



**ALLEGAN COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
<hr/>	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds	
Balance Sheet - Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	21
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with the Statement of	22
Proprietary Funds	
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Fiduciary Funds	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Component Units	
Combining Statement of Net Position - Discretely Presented Component Units	29
Combining Statement of Activities - Discretely Presented Component Units	30
Notes to the Financial Statements	32
REQUIRED SUPPLEMENTARY INFORMATION	
<hr/>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: General Fund	66
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Unfunded Accrued Liability	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: American Rescue Plan Act	69
Schedule of Changes in Net Pension Liability and Related Ratios - MERS	70
Schedule of Contributions - MERS	71
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
<hr/>	
General Fund	
General Fund Combining Balance Sheet	73
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	75
Nonmajor Governmental Funds	
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	82
Internal Service Funds	
Combining Statement of Net Position	87
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	88
Combining Statement of Cash Flows	89

TABLE OF CONTENTS

Page

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (CONTINUED)

Transportation Fund Schedules

Local Revenues for the Year Ended December 31, 2022	91
Local Revenues for the Year Ended September 30, 2022	92
Expenditures of Federal and State Awards for the Year Ended December 31, 2022	93
Federal and State Awards: Operating Revenues Only for the Year Ended December 31, 2022	94
Federal and State Awards: Operating Revenues Only for the Year Ended September 30, 2022	95
Operating and Contract Expenses for the Year Ended December 31, 2022	96
Operating and Contract Expenses Split Between a December 31 and September 30 Year End	97
Operating and Contract Expenses by Program for the Year Ended September 30, 2022	98
Schedule of Nonurban Regular Service Revenues for the Year ended September 30, 2022	99
Schedule of Nonurban Regular Service Expenditures for the Year ended September 30, 2022	100
Schedule of Nonurban Regular Service Nonfinancial Data (Unaudited): Public Service for the Year Ended September 30, 2022	101
Schedule of Job Access Reverse Commute Service Revenues for the Year Ended September 30, 2022	102
Schedule of Job Access Reverse Commute Service Expenditures for the Year Ended September 30, 2022	103
Schedule of Job Access Reverse Commute Nonfinancial Data (Unaudited): Public Service for the Year Ended September 30, 2022	104
Schedule of Nonurban Specialized Service Revenues for the Year Ended September 30, 2022	105
Schedule of Nonurban Specialized Service Expenditures for the Year Ended September 30, 2022	106
Schedule of Specialized Services Nonfinancial Data (Unaudited): Public Service for the Year Ended September 30, 2022	107
Operating Assistance Calculation for the Year Ended September 30, 2022	108
Mileage / Hourly Data (Unaudited) for the Year Ended September 30, 2022	109

Allegan County Drains - Discretely Presented Component Unit

Statement of Net Position	111
Statement of Activities	112
Balance Sheet - Governmental Funds	113
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	114
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	115
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with the Statement of	116
Statement of Net Position - Internal Service Fund	117
Statement of Revenues, Expenditures, and changes in Fund Net Position - Internal Service Fund	118
Statement of Cash Flows - Internal Service Fund	119
Combining Balance Sheet - Nonmajor Governmental Funds	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	121

SINGLE AUDIT ACT COMPLIANCE

Schedule of Expenditures of Federal Awards	123
Notes to the Schedule of Expenditures of Federal Awards	125
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 <i>Government Auditing Standards</i>	127
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the	129
Schedule of Findings and Questioned Costs	132

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Allegan County, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, Michigan (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Allegan County Road Commission, which represents 89.1%, 92.7%, and 94.1%, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units as of December 31, 2022, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Allegan County Road Commission, are based solely on the report of the other auditors. Also, we did not audit the financial statements of the Allegan County Medical Care Community, which represents 34.1% of the assets and deferred outflows of resources, 28.7% of the net position, and 86.7% of the revenues of the business-type activities. Those statements, also, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Allegan County Medical Care Community is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller general of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The County adopted *GASB Statement No. 87, Leases* in 2022, which represents a change in its policy for reporting lease activities. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual general fund, nonmajor governmental funds, internal service funds, transportation fund, and Allegan County Drains (discretely presented component unit) financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual general fund, nonmajor governmental funds, internal service funds, transportation fund, and Allegan County Drains (discretely presented component unit) financial statements and the schedule of expenditures of federal awards 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 June 23, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, Michigan
June 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Allegan County
Management's Discussion and Analysis
December 31, 2022

As management of Allegan County, Michigan (the "County" or "government") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of the County, as presented in the government-wide financial statements, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$82,436,328 (*net position*), an increase of \$7,888,810 from the prior year. Of this amount, \$36,375,783 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, capital projects, and debt service funds) reported combined ending fund balances of \$40,002,888, a decrease of \$204,832 in comparison with the prior year. Of the fund balance amount, \$7,474,000 is available for spending at the government's discretion (*unassigned fund balance*).
- Total fund balance for the general fund was \$17,282,091, a decrease of \$1,397,331. At the end of the year, the unassigned portion of the fund balance in the general fund was \$7,474,000, or approximately 17.5% of total general fund expenses and transfers out for the current year.
- The County's investment in capital assets was \$42,153,988 at the end of the current year, compared to \$43,210,383 at the end of the prior year.
- The County's total debt equaled \$20,670,082 (excluding the component units) at the close of this year, a decrease of \$1,510,082 from the prior year.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., depreciation of capital assets and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government services (administration, clerk, and treasurer), public safety (sheriff, road patrol, marine safety), legislative, judicial (courts), public works, health and welfare (health and child care), and recreation and cultural. The business-type activities of the County include the Medical Care Community (which provides long-term skilled nursing care), the delinquent tax revolving fund, and the inmate commissary fund.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate drain commission and road commission, for which the County is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Medical Care Community, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Governmental fund financial statements focus on a *short-term view of spendable resources and the balance of those spendable resources* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *government funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The County adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison schedules have been provided for the general fund and each major special revenue funds to demonstrate budget compliance.

Proprietary Funds. The County maintains two different types of proprietary funds, known as *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses three enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for insurance, employee benefits, workers' compensation, and accident administrative expenses. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent property tax fund and the Medical Care Community, which are considered to be major funds of the County, along with the nonmajor inmate commissary fund. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary balances are reported in a statement of fiduciary net position. The accounting used for fiduciary funds is similar to that used for proprietary funds.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees and demonstrating the County's compliance with its budgets.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$82,436,328 at the close of the most recent fiscal year. The following schedule shows the County's elements of net position, for the two most recent years, by category:

Allegran County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
<i>Current Assets</i>						
Cash and pooled investments	\$ 64,442,144	\$ 56,796,950	\$ 11,649,678	\$ 11,325,345	\$ 76,091,822	\$ 68,122,295
Accounts receivable	3,085,817	1,294,643	566,612	766,430	3,652,429	2,061,073
Leases receivable	231,693	-	-	-	231,693	-
Property taxes receivable	4,517,060	3,867,327	3,980,923	3,852,199	8,497,983	7,719,526
Due from other governments	3,532,833	2,694,909	1,684,783	147,441	5,217,616	2,842,350
Inventory	23,316	24,292	-	-	23,316	24,292
Prepays	793,659	1,048,978	-	12,554	793,659	1,061,532
Total Current Assets	76,626,522	65,727,099	17,881,996	16,103,969	94,508,518	81,831,068
<i>Noncurrent Assets</i>						
Leases receivable, long-term	1,256,803	-	-	-	1,256,803	-
Capital assets not being depreciated	1,471,111	2,839,814	-	-	1,471,111	2,839,814
Capital assets being depreciated, net	38,950,580	37,530,400	1,732,297	1,831,169	40,682,877	39,361,569
Advance to component unit	1,667,040	1,102,040	-	-	1,667,040	1,102,040
Net pension asset	-	-	20,980	-	20,980	-
Total Assets	119,972,056	107,199,353	19,635,273	17,935,138	139,607,329	125,134,491
DEFERRED OUTFLOWS OF RESOURCES						
Pension	8,128,631	822,036	6,084	1,860	8,134,715	823,896
Total Deferred Outflows of Resources	8,128,631	822,036	6,084	1,860	8,134,715	823,896
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	2,196,945	3,002,192	1,055,308	794,401	3,252,253	3,796,593
Accrued liabilities	2,818,995	3,085,002	139,224	118,004	2,958,219	3,203,006
Due to other governments	543,307	444,850	-	225	543,307	445,075
Unearned revenue	23,018,013	11,642,700	26,974	-	23,044,987	11,642,700
Accrued interest	121,765	134,492	-	-	121,765	134,492
Current portion of long-term debt	2,102,271	2,045,102	-	-	2,102,271	2,045,102
Total Current Liabilities	30,801,296	20,354,338	1,221,506	912,630	32,022,802	21,266,968
<i>Noncurrent Liabilities</i>						
Long-term debt	18,567,811	20,135,062	-	-	18,567,811	20,135,062
Compensated absences	1,661,493	1,600,786	107,774	139,460	1,769,267	1,740,246
Net pension liability	1,880,486	3,534,354	-	93,274	1,880,486	3,627,628
Total Liabilities	52,911,086	45,624,540	1,329,280	1,145,364	54,240,366	46,769,904
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	4,524,108	2,606,530	-	-	4,524,108	2,606,530
Deferred lease revenues	1,370,696	-	-	-	1,370,696	-
Pension	5,007,549	1,957,652	162,997	76,783	5,170,546	2,034,435
Total Deferred Inflows of Resources	10,902,353	4,564,182	162,997	76,783	11,065,350	4,640,965
NET POSITION						
Net investment in capital assets	29,918,964	29,078,055	1,732,297	1,831,169	31,651,261	30,909,224
Restricted	14,409,284	12,483,101	-	-	14,409,284	12,483,101
Unrestricted	19,959,000	16,271,511	16,416,783	14,883,682	36,375,783	31,155,193
Total Net Position	\$ 64,287,248	\$ 57,832,667	\$ 18,149,080	\$ 16,714,851	\$ 82,436,328	\$ 74,547,518

