## Antrim County Road Commission

### Employee Retirement and Benefit Systems Required Supplementary Information Schedule of Employer Contributions For the Year Ended December 31, 2021

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 479,544	\$ 518,232	\$ 617,664	\$ 623,664	\$ 602,376	\$ 660,276	\$ 713,184
Contributions in relation to the actuarially determined contribution	<u>(662,974)</u>	<u>(688,212)</u>	<u>(795,116)</u>	<u>(876,622)</u>	<u>(875,645)</u>	<u>(872,309)</u>	<u>(1,037,608)</u>
Contribution deficiency (excess)	<u>\$ (183,430)</u>	<u>\$ (169,980)</u>	<u>\$ (177,452)</u>	<u>\$ (252,958)</u>	<u>\$ (273,269)</u>	<u>\$ (212,033)</u>	<u>\$ (324,424)</u>
Covered - employee payroll	\$ 1,316,387	\$ 1,429,116	\$ 1,403,749	\$ 1,489,486	\$ 1,525,367	\$ 1,562,778	\$ 1,561,249
Contributions as a percentage of covered-employee payroll	50%	48%	57%	59%	57%	56%	66%

#### Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end 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 percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	10-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.35%
Retirement age	In the 2020 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the Pub-2010 General Employees and Healthy Retirees, head-count weighted, MP-2019 scale

# Antrim County Road Commission

## Employee Retirement and Benefit Systems Required Supplementary Information Changes in the OPEB Liability For the Year Ended December 31, 2021

	2018	2019	2020	2021
<b>Total OPEB Liability - Beginning of Year</b>	\$ 2,456,591	\$ 2,475,383	\$ 2,662,426	\$ 2,563,586
Service cost	25,591	26,135	32,943	33,080
Interest on total OPEB liability	77,178	73,855	66,357	63,954
Changes in assumptions	40,650	231,905	(89,867)	9,587
Differences between actual and expected experience	(60,423)	(65,508)	(25,994)	(77,961)
Benefit payments	(64,204)	(79,344)	(82,279)	(77,050)
<b>Total OPEB Liability - End of Year</b>	<u>2,475,383</u>	<u>2,662,426</u>	<u>2,563,586</u>	<u>2,515,196</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	64,204	90,444	93,379	88,150
Investment income	-	2	26	39
Benefits payments, including refunds of member contributions	(64,204)	(79,344)	(82,279)	(77,050)
Administrative expense	-	-	-	-
<b>Net change in plan fiduciary net position</b>	-	11,102	11,126	11,139
<b>Plan fiduciary net position - Beginning of Year</b>	-	-	11,102	22,228
<b>Plan fiduciary net position - End of Year</b>	<u>-</u>	<u>11,102</u>	<u>22,228</u>	<u>33,367</u>
<b>Net OPEB liability - End of Year</b>	<u>\$ 2,475,383</u>	<u>\$ 2,651,324</u>	<u>\$ 2,541,358</u>	<u>\$ 2,481,829</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.42%	0.87%	1.33%
Covered Payroll	\$ 1,280,133	\$ 1,339,470	\$ 1,091,754	\$ 1,322,904
Net OPEB liability as a percentage of covered payroll	193.37%	197.94%	232.78%	187.60%
<b>Schedule of Employer Contributions</b>				
Actuarially determined contribution (ADC)	687,248	692,864	962,094	1,352,432
Employer contribution	(64,204)	(90,444)	(93,379)	(88,150)
Contribution deficiency/(excess)	<u>\$ 623,044</u>	<u>\$ 602,420</u>	<u>\$ 868,715</u>	<u>\$ 1,264,282</u>
ADC as a percentage of covered payroll	53.69%	51.73%	88.12%	102.23%
Contribution as percentage of covered payroll	5.02%	6.75%	8.55%	6.66%

### Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Discount rate	2.50%
Inflation rate	2.35%
Salary increases	3.00%
Investment rate of return	2.50%
Mortality rate	2010 Public General Employees and Healthy Retirees, head-count weight MP-2021 mortality