A significant portion of the County's net position (\$31,651,261, or 38.4%) represents its investment in capital assets (e.g., land and improvements, buildings and improvements, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses capital assets to provide services to citizens; consequently, these assets are not cash

and not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County’s net position (\$14,409,284, or 17.5%) represents resources that are subject to external restrictions on how they may be used. The County’s unrestricted net position is \$36,375,783 (or 44.1%) which may be used to meet the County’s ongoing obligations to citizens and creditors. At the end of the fiscal year, the County is able to report positive balances in all three net position categories (net investment in capital assets, restricted, and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

Cash and pooled investments increased by \$7,645,194 largely due to American Rescue Plan Act (“ARPA”) funds, along with the current year increase in fund balance in the general fund. Unearned revenues also increased significantly due to the ARPA funds not having been spent as of fiscal year end. Pension related deferred inflows increased by \$3,049,897 due to the calendar year 2021 gains on investment over the actuarial expectations.

The County’s total net position increased by \$7,888,810 during the fiscal year. Governmental and business-type activities both accounted for this increase.

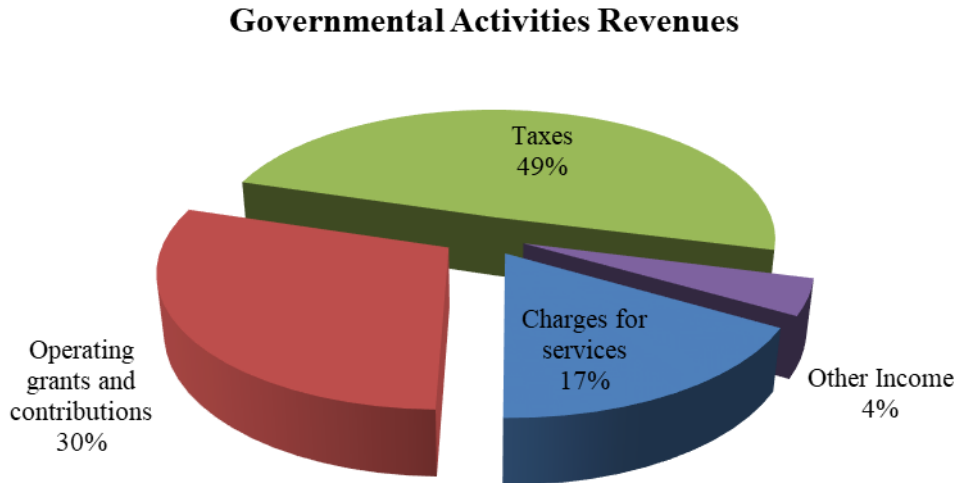
Allegan County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for services	\$ 11,430,577	\$ 12,488,320	\$ 5,445,577	\$ 5,907,018	\$ 16,876,154	\$ 18,395,338
Operating grants and contributions	19,872,795	18,142,634	2,621,553	1,531,217	22,494,348	19,673,851
Capital grants and contributions	24,795	66,382	-	-	24,795	66,382
Total Program Revenues	31,328,167	30,697,336	8,067,130	7,438,235	39,395,297	38,135,571
General Revenues						
Taxes	33,226,744	27,472,680	1,421,518	1,340,919	34,648,262	28,813,599
Unrestricted intergovernmental revenues	2,799,087	1,839,723	-	-	2,799,087	1,839,723
Interest income	75,233	11,895	(28,002)	2,159	47,231	14,054
Total General Revenues	36,101,064	29,324,298	1,393,516	1,343,078	37,494,580	30,667,376
Total Revenues	67,429,231	60,021,634	9,460,646	8,781,313	76,889,877	68,802,947
Expenses						
Judicial	9,187,379	8,904,616	-	-	9,187,379	8,904,616
General government	16,162,129	14,396,792	-	-	16,162,129	14,396,792
Public safety	20,700,116	20,298,594	-	-	20,700,116	20,298,594
Public works	1,130,831	1,802,751	-	-	1,130,831	1,802,751
Health and welfare	13,275,824	12,687,418	-	-	13,275,824	12,687,418
Community and economic development	130,667	325,904	-	-	130,667	325,904
Recreation and culture	599,327	477,518	-	-	599,327	477,518
Interest on long-term debt	673,060	734,634	-	-	673,060	734,634
Delinquent property tax	-	-	298,961	176,857	298,961	176,857
Medical Care Community	-	-	6,842,773	7,424,338	6,842,773	7,424,338
Total Expenses	61,859,333	59,628,227	7,141,734	7,601,195	69,001,067	67,229,422
Changes in Net Position Before Transfers	5,569,898	393,407	2,318,912	1,180,118	7,888,810	1,573,525
Transfers, net	884,683	804,558	(884,683)	(804,558)	-	-
Change in Net Position	6,454,581	1,197,965	1,434,229	375,560	7,888,810	1,573,525
<i>Net Position at the Beginning of Period</i>	<i>57,832,667</i>	<i>56,634,702</i>	<i>16,714,851</i>	<i>16,339,291</i>	<i>74,547,518</i>	<i>72,973,993</i>
Net Position at the End of Period	\$ 64,287,248	\$ 57,832,667	\$ 18,149,080	\$ 16,714,851	\$ 82,436,328	\$ 74,547,518

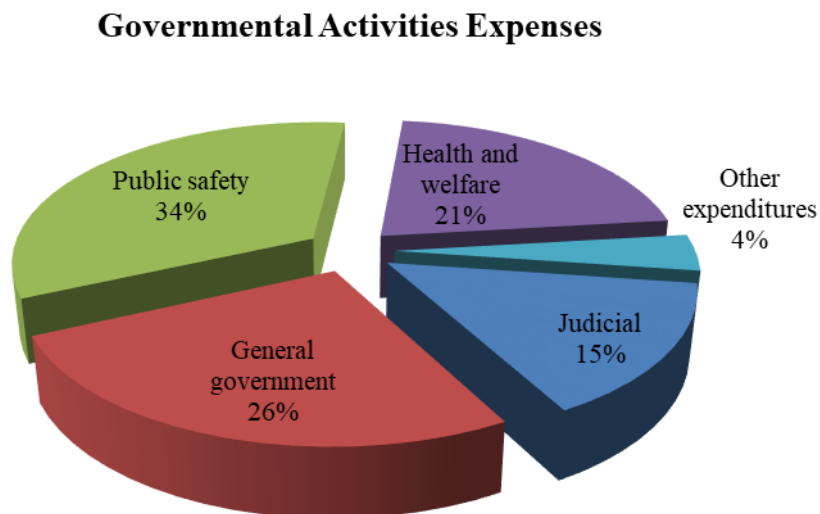
Governmental Activities. Net position of governmental activities showed an overall increase of \$6,454,581 during the year. The County had an increase in property tax revenue due to an increase in their taxable value of approximately 5.0%. Intergovernmental revenues increased due to

receiving a state grant to be used to lower their net pension liability. Total expenses increased \$1,771,645, due in most part to the current year results of the change in net pension liability and related deferred outflows and inflows.

The following chart summarizes the revenue sources for the governmental activities of the County for the most recent fiscal year-end:



The following chart summarizes the expenses for the governmental activities of the County for the most recent fiscal year-end:



Business-type Activities.

The business-type activities of the County increased the County's net position by \$1,434,229. The key elements of the revenue and expense activity for the current year are as follows:

- The delinquent property tax fund had income before transfers of \$905,511. There were transfers out of the fund totaling \$978,875 that went to multiple special revenue funds and the general fund.
- The medical care community fund experienced an increase of net position of \$1,503,737.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$40,002,888 an increase of \$204,832 in comparison with the prior year. Some of the key factors that led to the increase of fund balance are listed below. Of the fund balance amount, \$7,474,000, or 18.7% of total fund balances, constitutes unassigned fund balance, which is available for spending at the government's discretion. Fund balance that was restricted for particular purposes was \$14,306,764, or 35.8%, of the total fund balance. Committed fund balance, which is committed for a particular purpose, was \$13,286,203, or 33.2% of total fund balance. Assigned fund balance, which is assigned for a particular purpose, was \$3,023,568, or 7.6% of total fund balance. Nonspendable fund balance, which is nonspendable in form primarily for prepaid expenses, inventory, and advances to other funds and component units, was \$1,912,353, or 4.8% of total fund balance.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,474,000, while total fund balance was \$17,282,091. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to general fund expenditures. Unassigned fund balance represents 17.6% of total general fund expenditures and transfers out for the current year.

General fund balance decreased by \$1,397,331, from \$18,679,422 in the prior year to \$17,282,091 in the current year. The County consolidates certain funds into the general fund for external financial reporting purposes. A combining schedule is provided as supplementary information to show the various components. The decrease in fund balance is explained in an earlier section of this report.

The unfunded accrued liability fund at fiscal year-end had a fund balance of \$4,835,277, which is a decrease of \$1,127,590 from the prior year's fund balance. The primary reason for this decrease was a voluntary payment of \$7,039,854 to increase the funding percentage the County's defined benefit pension plan, net of transfers in of \$5,132,067.

The American rescue plan act (ARPA) fund at fiscal year-end had a fund balance of \$150,291, which was an increase of \$147,884 compared to the prior year. The primary reason for the increase was interest income of \$147,884 generated from the unspent ARPA funds held in the fund.

Nonmajor governmental funds increased total governmental fund balance by \$2,581,869 during the year for an ending combined fund balance of \$17,735,229.

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

Unrestricted net position of the delinquent property tax fund, the Medical Care Community, and the jail commissary fund at the end of the year amounted to \$12,725,447, \$3,481,709, and \$209,627, respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain expenditures. Generally, the movement of the appropriations between departments was *not* significant.

Final budget compared to actual results. The County had the following budget exceptions in the general fund:

Fund / Department	Final Budget	Actual Amount	Negative Variance
General Fund			
Circuit court	\$ 758,172	\$ 778,585	\$ (20,413)
Jury board	-	1,988	(1,988)
Network system	1,704,166	1,704,225	(59)
Mail and copy services	196,929	234,820	(37,891)
Courthouse - Facilities	415,899	444,524	(28,625)
Child care welfare	-	1,264	(1,264)

Capital Asset and Debt Administration

Capital assets. A capital asset is an asset with a cost that exceeds \$5,000 and a useful life that is greater than two years. Included in the cost of a capital asset are items such as labor, freight, and

any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.

The County's investment in capital assets (net of accumulated depreciation) as of year-end for its governmental and business-type activities amounted to \$40,421,691 and \$1,732,297, respectively. These capital assets include land and improvements, buildings and improvements, equipment, furniture, and vehicles, and infrastructure.

The total decrease in the primary government's investment in capital assets for the current fiscal year was \$47,395, due to depreciation expense being greater than capital asset additions.

Additional information on the County's capital assets can be found in the notes to the financial statements section of this report.

Long-term debt. At the end of the current year, the County had total long-term debt outstanding, exclusive of compensated absences, of \$20,670,092, a decrease of \$1,510,082 from the prior year. This balance incorporates all governmental and business-type bonds backed by the full faith and credit of the county. The County has an "AA" rating for both general obligation bonds and tax anticipation notes from Standard & Poor's Rating Services.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is significantly higher than the County's total outstanding general obligation debt, resulting in the County maintaining significant available debt capacity.

Additional information on the County's long-term debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budgets

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

Property tax revenue is forecasted to continue to increase near the rate of inflation. Property tax revenues will continue to be relied upon to support general fund expenditures.

Pension costs will continue to rise in the near-term as a result of actuarial assumption changes implemented by the Municipal Employees Retirement System Board.

Allegan County will continue to pass balanced operational budgets and continue to develop its five-year budget / planning document. This planning document and recently developed 15-year capital plan includes dedicated funding sources and will help position Allegan County for future growth with a stable foundation.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Allegan County Financial Services
3283 122nd Avenue
Allegan, Michigan 49010
Phone (269) 673-0228

Additional information can be found at our website at www.allegancounty.org.

BASIC FINANCIAL STATEMENTS

Allegan County
Statement of Net Position
December 31, 2022

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
<i>Current Assets</i>				
Cash and pooled investments	\$ 64,442,144	\$ 11,649,678	\$ 76,091,822	\$ 13,654,003
Accounts receivable	3,085,817	566,612	3,652,429	3,237,506
Special assessments receivable	--	--	--	1,684,395
Leases receivable	231,693	--	231,693	630,349
Property taxes receivable	4,517,060	3,980,923	8,497,983	4,240,673
Due from other governments	3,532,833	1,684,783	5,217,616	3,066,463
Inventory	23,316	--	23,316	1,623,823
Prepays	793,659	--	793,659	146,887
Total Current Assets	76,626,522	17,881,996	94,508,518	28,284,099
<i>Noncurrent Assets</i>				
Capital assets not being depreciated	1,471,111	--	1,471,111	112,068,003
Capital assets being depreciated, net	38,950,580	1,732,297	40,682,877	154,206,134
Special assessments receivable, long-term	--	--	--	4,109,825
Leases receivable, long-term	1,256,803	--	1,256,803	4,078,149
Advance to component unit	1,667,040	--	1,667,040	--
Net OPEB asset	--	--	--	250,762
Net pension asset	--	20,980	20,980	--
Total Assets	119,972,056	19,635,273	139,607,329	302,996,972
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	--	--	--	42,698
Pension	8,128,631	6,084	8,134,715	4,120,915
Total Deferred Outflows of Resources	8,128,631	6,084	8,134,715	4,163,613
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	2,196,945	1,055,308	3,252,253	536,098
Accrued payroll	1,015,800	--	1,015,800	--
Bonds payable	115,746	--	115,746	--
Assets held on behalf of others	3,134	--	3,134	--
Accrued liabilities	1,684,315	139,224	1,823,539	153,048
Due to other governments	543,307	--	543,307	3,318
Due to primary government	--	--	--	6,971,853
Unearned revenue	23,018,013	26,974	23,044,987	--
Accrued interest	121,765	--	121,765	126,694
Current portion of long-term debt	2,102,271	--	2,102,271	1,864,199
Total Current Liabilities	30,801,296	1,221,506	32,022,802	9,655,210
<i>Noncurrent Liabilities</i>				
Long-term debt	18,567,811	--	18,567,811	14,165,625
Retainage payable	--	--	--	140,825
Advance from primary government	--	--	--	1,667,040
Compensated absences	1,661,493	107,774	1,769,267	518,410
Net pension liability	1,880,486	--	1,880,486	2,136,866
Total Liabilities	52,911,086	1,329,280	54,240,366	28,283,976
DEFERRED INFLOWS OF RESOURCES				
Revenues intended to finance a subsequent period	4,524,108	--	4,524,108	4,365,958
Deferred lease revenues	1,370,696	--	1,370,696	--
Pension	5,007,549	162,997	5,170,546	1,760,153
Total Deferred Inflows of Resources	10,902,353	162,997	11,065,350	6,126,111
NET POSITION				
Net investment in capital assets	29,918,964	1,732,297	31,651,261	254,972,101
<i>Restricted for:</i>				
Various functions (Note 10)	14,409,284	--	14,409,284	4,710,439
<i>Unrestricted</i>	19,959,000	16,416,783	36,375,783	13,067,958
Total Net Position	\$ 64,287,248	\$ 18,149,080	\$ 82,436,328	\$ 272,750,498