## Antrim County Road Commission

### Employee Retirement and Benefit Systems Required Supplementary Information State of Michigan Public Acts 530 and 202 Information For the Year Ended December 31, 2021

#### Financial Information

Assets (Fiduciary Net Position)	\$ 33,367
Liabilities (Total OPEB Liability)	2,515,196
Funded ratio for the plan year	1.33%
Actuarially determined contribution (ADC)	1,352,432
Is ADC calculated in compliance with No. Letter 2018-3?	Yes

#### Membership

Active members	19
Inactive members	-
Retirees and beneficiaries	40
Premiums paid on behalf of the retirants	\$ 77,050

#### Actuarial Assumptions

Actuarially assumed rate of investment return	2.50%
Discount rate	2.50%
Amortization method used for funding unfunded liability	Level dollar
Amortization period used for funding unfunded liability	2 years
Is each division closed to new employees	Yes
Healthcare inflation assumptions	N/A

#### Uniform Assumptions

Actuarial value of assets using uniform assumptions	\$ 33,367
Actuarial accrued liability using uniform assumptions	2,534,227
Funded ratio using uniform assumptions	1.32%
Actuarially determined contribution (ADC) using uniform assumptions	932,791

**Valuation Date** December 31, 2021  
**Measurement Date** December 31, 2021

**Actuarial Methods**

Cost method Entry Age Normal (level percentage)  
 Asset valuation method Market value

**Actuarial Assumptions**

**Discount rate - 2.50%**

Rationale - Blended rate consisting of long term return on assets and municipal bond rate.

**Salary scale - 3.00%**

Rationale - Prior employer experience and expectations

**Return on plan assets - 2.50%**

Rationale - Investment manager

**Mortality rates - 2010 Public General Employees and Healthy Retirees with MP-2021 mortality.**

Rationale - Based on current industry studies applicable to public employers.

**Utilization - 100% of eligible employees will elect coverage at retirement; actual coverage used for non-active**

Rationale - Historical experience.

**Termination rates - Sample rates below:**

Rationale - Based on the GASB recommended turnover

Age	Rate (%)
25	6.8%
30	4.7%
35	3.2%
40	2.2%
45	1.6%

**Retirement rates - 100% at earliest retirement eligibility**

Rationale - Conservative and consistent with Road Commission experience

**Marital assumptions - Actual marital status and spouse date of birth used for both active retirees**

**Retiree Annual costs**

	Pre-65	Medicare eligible
First 3 years of retirement	\$ 3,000	\$ 2,400

Rationale - Based on stipend amount currently provided and reported by the Road Commission

**Medical inflation rate - N/A; stipend only provided**

**Implicit Subsidy** - Not Applicable

**Assumption changes since prior valuation**

- Mortality improvement scale
- Salary increases from 3.50% to 3.00%

**Assumptions used for Public Act 202 Reporting**

- Mortality table of MP-2019 improvement scale.



# Antrim County Road Commission

## Employee Retirement and Benefit Systems Required Supplementary Information Schedule of Amortization of Deferred Outflows/Inflows of Resources For the Year Ended December 31, 2021

### Schedule of Difference between Actual and Expected Experience

Year	Difference between actual and expected experience	Recognition period (Years)	Amount Recognized in Year Ended December 31,					Deferred Outflows of Resources	Deferred Inflows of Resources
			2021	2022	2023	2024	2025		
2021	(77,961)	1.00	\$ (77,961)	\$ -	\$ -	\$ -	\$ -	\$ -	
Net recognized in OPEB expense			\$ (77,961)	\$ -	\$ -	\$ -	\$ -	\$ -	

### Schedule of Changes in Assumptions

Year	Changes in assumptions	Recognition period (Years)	Amount Recognized in Year Ended December 31,					Deferred Outflows of Resources	Deferred Inflows of Resources
			2021	2022	2023	2024	2025		
2021	9,587	1.00	\$ 9,587	\$ -	\$ -	\$ -	\$ -	\$ -	
Net recognized in OPEB expense			\$ 9,587	\$ -	\$ -	\$ -	\$ -	\$ -	