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary Government								
Governmental Activities:								
Judicial	\$ 9,187,379	\$ 1,682,527	\$ 4,535,464	\$ --	\$ (2,969,388)	\$ --	\$ (2,969,388)	\$ --
General government	16,162,129	5,941,527	3,499,218	24,795	(6,696,589)	--	(6,696,589)	--
Public safety	20,700,116	1,219,089	5,969,992	--	(13,511,035)	--	(13,511,035)	--
Public works	1,130,831	1,050,198	--	--	(80,633)	--	(80,633)	--
Health and welfare	13,275,824	1,381,121	5,868,121	--	(6,026,582)	--	(6,026,582)	--
Recreation and cultural	599,327	143,669	--	--	(455,658)	--	(455,658)	--
Community and economic development	130,667	12,446	--	--	(118,221)	--	(118,221)	--
Interest on long-term debt	673,060	--	--	--	(673,060)	--	(673,060)	--
Total Governmental Activities	61,859,333	11,430,577	19,872,795	24,795	(30,531,166)	--	(30,531,166)	--
Business-type Activities:								
516-629 Delinquent Property Tax	298,961	1,232,474	--	--	--	933,513	933,513	--
Allegan County Medical Care Community	6,842,773	4,159,247	2,621,553	--	--	(61,973)	(61,973)	--
595 Jail Commisary - Nonmajor	--	53,856	--	--	--	53,856	53,856	--
Total Business-type Activities	7,141,734	5,445,577	2,621,553	--	--	925,396	925,396	--
Total Primary Government	\$ 69,001,067	\$ 16,876,154	\$ 22,494,348	\$ 24,795	\$ (30,531,166)	\$ 925,396	\$ (29,605,770)	--
Component Units								
Allegan County Road Commission	\$ 24,539,317	\$ 412,036	\$ 20,229,730	\$ 12,635,293	--	--	--	8,737,742
Allegan County Drains	2,234,057	525,975	128,727	1,659,708	--	--	--	80,353
243 Brownfield Redevelopment Authority	17,011	--	--	--	--	--	--	(17,011)
Total Component Units	\$ 26,790,385	\$ 938,011	\$ 20,358,457	\$ 14,295,001	--	--	--	8,801,084
General Purpose Revenues and Transfers:								
Revenues								
Property taxes					33,226,744	1,421,518	34,648,262	4,167,809
Intergovernmental revenues - state					2,441,791	--	2,441,791	--
Intergovernmental revenues - local					357,296	--	357,296	--
Interest and investment income (loss)					75,233	(28,002)	47,231	187,428
Transfers					884,683	(884,683)	--	--
Total General Revenues and Transfers					36,985,747	508,833	37,494,580	4,355,237
Change in Net Position					6,454,581	1,434,229	7,888,810	13,156,321
<i>Net Position at Beginning of Period</i>					57,832,667	16,714,851	74,547,518	259,594,177
Net Position at End of Period					\$ 64,287,248	\$ 18,149,080	\$ 82,436,328	\$ 272,750,498

The Notes to the Financial Statements are an integral part of these Financial Statements

**Allegan County
Balance Sheet
Governmental Funds
December 31, 2022**

	Special Revenue				Total Governmental Funds
	General	259 Unfunded Accrued Liability	299 American Rescue Plan Act - ARPA	Other Governmental Funds	
ASSETS					
Cash and pooled investments	\$ 15,280,471	\$ 4,835,277	\$ 22,896,271	\$ 17,258,423	\$ 60,270,442
Accounts receivable	1,960,499	--	--	1,122,348	3,082,847
Leases receivable	1,488,496	--	--	--	1,488,496
Property taxes receivable	1,717,831	--	--	2,799,229	4,517,060
Due from other governments	962,061	--	--	2,570,772	3,532,833
Inventory	--	--	--	23,316	23,316
Prepays	135,963	--	--	109,350	245,313
Due from other funds	155,000	--	--	--	155,000
Advance to component unit	1,667,040	--	--	--	1,667,040
Total Assets	\$ 23,367,361	\$ 4,835,277	\$ 22,896,271	\$ 23,883,438	\$ 74,982,347
LIABILITIES					
Accounts payable	\$ 465,383	\$ --	\$ 13,654	\$ 1,717,388	\$ 2,196,425
Accrued payroll	1,015,800	--	--	--	1,015,800
Bonds payable	115,746	--	--	--	115,746
Assets held on behalf of others	3,134	--	--	--	3,134
Accrued liabilities	306,811	--	--	584,047	890,858
Due to other governments	--	--	--	543,307	543,307
Unearned revenue	--	--	22,732,326	285,687	23,018,013
Due to other funds	--	--	--	155,000	155,000
Total Liabilities	1,906,874	--	22,745,980	3,285,429	27,938,283
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	1,146,372	--	--	--	1,146,372
Deferred lease revenues	1,370,696	--	--	--	1,370,696
Revenues intended to finance a subsequent year	1,661,328	--	--	2,862,780	4,524,108
Total Liabilities and Deferred Inflows of Resources	6,085,270	--	22,745,980	6,148,209	34,979,459
FUND BALANCE					
Nonspendable	1,803,003	--	--	109,350	1,912,353
Restricted	--	--	150,291	14,156,473	14,306,764
Committed	4,981,520	4,835,277	--	3,469,406	13,286,203
Assigned	3,023,568	--	--	--	3,023,568
Unassigned	7,474,000	--	--	--	7,474,000
Total Fund Balance	17,282,091	4,835,277	150,291	17,735,229	40,002,888
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 23,367,361	\$ 4,835,277	\$ 22,896,271	\$ 23,883,438	\$ 74,982,347

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total Fund Balance - Governmental Funds	\$	40,002,888
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		3,929,041
General government capital assets of \$89,653,538, net of accumulated depreciation of \$49,231,847, are not financial resources and, accordingly, are not reported in the funds.		40,421,691
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those asset (such as property taxes, state grants, and loans receivable not collected in 60 days of year end) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.		1,146,372
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(1,661,493)
In the statement of net position, interest is accrued on outstanding bonds and installment purchase agreements, whereas in the governmental funds, the interest expenditure is reported when due.		(121,765)
Net pension liability and related deferrals are not due and payable in the current period and are not reported in the funds.		1,240,596
Certain liabilities, including bonds payable and installment purchase agreements, are not due and payable in the current period and, therefore, are not reported in the funds.		(20,670,082)
Total Net Position - Governmental Activities	\$	<u>64,287,248</u>

Allegan County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>259 Unfunded Accrued Liability</u>	<u>299 American Rescue Plan Act - ARPA</u>	<u>Other Governmental Funds</u>	
Revenues					
Taxes	\$ 30,678,523	\$ --	\$ --	\$ 2,754,780	\$ 33,433,303
Licenses and permits	52,099	--	--	982,765	1,034,864
Intergovernmental revenues - federal	136,014	--	197,422	3,541,904	3,875,340
Intergovernmental revenues - state	2,794,402	996,716	--	9,236,989	13,028,107
Intergovernmental revenues - local	--	--	--	1,680,858	1,680,858
Charges for services	4,628,098	--	--	6,055,561	10,683,659
Fines and forfeitures	6,500	--	--	66,523	73,023
Interest and rentals	224,148	--	147,884	(2,592)	369,440
Other revenues	2,562,305	--	--	480,161	3,042,466
Total Revenues	<u>41,082,089</u>	<u>996,716</u>	<u>345,306</u>	<u>24,796,949</u>	<u>67,221,060</u>
Expenditures					
Judicial	4,399,369	--	--	4,818,540	9,217,909
General government	11,327,549	7,256,373	197,422	1,955,228	20,736,572
Public safety	12,614,345	--	--	5,642,628	18,256,973
Public works	179,765	--	--	951,066	1,130,831
Health and welfare	744,767	--	--	12,322,883	13,067,650
Community and economic development	--	--	--	907,360	907,360
Recreation and cultural	124,554	--	--	6,113	130,667
Other	688,555	--	--	--	688,555
Capital outlay	--	--	--	2,102,723	2,102,723
Debt service - principal	--	--	--	2,332,437	2,332,437
Debt service - interest	--	--	--	685,787	685,787
Total Expenditures	<u>30,078,904</u>	<u>7,256,373</u>	<u>197,422</u>	<u>31,724,765</u>	<u>69,257,464</u>
Excess of Revenues Over (Under) Expenditures	<u>11,003,185</u>	<u>(6,259,657)</u>	<u>147,884</u>	<u>(6,927,816)</u>	<u>(2,036,404)</u>
Other Financing Sources (Uses)					
Inception of lease	--	--	--	856,553	856,553
Transfers in	50,000	5,132,067	--	10,269,901	15,451,968
Transfers out	(12,450,516)	--	--	(1,616,769)	(14,067,285)
Net Other Financing Sources (Uses)	<u>(12,400,516)</u>	<u>5,132,067</u>	<u>--</u>	<u>9,509,685</u>	<u>2,241,236</u>
Net Change in Fund Balance	<u>(1,397,331)</u>	<u>(1,127,590)</u>	<u>147,884</u>	<u>2,581,869</u>	<u>204,832</u>
<i>Fund Balance at Beginning of Period</i>	18,679,422	5,962,867	2,407	15,153,360	39,798,056
Fund Balance at End of Period	<u>\$ 17,282,091</u>	<u>\$ 4,835,277</u>	<u>\$ 150,291</u>	<u>\$ 17,735,229</u>	<u>\$ 40,002,888</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	204,832
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.		(1,382,567)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures of \$3,988,706 exceeds depreciation expense of \$3,937,229.		51,477
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year.		208,171
The repayment of principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure; however, the repayment of long-term debt, and the amortization of premiums and discounts, reduces long-term liabilities on the statement of net position. This represents \$2,332,437 of long-term debt payments plus \$34,198 of lease payments.		1,228,882
Proceeds from the issuance of leases are reported as other financing sources in the fund statements, but are reported as liabilities in the statement of net position.		12,727
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 funds.		(60,707)
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase in compensated absences is to decrease net position.		5,910,566
Changes to the net pension liability and related deferrals are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.		281,200
Changes in Net Position - Governmental Activities	\$	<u>6,454,581</u>

**Allegan County
Statement of Net Position
Proprietary Funds
December 31, 2022**

	Business-type Activities - Enterprise Funds				
	516/520/521/527- 529/619- 622/628/629 Delinquent Property Tax	Allegan County Medical Care Community	595 Jail Commisary - Nonmajor	Total Enterprise Funds	Governmental Activities Internal Service Funds
ASSETS					
<i>Current Assets</i>					
Cash and pooled investments	\$ 10,035,062	\$ 1,413,664	\$ 200,952	\$ 11,649,678	\$ 4,171,702
Accounts receivable	--	557,937	8,675	566,612	2,970
Property taxes receivable	2,705,039	1,275,884	--	3,980,923	--
Due from other governments	--	1,684,783	--	1,684,783	--
Prepays	--	--	--	--	548,346
Total Current Assets	12,740,101	4,932,268	209,627	17,881,996	4,723,018
<i>Noncurrent Assets</i>					
Capital assets being depreciated, net	--	1,732,297	--	1,732,297	--
Net pension asset	--	20,980	--	20,980	--
Total Assets	12,740,101	6,685,545	209,627	19,635,273	4,723,018
DEFERRED OUTFLOWS OF RESOURCES					
Pension	--	6,084	--	6,084	--
Total Deferred Outflows of Resources	--	6,084	--	6,084	--
LIABILITIES					
<i>Current Liabilities</i>					
Accounts payable	12,350	1,042,958	--	1,055,308	520
Accrued liabilities	2,304	136,920	--	139,224	793,457
Unearned revenue	--	26,974	--	26,974	--
Total Current Liabilities	14,654	1,206,852	--	1,221,506	793,977
<i>Noncurrent Liabilities</i>					
Compensated absences	--	107,774	--	107,774	--
Total Liabilities	14,654	1,314,626	--	1,329,280	793,977
DEFERRED INFLOWS OF RESOURCES					
Pension	--	162,997	--	162,997	--
Total Deferred Inflows of Resources	--	162,997	--	162,997	--
NET POSITION					
Investment in capital assets	--	1,732,297	--	1,732,297	--
<i>Unrestricted</i>	12,725,447	3,481,709	209,627	16,416,783	3,929,041
Total Net Position	\$ 12,725,447	\$ 5,214,006	\$ 209,627	\$ 18,149,080	\$ 3,929,041

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

Business-type Activities - Enterprise Funds

	516/520/521/527- 529/619- 622/628/629 Delinquent Property Tax	Allegan County Medical Care Community	595 Jail Commisary - Nonmajor	Total Enterprise Funds	Governmental Activities Internal Service Funds
Operating Revenues					
Interest and penalties on taxes	\$ 602,558	\$ --	\$ --	\$ 602,558	\$ --
Charges for services	615,980	4,159,497	53,856	4,829,333	5,287,462
Other revenues	13,936	(250)	--	13,686	340,009
Quality assurance supplement	--	489,066	--	489,066	--
Total Operating Revenues	1,232,474	4,648,313	53,856	5,934,643	5,627,471
Operating Expenses					
Administrative expense	298,961	--	--	298,961	18,059
Medical services expense	--	6,842,773	--	6,842,773	--
Insurance and employee benefits expense	--	--	--	--	6,491,979
Total Operating Expenses	298,961	6,842,773	--	7,141,734	6,510,038
Operating Income (Loss)	933,513	(2,194,460)	53,856	(1,207,091)	(882,567)
Non-Operating Revenues (Expenses)					
Property taxes	--	1,421,518	--	1,421,518	--
Interest income	(28,002)	--	--	(28,002)	--
Contributions and donations	--	2,132,487	--	2,132,487	--
Net Non-Operating Revenues (Expenses)	(28,002)	3,554,005	--	3,526,003	--
Income Before Contributions and Transfers	905,511	1,359,545	53,856	2,318,912	(882,567)
Transfers in	--	144,192	--	144,192	--
Transfers out	(978,875)	--	(50,000)	(1,028,875)	(500,000)
Change In Net Position	(73,364)	1,503,737	3,856	1,434,229	(1,382,567)
<i>Net Position at Beginning of Period</i>	12,798,811	3,710,269	205,771	16,714,851	5,311,608
Net Position at End of Period	\$ 12,725,447	\$ 5,214,006	\$ 209,627	\$ 18,149,080	\$ 3,929,041

The Notes to the Financial Statements are an integral part of these Financial Statements

**Allegan County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	516/520/521/527- 529/619- 622/628/629 Delinquent Property Tax	Allegan County Medical Care Community	595 Jail Commissary - Nonmajor	Total Enterprise Funds	
Cash Flows from Operating Activities					
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 5,627,573
Cash received from users	615,980	-	56,050	672,030	-
Cash received from residents and third-party payors	-	4,237,689	-	4,237,689	-
Cash received from quality assurance supplement	-	734,844	-	734,844	-
Cash received from other operating receipts	13,936	18,875	-	32,811	-
Cash received from quality measures initiative	-	161,700	-	161,700	-
Cash received from interest and penalties on delinquent taxes	479,500	-	-	479,500	-
Cash payments to employees and suppliers	(325,752)	(6,368,818)	-	(6,694,570)	(5,976,899)
Cash payments for quality assurance provider tax / quality measures	-	(348,797)	-	(348,797)	-
Net Cash Provided by (Used in) Operating Activities	783,664	(1,564,507)	56,050	(724,793)	(349,326)
Cash Flows from Non-capital Financing Activities					
Transfer from other funds	-	144,192	-	144,192	-
Transfers to other funds	(978,875)	-	(50,000)	(1,028,875)	(500,000)
Tax revenue	-	1,415,852	-	1,415,852	-
Contributions and donations	-	595,145	-	595,145	-
Net Cash Provided by (Used in) Non-capital Financing Activities	(978,875)	2,155,189	(50,000)	1,176,314	(500,000)
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	(49,186)	-	(49,186)	-
Net Cash Used in Capital and Related Financing Activities	-	(49,186)	-	(49,186)	-
Cash Flows from Investing Activities					
Investment losses	(28,002)	-	-	(28,002)	-
Net Cash Used by Investing Activities	(28,002)	-	-	(28,002)	-
Net Increase (Decrease) in Cash and Pooled Investments	(223,213)	541,496	6,050	324,333	(849,326)
<i>Cash and Pooled Investments - Beginning of Year</i>	10,258,275	872,168	194,902	11,325,345	5,021,028
Cash and Pooled Investments - End of Year	\$ 10,035,062	\$ 1,413,664	\$ 200,952	\$ 11,649,678	\$ 4,171,702