### Schedule of Differences between Projected and Actual Earnings on Investments

Year	Difference between projected and actual earnings on investments	Recognition period (Years)	Amount Recognized in Year Ended December 31,					Deferred Outflows of Resources	Deferred Inflows of Resources
			2021	2022	2023	2024	2025		
2020	321	5.00	\$ 64	\$ 64	\$ 64	\$ 65	\$ -	\$ 193	
2021	656	5.00	131	131	131	131	132	525	
Net recognized in OPEB expense			\$ 195	\$ 195	\$ 195	\$ 196	\$ 132	\$ 718	

### Total Deferred Outflow/(Inflow) of Resources

Total Deferred Outflow/(Inflow) of Resources	Amount Recognized in Year Ended December 31,			
	2022	2023	2024	2025
	\$ 195	\$ 195	\$ 196	\$ 132

**Plan name** - Antrim County Road Commission Retiree Health Care Plan

**Eligibility requirements** - Age 55 with 10 years of service

**Employee benefits**

*Retire prior to July 1, 1999*

Eligible retiree and surviving spouse (if any) has \$150 per month contributed towards the employee and spouse coverage

*Retire between July 1, 1999 and July 1, 2003*

Eligible retiree and surviving spouse (if any) has \$200 per month contributed towards the employee and spouse coverage

*Retire on or after July 1, 2003*

Eligible retiree and surviving spouse (if any) has \$250 per month contributed towards the employee and spouse coverage. At age 65, those receiving \$250 changes to \$200 per month for life.

*Hired on or after July 1, 2014*

No benefits available under this plan

**Retiree contribution** - Balance of any cost not covered by the provided stipend

**Changes since prior valuation** - None

# Antrim County Road Commission

## Required Supplementary Information Budgetary Comparison Schedule Statement of Revenues - Budget and Actual For the Year Ended December 31, 2021

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Licenses and Permits	\$ 50,000	\$ 100,000	\$ 58,666	\$ (41,334)
State Sources				
Michigan Transportation Fund				
Engineering	10,000	10,000	10,000	-
Allocation	5,510,000	5,600,000	5,950,341	350,341
Snow Removal	433,000	532,000	532,416	416
Forest Road	51,000	51,103	51,103	-
Contributions from Local Units	1,400,000	1,340,000	1,367,195	27,195
Charges for Services	817,000	819,000	930,346	111,346
Interest Earnings and Rent	-	-	337	337
Other Revenue	-	-	37,278	37,278
Total Revenues	<u>\$ 8,271,000</u>	<u>\$ 8,452,103</u>	<u>\$ 8,937,682</u>	<u>\$ 485,579</u>

# Antrim County Road Commission

## Required Supplementary Information Budgetary Comparison Schedule Statement of Expenditures - Budget and Actual For the Year Ended December 31, 2021

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Primary Road				
Preservation/Structural Improvements	\$ 720,000	\$ 1,750,000	\$ 1,399,829	\$ 350,171
Maintenance	1,565,000	2,650,000	2,339,863	310,137
Local Road				
Preservation/Structural Improvements	2,000,000	1,750,000	1,370,673	379,327
Maintenance	2,107,000	3,150,000	2,876,220	273,780
Trunkline Maintenance	817,000	875,000	804,314	70,686
Trunkline Nonmaintenance	-	20,000	19,971	29
Administrative Expense - Net	575,000	600,000	555,335	44,665
Equipment Expense - Net	375,000	300,000	226,896	73,104
Capital Outlay - Net	300,000	500,000	659,687	(159,687)
Total Expenditures	<u>\$ 8,459,000</u>	<u>\$ 11,595,000</u>	<u>\$ 10,252,788</u>	<u>\$ 1,342,212</u>

## **Other Information**

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# Antrim County Road Commission

## Other Information Analysis of Changes in Fund Balance For the Year Ended December 31, 2021

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Total Revenues	\$ 4,221,890	\$ 3,670,616	\$ 1,045,176	\$ 8,937,682
Total Expenditures	4,060,067	4,675,687	1,517,034	10,252,788
Excess of Revenues Over (Under) Expenditures	161,823	(1,005,071)	(471,858)	(1,315,106)
Optional Transfers and Adjustments	(1,005,000)	1,005,000	-	-
Fund Balance - January 1, 2021	1,348,469	6,072	1,800,867	3,155,408
Fund Balance - December 31, 2021	<u>\$ 505,292</u>	<u>\$ 6,001</u>	<u>\$ 1,329,009</u>	<u>\$ 1,840,302</u>

# Antrim County Road Commission

## Other Information Analysis of Revenues For the Year Ended December 31, 2021

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Licenses and Permits	\$ -	\$ -	\$ 58,666	\$ 58,666
State Sources				
Michigan Transportation Fund				
Engineering	5,952	4,048	-	10,000
Allocation	3,541,913	2,408,428	-	5,950,341
Snow Removal	237,990	294,426	-	532,416
Forest Road	51,103	-	-	51,103
Contributions from Local Units				
Townships	384,788	963,713	-	1,348,501
Other	-	-	18,694	18,694
Charges for Services				
Trunkline Maintenance	-	-	907,911	907,911
Trunkline Nonmaintenance	-	-	19,643	19,643
Salvage Sales	-	-	2,792	2,792
Interest and Rents				
Interest Earned	144	1	192	337
Other Revenue				
Gain on Equipment Disposal	-	-	37,278	37,278
Total Revenues	<u>\$ 4,221,890</u>	<u>\$ 3,670,616</u>	<u>\$ 1,045,176</u>	<u>\$ 8,937,682</u>

# Antrim County Road Commission

## Other Information Analysis of Expenditures For the Year Ended December 31, 2021

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Primary Road				
Preservation/Structural Improvements	\$ 1,399,829	\$ -	\$ -	\$ 1,399,829
Maintenance	2,339,863	-	-	2,339,863
Local Road				
Preservation/Structural Improvements	-	1,370,673	-	1,370,673
Maintenance	-	2,876,220	-	2,876,220
Trunkline Maintenance	-	-	804,314	804,314
Trunkline Nonmaintenance	-	-	19,971	19,971
Administrative Expense - Net	260,034	295,301	-	555,335
Equipment Expense - Net	60,341	133,493	33,062	226,896
Capital Outlay - Net	-	-	659,687	659,687
Total Expenditures	<u>\$ 4,060,067</u>	<u>\$ 4,675,687</u>	<u>\$ 1,517,034</u>	<u>\$ 10,252,788</u>



# **Report on Compliance**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**KINROSS OFFICE**

KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

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TORI N. KRUISE, CPA

MEMBER AICPA  
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN  
MICHIGAN & WISCONSIN

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

Board of County Road Commissioners  
Antrim County Road Commission  
Mancelona, Michigan 49659

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, major fund and aggregate remaining fund information of the Antrim County Road Commission (a component unit of Antrim County, Michigan), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Antrim County Road Commission's (a component unit of Antrim County, Michigan) basic financial statements and have issued our report thereon dated April 19, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Antrim County Road Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-002.

### **Antrim County Road Commission's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Antrim County Road Commission's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Antrim County Road Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

April 19, 2022

***Significant Deficiency - Internal Control***

**Segregation of Duties**

***Finding 2021-001***

*Statement of Condition/Criteria:* The Road Commission Office Manager performs several functions of receipting, disbursing, and posting to the general ledger. To provide a system of checks and balances, these functions are generally assigned to separate positions to minimize the potential for unauthorized transactions.

*Effect:* Lack of segregation of duties provides opportunities for inaccurate or unauthorized disbursements or transfers from road funds and increases the potential for inaccurate reporting of account activity.

*Cause:* Sufficient resources and staff are not available to adequately segregate these functions. Additionally, the benefit of separating these duties does not appear to exceed the costs associated with the added personnel.

*Recommendation:* The Board should be aware of the potential weakness in the system and provide appropriate oversight or assistance to personnel when cost beneficial.

*Planned Corrective Action:* The Board has implemented compensating controls to reduce the risks discussed above such as dual signature checks and account reviews.

- *Contact Person(s) Responsible for Correction:*  
Burt Thompson, Manager

***Significant Deficiency – Noncompliance with State Statutes***

**Expenditures in Excess of Appropriations—Budgetary Funds**

***Finding 2021-002***

*Criteria:* The expenditures of funds in excess of appropriations are contrary to the provisions of Section 16 of Public Act 2 of 1968, as amended.

*Condition:* Our examination of procedures used by the Road Commission to adopt and maintain operating budgets for the Road Commission’s budgetary fund revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budget and Accounting Act.

The Road Commission’s 2021 General Appropriations Act (budget) provided for expenditures of the General Fund to be controlled to the activity level. As detailed, actual 2021 expenditures exceeded the board’s approved budget allocations for some general fund activities.

During the fiscal year ended December 31, 2021, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund as listed on page 44 of the financial statements.

*Effect:* Condition’s violate State Statutes.

*Cause:* Unknown.

*Recommendation:* We recommend that the Road Commission’s chief administrative officer and personnel responsible for administering the activities of the various funds of the Road Commission, develop budgetary control procedures for the General Fund which will assure that expenditures do not exceed amounts authorized in the General Appropriations Act, or amendments thereof.

*Planned Corrective Action:* Amounts will be maintained in the future.

- *Contact Person(s) Responsible for Correction:*  
Burt Thompson, Manager



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

KENNETH A. TALSMAN, CPA, PRINCIPAL  
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**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Board of County Road Commissioners  
Antrim County Road Commission  
Mancelona, Michigan 49659

We have audited the financial statements of the governmental activities, major fund and the aggregate remaining fund information of the Antrim County Road Commission (a component unit of the County of Antrim, Michigan) for the year ended December 31, 2021, and have issued our reports thereon dated April 19, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards***

As stated in our engagement letter dated March 7, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Antrim County Road Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Antrim County Road Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedule of funding progress, and budgetary comparison schedules, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the individual schedules, which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our memorandum about planning matters in April 6, 2022.

### **Significant Audit Findings**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Antrim County Road Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Road Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Vested Employee Benefits are based on current rates which may differ from rates used at time of distribution.
- Management's estimate of the actuarially calculated longevity cost, liabilities, and assets for the pension plan and other post employment benefits obligation were based on actuarial assumptions and estimates.

The financial statement disclosures are neutral, consistent and clear.

### **Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreement with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated April 19, 2022.

### **Management Consultations with Other Independent Accountants**

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

### **Other Audit findings or Issues**

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

### **Comments and Recommendations**

#### **Excess Expenditures Over Appropriations (Prior Year)**

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Road Commission's actual expenditures were in excess of amounts appropriated for certain line items as indicated on the Statement of Expenditures – Budget and Actual.

Status: No change.

#### **Fraud Policy (Prior Year)**

With the implementation of Statement of Auditing Standards No. 99, auditors are required to assess policies and procedures regarding fraud risks with a governmental entity. The Commission does not have a "fraud policy" which would address fraud or suspected fraud and related board actions. We recommend the Commission adopt a fraud policy in compliance with SAS No. 99.

Status: No change.

#### **ACH/EFT Policy (Prior Year)**

The Road Commission currently does not have a policy for ACH or EFT payments. Due to the increasing number of payments made in this manner, it is recommended that the Road Commission adopt a policy regarding these.

Status: No change.



### **Policy and Procedure Manual (Prior Year)**

The Accounting Procedures Manual for Local Units of Governments and the Uniform Accounting Procedures Manual for County Road Commissions were recently updated by the Michigan Department of Treasury. These bulletins contain several policies and procedures which the Commission should review and implement as appropriate. The Commission policy and procedures have not been updated to incorporate the changes recommended in the state manuals.

Status: New accounting manager will review and implement in Fiscal 2022.

### **Information Technology (Prior Year)**

The Board may want to perform vulnerability or intrusion scans or tests to assure that unauthorized or illegal access to Road Commission software or data has not occurred to prevent or detect theft of private information. Additionally, this procedure detects “ghost” programs operating for other than Road Commission purposes due to the internet.

Status: IT firm will fully evaluate all IT network, equipment and software for reliability, efficiency, and security in 2022.

### **Journal Entries (Prior)**

The Michigan Accounting Procedures Manual requires that all Journal Entries be sequentially numbered, dated, explained, have supporting documentation and be initialed by the preparer and authorized. Transfer vouchers did not contain this information in all cases. Procedures should be implemented to provide compliance with the manual.

Status: New accounting manager to review and implement.

### **Administrative Costs (Prior)**

During our review of the Administrative Expense schedule included in the ACT 51 report we noted depreciation expense for the office portion of the building was not allocated. Due to the regulatory limit of 10% of total expenditures applied to this cost, an allocation of building depreciation for office space should be included as part of administrative costs. A square footage method could be utilized to allocate this cost.

Status: New accounting manager will review and implement in accordance with guidance from Treasury.

### **Uniform Accounting Procedures Manual for County Road Commissions 2022**

In January 2022, the Michigan Department of Treasury, issued a revised “Uniform Accounting Procedures Manual for County Road Commissions.” The provisions in the manual are effective for fiscal years ending on September 30, 2023 and thereafter. The manual contains significant changes including implementation of new governmental accounting standards and financial reporting requirements. The board and management should review the provisions included in the revised document and apply those requirements as applicable. The document is available online at treasury’s website.

## **Uniform Chart of Accounts**

In April 2017, the State released an updated Uniform Chart of Accounts. On April 20, 2020, the Michigan Department of Treasury issued a memo that established an implementation date for fiscal years ending on October 31, 2022 and thereafter. A final release of the chart of accounts was issued in November 2020 and is available at this link: [http://www.michigan.gov/documents/uniformchart\\_24524\\_7.pdf](http://www.michigan.gov/documents/uniformchart_24524_7.pdf). This final version follows statutory changes and reformats the document to make it more user-friendly. Treasury will provide alerts for any guidance and resources, and local units can sign up for alerts at this link:

[https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp+MITREAS\\_1](https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp+MITREAS_1).

## **Upcoming Accounting Standards**

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Road Commission in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Road Commission. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org). If you have questions regarding the applicability, timing, or implementation, please contact us.

### **GASB Statement No. 87 - Single Approach for Reporting Leases**

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets – including vehicles heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets.

Under the new Statement a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.

A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payments to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, [www.gasb.org](http://www.gasb.org).

### **Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period**

*Effective for fiscal years beginning after December 15, 2020 (fiscal year 2021).* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

Such interest cost includes all interest that was previously accounted for in accordance with the requirements of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus.

### **GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance**

This new pronouncement was adopted in May 2020 and is effective immediately. This statement postpones the effective dates of the following pronouncements and implementation guides by one year:

- Statement No. 83, *Certain Assets Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update – 2018*
- Implementation Guide No. 2020-1, *Implementation Guidance Update – 2020*
- Implementation Guide No. 2020-2, *Fiduciary Activities*

The effective dates of the following pronouncement and implementation guide are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2020-3, *Leases*

### **GASB Statement No. 96 – Subscription based Information Technology Arrangements**

In May 2020, GASB issued Statement No. 96, *Subscription based Information Technology Arrangements*. 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) established 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. The Road Commission is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

***GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***

This standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately. It also clarifies when a 457 plan should be considered a pension plan or another employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Road Commission is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of the statement that relate to 457 plans are effective for the Road Commission's financial statements for the year ending March 31, 2023.

**Other Matters**

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

We were engaged to report on the individual schedules, which accompany the financial statements but are not RSI. With respect to this other information, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Conclusion**

This information is intended solely for the use of the Antrim County Road Commission, the cognizant audit agencies and other federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC  
Certified Public Accountants  
Kincheloe, Michigan.**

April 19, 2022