The Notes to the Financial Statements are an integral part of these Financial Statements

**Allegan County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	516/520/521/527- 529/619- 622/628/629 Delinquent Property Tax	Allegan County Medical Care Community	595 Jail Commissary - Nonmajor	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ 933,513	\$ (2,194,210)	\$ 53,856	\$ (1,206,841)	\$ (882,567)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation expense	-	148,058	-	148,058	-
Provision for bad debts	-	217,720	-	217,720	-
Changes in Assets, Deferrals, and Liabilities					
Accounts receivable	-	286,825	2,194	289,019	102
Property taxes receivable	(123,058)	-	-	(123,058)	-
Prepays	12,554	-	-	12,554	148,064
Accounts payable	(39,228)	20,188	-	(19,040)	(16,821)
Accrued liabilities	108	(10,824)	-	(10,716)	401,896
Due to other governments	(225)	-	-	(225)	-
Net pension liability and related deferreds	-	(32,264)	-	(32,264)	-
Net Cash Provided by (Used in) Operating Activities	\$ 783,664	\$ (1,564,507)	\$ 56,050	\$ (724,793)	\$ (349,326)

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Custodial Funds		
	701 Trust and Agency	721 Library Penal Fine	Total Custodial Funds
ASSETS			
Cash and pooled investments	\$ 675,768	\$ 143	\$ 675,911
<i>Total Assets</i>	675,768	143	675,911
LIABILITIES			
Bonds payable	4,864	--	4,864
Due to other governments	505,004	--	505,004
Undistributed collections	146,908	143	147,051
Bonds and other payables	18,992	--	18,992
<i>Total Liabilities</i>	\$ 675,768	\$ 143	\$ 675,911

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Custodial Funds		Total Custodial Funds
	701 Trust and Agency	721 Library Penal Fine	
Additions			
Taxes collected for other governments	\$ 36,096,788	\$ --	\$ 36,096,788
Library penal fine collections	--	453,614	453,614
Court collections	1,221,316	--	1,221,316
County clerk/register of deeds collections	1,063,206	--	1,063,206
Treasurer collections	12,754,366	--	12,754,366
Total Additions	51,135,676	453,614	51,589,290
Deductions			
Payments of property taxes to other governments	36,096,788	\$ --	36,096,788
Library penal fine distributions	--	453,614	453,614
Court distributions	1,221,316	--	1,221,316
County clerk/register of deeds distributions	1,063,206	--	1,063,206
Treasurer distributions	12,754,366	--	12,754,366
Total Deductions	51,135,676	453,614	51,589,290
Change in Net Position	--	--	--
<i>Net Position at Beginning of Period</i>	<i>--</i>	<i>--</i>	<i>--</i>
Net Position at End of Period	\$ --	\$ --	\$ --

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Combining Statement of Net Position
Component Units
December 31, 2022

	<u>Allegan County Drains</u>	<u>243 Brownfield Redevelopment Authority</u>	<u>Allegan County Road Commission</u>	<u>Total Component Units</u>
ASSETS				
<i>Current Assets</i>				
Cash and pooled investments	\$ 2,681,287	\$ 3,292	\$ 10,969,424	\$ 13,654,003
Accounts receivable	--	--	3,237,506	3,237,506
Special assessments receivable	1,684,395	--	--	1,684,395
Leases receivable	630,349	--	--	630,349
Property taxes receivable	--	--	4,240,673	4,240,673
Due from other governments	--	--	3,066,463	3,066,463
Inventory	--	--	1,623,823	1,623,823
Prepays	--	--	146,887	146,887
Total Current Assets	4,996,031	3,292	23,284,776	28,284,099
<i>Noncurrent Assets</i>				
Capital assets not being depreciated	2,378,010	1,474,592	108,215,401	112,068,003
Capital assets being depreciated, net	16,293,479	--	137,912,655	154,206,134
Special assessments receivable, long-term	4,109,825	--	--	4,109,825
Leases receivable, long-term	4,078,149	--	--	4,078,149
Net OPEB asset	--	--	250,762	250,762
Total Assets	31,855,494	1,477,884	269,663,594	302,996,972
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	42,698	--	--	42,698
Pension	--	--	4,120,915	4,120,915
Total Deferred Outflows of Resources	42,698	--	4,120,915	4,163,613
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	198,401	880	336,817	536,098
Accrued liabilities	1,903	--	151,145	153,048
Due to other governments	--	--	3,318	3,318
Due to primary government	--	--	6,971,853	6,971,853
Accrued interest	126,694	--	--	126,694
Current portion of long-term debt	1,510,359	--	353,840	1,864,199
Total Current Liabilities	1,837,357	880	7,816,973	9,655,210
<i>Noncurrent Liabilities</i>				
Long-term debt	9,710,730	--	4,454,895	14,165,625
Retainage payable	--	140,825	--	140,825
Advance from primary government	250,000	1,417,040	--	1,667,040
Compensated absences	--	--	518,410	518,410
Net pension liability	--	--	2,136,866	2,136,866
Total Liabilities	11,798,087	1,558,745	14,927,144	28,283,976
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	--	--	4,365,958	4,365,958
Pension	--	--	1,760,153	1,760,153
Total Deferred Inflows of Resources	--	--	6,126,111	6,126,111
NET POSITION				
Net investment in capital assets	12,178,188	1,474,592	241,319,321	254,972,101
<i>Restricted for:</i>				
Debt service	4,710,439	--	--	4,710,439
<i>Unrestricted (Deficit)</i>	3,211,478	(1,555,453)	11,411,933	13,067,958
Total Net Position	\$ 20,100,105	\$ (80,861)	\$ 252,731,254	\$ 272,750,498

The Notes to the Financial Statements are an integral part of these Financial Statements

Allegan County
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2022

	<u>Allegan County Drains</u>	<u>243 Brownfield Redevelopment Authority</u>	<u>Allegan County Road Commission</u>	<u>Total Component Units</u>
Expenses				
Capital outlay	\$ --	\$ 17,011	\$ --	\$ 17,011
Interest expense	321,876	--	154,386	476,262
Road commission	--	--	24,384,931	24,384,931
Drains/public works	1,912,181	--	--	1,912,181
Total Expenses	<u>2,234,057</u>	<u>17,011</u>	<u>24,539,317</u>	<u>26,790,385</u>
Program Revenues				
Charges for services	525,975	--	412,036	938,011
Operating grants and contributions	128,727	--	20,229,730	20,358,457
Capital grants and contributions	1,659,708	--	12,635,293	14,295,001
Total Program Revenues	<u>2,314,410</u>	<u>--</u>	<u>33,277,059</u>	<u>35,591,469</u>
Net Program Revenues (Expenses)	<u>80,353</u>	<u>(17,011)</u>	<u>8,737,742</u>	<u>8,801,084</u>
General Revenue				
Property Taxes	--	--	4,167,809	4,167,809
Interest income	36,391	--	151,037	187,428
Total General Revenues	<u>36,391</u>	<u>--</u>	<u>4,318,846</u>	<u>4,355,237</u>
Change in Net Position	<u>116,744</u>	<u>(17,011)</u>	<u>13,056,588</u>	<u>13,156,321</u>
<i>Net Position at Beginning of Period</i>	19,983,361	(63,850)	239,674,666	259,594,177
Net Position at End of Period	<u>\$ 20,100,105</u>	<u>\$ (80,861)</u>	<u>\$ 252,731,254</u>	<u>\$ 272,750,498</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Allegan County

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

Allegan County, Michigan (the “County” or “government”) was organized in 1835 and covers an area of 829 square miles divided into 24 townships, 3 villages, and 6 cities. The County seat is located in the City of Allegan. The County operates under an elected Board of County Commissioners (seven members) and provides services to its more than 120,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

Reporting Entity

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

The financial statements for *Allegan County Medical Care Community* (the “Community”), an enterprise fund, are presented for the fiscal year ending December 31, 2022. The Community is a not-for-profit, 70-bed, long-term care Community owned and operated by the County. It is governed by the Allegan County Department of Human Services Board. This board consists of three members, two of whom are appointed by the County Board of Commissioners and one of whom is appointed by the Michigan governor. Furthermore, the County Board of Commissioners approves the Community’s revenue and expenses as a line item in the County budget. The fund is audited individually, and complete financial statements may be obtained from the Community’s administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Community in these financial statements. Complete financial statements of the Community can be obtained from its administrative offices at:

Allegan County Medical Care Community
3265 122nd Ave.,
Allegan, MI 49010

Blended Component Unit

Allegan County Building Authority (the “Building Authority”)

The governing board is appointed by the Allegan County Board of Commissioners. The Building Authority’s purpose is to finance and construct the County’s public buildings. The Building

Allegan County

Notes to the Financial Statements

Authority is included as a capital projects and debt service fund in the financial statements. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units

Allegan County Road Commission (the "Road Commission")

The 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 County Board of Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission's taxes are levied under the taxing authority of the County, as approved by the County electors, and are included as part of the County's total tax levy and reported in the County Road Commission Fund. The County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements given that the Road Commission is audited separately from the County. Complete financial statements of the Road Commission component unit can be obtained from its administrative offices at:

Allegan County Road Commission
1308 Lincoln Road, M-89
Allegan, Michigan 49010

Drain Commission/Department of Public Works

Pursuant to Act 185, Public Acts of 1957, the County entered into a program of water supply and sanitary sewer facility construction. The Allegan County Drain Commissioner was appointed as County agent by the Allegan County Board of Commissioners. The County appoints the voting majority to this organization's governing body. These factors result in the Drain Commission/Department of Public Works being reported as a component unit of the County. The County agent manages water supply and sanitary sewer system construction projects that are financed through bonding by the County. Pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Allegan County Drain Commissioner is responsible for planning, developing, and maintaining surface water drainage systems within the County. The Drain Commissioner as a County agent may issue debt or levy a tax as authorized by the Drain Code without approval of the County Board of Commissioners. A separate report is not prepared for the Drain Commission/Department of Public Works.

Allegan County Brownfield Redevelopment Authority (the "Brownfield Authority")

The Brownfield Authority was established in January 2007 under Public Act 381 of 1996 (as amended by Public Act 145 of 2000) for the purpose of identifying and facilitating improvement of environmentally distressed areas, in order to promote revitalization within the County. The Authority is governed by a 9-member Board. All applications for projects must be approved by the County Board of Commissioners.

Allegan County

Notes to the Financial Statements

Government-wide and Fund Financial Statements

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

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full-time equivalents, number of transactions, and other pertinent information. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources* measurement focus and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. The fiduciary fund financial statements use the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of the year for which they were levied, the delinquent tax revolving fund pays the County for any outstanding real property taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period, within 60 days for property taxes, or within one year for reimbursement-based grants. Grant revenues are considered to be available when all

Allegan County

Notes to the Financial Statements

eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

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

The County reports the following major governmental funds:

General fund – This fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

Unfunded accrued liability fund– This fund is used to account for paying down the County’s pension liability.

American Rescue Plan Act fund –This fund is used to account for the American Rescue Plan Act of 2021 resources collected and expended.

The County reports the following major enterprise funds:

Delinquent property tax fund – This fund is used to pay each local governmental unit, including the County itself, the respective amount of real property taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Medical Care Community fund – This fund accounts for the operations of the Allegan County Medical Care Community, which provides long-term health care to residents of the County.

Additionally, the County reports the following fund types:

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

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital items.

Allegan County

Notes to the Financial Statements

Internal service funds account for insurance coverage provided to County departments on a cost reimbursement basis.

Custodial funds are used to account for assets held on behalf of outside parties, including other governments. The library penal fines fund is used to account for the collection of penal fines and distribution to libraries (including an allocation to the County law library).

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are interest and penalties on delinquent taxes and charges for services provided. The principal operating revenues of the County's internal service funds are charges to County departments for insurance coverage. Operating expenses for the enterprise funds consist of the costs of services, administrative expenses, and depreciation on capital assets. Operating expenses for the internal service funds include the cost of services (including claims) and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Budgets and Budgetary Accounting

A budget is adopted by the Board of Commissioners in accordance with Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act, for the general and special revenue funds. The Board amends the budget as necessary during the year. The budget is adopted on the modified accrual basis of accounting consistent with the actual financial statements for these funds. The budget is adopted at the activity level and control is exercised at the activity level for the general fund and special revenue funds. The County Administrator is authorized to transfer budget amounts for line items within activities without formal Board approval. The Board must approve any amendments at the activity level (department) for the general fund and other budgeted funds. All budget appropriations lapse at the end of each fiscal. All budgetary presentations include original and amended budgets.

Allegan County

Notes to the Financial Statements

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and Pooled Investments

The County maintains a cash and investment pool that is available for use by select funds. Each funds allocation of this pool is reported on the fund and government-wide statements as cash and pooled investments. For purpose of the statement of cash flows, the County considers all assets held in the cash and investment pools to be cash equivalents because the investments are not identifiable to specific funds and the assets can be withdrawn at any time, similar to a demand deposit account.

Restricted Cash and Cash Equivalents

Restricted cash is related to patient trust funds and capital campaign dollars for the Medical Care Community. The restricted cash is offset by a “due to patients” liability account, reported as a component of “accounts payable” in the accompanying statement of net position.

Investments

Statutes authorize the County to invest in the following:

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

Interest income on cash deposits and investments is allocated only to those funds required by the State to earn income on interest-bearing accounts. Income is allocated based on the cash balance

Allegan County

Notes to the Financial Statements

of each fund in comparison to the cash balance of the County as a whole. All interest income remaining after the allocation has been made is credited to the general fund.

Investments are carried at fair value.

Current Taxes Receivable

Property taxes are levied on the taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in taxable values to the lesser of 5% or the rate of inflation with taxable value reverting to 50% of true cash value when the property is sold. Property taxes receivable in governmental funds represent amounts due from taxpayers on the July 1 and December 1 tax levies in the general fund and other governmental funds, respectively.

Delinquent Taxes Receivable

Property taxes receivable in the delinquent tax revolving funds represent unpaid balances from the previous years' levies of the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a three-year period. Interest at one percent per month (increased to 1.5 percent after 12 months, retroactive to the date of delinquency) and administrative fees at four percent are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the delinquent tax revolving fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

Accounts Receivable and Due from Other Governments

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are recorded as unearned revenue.

Leases and Special Assessments Receivable

The Drain Commission/Department of Public Works component unit has leases and special assessments receivable recorded in the amount of \$4,708,498 and \$5,794,220, respectively and governmental activities reports leases receivable of \$1,488,496. Leases receivable represent amounts owed to the County by other local units of government for the retirement of bonds payable issued to finance construction of water/sewer infrastructure or amounts owed to the County for the right to use County assets. Special assessments are levied on properties within a drainage district that are deemed to receive the primary benefit of the maintenance/construction. The amounts generally correspond to related bonds and notes payable issued to finance the project and may be

Allegan County

Notes to the Financial Statements

assessed over one year or multiple years. Of the leases and special assessment receivables, \$630,349 and \$1,684,395, respectively, are expected to be collected within one year while the remaining balances are long-term. Governmental activities reports an additional \$231,693 of leases receivable within one year. Lease and special assessments receivable are recorded with an offsetting credit to deferred inflows of resources on the fund statements as the balances do not represent expendable available financial resources.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has two items that qualify for reporting in this category, pension related deferred outflows and a deferred charge on bond refunding. The government-wide statements and proprietary funds report deferred outflows from the net difference between projected and actual investment earnings of the pension plan, differences between expected and actual experience, changes in assumptions, and County contributions made after the measurement date of the net pension liability.

The Drain Commission/Department of Public Works component unit refunded certain bonds payable in order to secure lower interest rates and reduce future debt service payments. The difference between the carrying amount of the refunded debt and the amount placed in escrow for purposes of paying the remaining balance of refunded debt is reported as a loss on advance refunding. This amount is being amortized using the straight-line method over the life of the related bonds. Amortization expense for the year ending December 31, 2022, was \$12,711.

Due To/Due From

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as “due from other funds/component units” or “due to other funds/component units” on the fund balance sheets.

Advances to Other Funds

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Inventory and Prepaids

Health department inventory is valued at cost, determined by the first-in, first-out (FIFO) method.

Payments made to vendors for services that will benefit periods beyond a fund’s fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

Allegan County

Notes to the Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The capitalization threshold for drain infrastructure is \$25,000. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received. The amount reported for infrastructure includes only assets added since December 31, 2000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure) is computed using the straight-line method, as follows:

	<u>Years</u>
Land improvements	20
Buildings and improvements	30 - 50
Machinery, equipment, and furniture	5 - 10
Infrastructure	8 - 50

Right to use intangible assets (financed with lease obligations) are amortized with capital assets over the life of the underlying lease liability.

Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured (e.g. – as a result of employee resignations and retirements).

Long-term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-

Allegan County

Notes to the Financial Statements

line method (which approximates the effective interest method). Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions

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

Deferred Inflows of Resources

Property taxes (excluding those for the general fund and soldiers' relief allocation, which are subject to a different timeline) are levied and attach as an enforceable lien of property on December 1. Property taxes are payable through February 14. Although the County's 2022 ad valorem tax (excluding the portion for general operations and soldiers' relief) is levied and collectible on December 1, 2022, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2022, levy has been reported as deferred inflows of resources at year-end. The County, similarly, defers a portion of its leases receivable into future reporting periods.

The County reports certain receivables in governmental funds that are not due and collectible soon enough to meet the criteria for revenue recognition under the current financial resources method of accounting. These amounts have also been reported as "deferred inflows of resources" in the fund financial statements, but are recognized when earned, regardless of the timing of collection, in the government-wide statements.

The County also reports deferred inflows of resources related to pensions for changes in assumptions as well as the net difference between projected and actual investment earnings of the pension plan.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular order from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and

Allegan County

Notes to the Financial Statements

proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, and the nonspendable portion of endowments.

Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The County Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The County Board of Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Allegan County

Notes to the Financial Statements

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the County Board of Commissioners.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Allegan County

Notes to the Financial Statements

Note 2 - Stewardship and Budgetary Compliance

Budget Compliance

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. The approved budgets of the County for all budgetary funds were adopted at the department (activity) level.

During the year ended December 31, 2022, the County had the following budget exceptions:

Fund / Department	Final Budget	Actual Amount	Negative Variance
General Fund			
Circuit court	\$ 758,172	\$ 778,585	\$ (20,413)
Jury board	-	1,988	(1,988)
Network system	1,704,166	1,704,225	(59)
Mail and copy services	196,929	234,820	(37,891)
Courthouse - Facilities	415,899	444,524	(28,625)
Child care welfare	-	1,264	(1,264)

Note 3 - Deposits and Investments

Deposits and investments consisted of the following on December 31, 2022:

	Primary Government	Component Units	Total
Statement of Net Position			
Cash and pooled investments	\$ 76,091,822	\$ 13,654,003	\$ 89,745,825
Statement of Fiduciary Net Position			
Cash and pooled investments	675,911	-	675,911
Total Cash and Investments	\$ 76,767,733	\$ 13,654,003	\$ 90,421,736
Less Units Separately Audited			
Allegan County Road Commission	-	(10,969,424)	(10,969,424)
Allegan County Medical Care Community	(1,413,664)	-	(1,413,664)
Total Cash and Investments	\$ 75,354,069	\$ 2,684,579	\$ 78,038,648
Deposits and Investments			
Checking and savings accounts			\$ 21,161,973
Investments			56,849,505
Cash on hand			27,170
Total Deposits and Investments			\$ 78,038,648

Allegan County

Notes to the Financial Statements

These deposits are in multiple financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the County and a specific fund or common account. They are recorded in the County records at cost. Interest is recorded when earned.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit with utilizing outside sources to obtain the ratings. As of year-end, \$20,661,973 of the bank balance of \$21,161,973 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the County does not have a policy for investment custodial credit risk. As of December 31, 2022, none of the County's investments were exposed to risk since the securities are held in the County's name by the counterparty.

The County's investments at year-end are summarized as follows:

U.S. Treasury Security	\$ 493,480
Money market accounts	19,474,040
Michigan CLASS	18,559,792
Asset backed securities	1,453,355
Certificate of deposits	7,535,537
Municipal bonds	9,333,301
Total	<u>\$ 56,849,505</u>

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

No maturity	\$ 39,033,832
Less than 1 year	8,403,024
Due within 1-5 years	8,736,990
Due more than 5 years	675,659
Total	<u>\$ 56,849,505</u>

Credit Risk. State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum

Allegan County

Notes to the Financial Statements

maturities and ratings when purchased, bankers' acceptances of the County's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in "statutory authority" below. The investment policy does not have specific limits in excess of state law on investment credit risk.

The credit risk ratings for investments held at year-end are summarized as follows:

S&P AAA	\$ 24,172,406
S&P AA+	4,820,495
S&P AA	3,159,260
S&P AA-	2,307,766
S&P SP-1+	499,135
N/A or not rated	21,890,443
Total	<u>\$ 56,849,505</u>

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The County's investment policy does not have specific limits in excess of State law on concentration of credit risk. All investments held at year-end are reported above.

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the 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.

The County has the following recurring fair value measurements as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Security	\$ -	\$ 493,480	\$ -	\$ 493,480
Asset backed securities	-	1,453,355	-	1,453,355
Municipal bonds	9,333,301	-	-	9,333,301
Michigan CLASS	-	18,559,792	-	18,559,792
Totals	<u>\$ 9,333,301</u>	<u>\$ 20,506,627</u>	<u>\$ -</u>	<u>29,839,928</u>

Investment accounts not subject to fair value disclosure requirements:

Money market accounts	19,474,040
Certificates of deposit	7,535,537
Total Investments	<u>\$ 56,849,505</u>

Note 4 - Leases Receivable

The County is reporting total lease receivables of \$1,488,496 and deferred lease revenues of \$1,370,696 as of December 31, 2022. For fiscal year 2022, the County reported lease revenue of \$187,846 and interest revenue of \$60,346 related to lease payments received.

Allegan County

Notes to the Financial Statements

The following describes the County's leases receivable as of year-end:

Allegan County Community Mental Health (ACCMHS) lease: On June 1, 2005 the County entered into a direct cost sublease agreement with ACCMHS to provide appropriate premises to accommodate community mental health services and administrative services provided by ACCMHS. The initial term is from June 1, 2005 to May 31, 2035 from June through May. The extension included an annual adjustment. The ACCMHS terminated contract with the County on May 31, 2023.

Michigan Department of Family Independence Agency lease: On September 1, 2003 the County entered into an agreement with Michigan Department of Management and Budget to provide appropriate premises to accommodate services and administrative services provided by Michigan Department of Family Independence Agency. The initial term is from September 1, 2003 to August 31, 2023 with two options to extend for an additional five years running from September 1 through August 31. The County expects all extensions to be executed and to receive payments through August 31, 2033.

Area Community Services Employment and Training (ACSET) lease: On August 18, 2014 the County entered into an agreement with ACSET to provide appropriate premises to accommodate services and administrative services provided by ACSET. The initial term is from August 2014 to August 2017 with 3 options to renew the lease for a three-year term running from mid-August through mid-August. The County and ACSET executed all three options to renew the lease through August 19, 2023.

Note 5 - Interfund Receivables and Payables

The amounts of interfund balances as of December 31, 2022 represent loans for cash flow purposes and are as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 155,000	\$ -
Nonmajor governmental funds	-	155,000
Totals	\$ 155,000	\$ 155,000

As of December 31, 2022, the general fund had an advance to the brownfield redevelopment authority in the amount of \$1,417,040 to finance capital improvements and building expansion. The general fund also had an advance to the drains commission, a discretely presented component unit, in the amount of \$250,000 to finance drain improvements.

Allegan County

Notes to the Financial Statements

For the year ended December 31, 2022 interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 50,000	\$(12,450,516)
259 Unfunded Accrued Liability	5,132,067	-
Nonmajor governmental funds	10,269,901	(1,616,769)
516-629 Delinquent Property Tax	-	(978,875)
Allegan County Medical Care Community	144,192	-
595 Jail Commisary - Nonmajor	-	(50,000)
677 Self-Insurance	-	(500,000)
Totals	<u>\$ 15,596,160</u>	<u>\$(15,596,160)</u>

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

Note 6 - Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 759,162	\$ -	\$ -	\$ 759,162
Construction in process	2,080,652	677,825	(2,046,528)	711,949
<i>Subtotal</i>	<u>2,839,814</u>	<u>677,825</u>	<u>(2,046,528)</u>	<u>1,471,111</u>
Capital assets being depreciated:				
Land improvements	3,701,260	75,450	-	3,776,710
Buildings and improvements	51,843,619	2,619,308	-	54,462,927
Equipment and furniture	26,226,468	1,806,098	(631,225)	27,401,341
Infrastructure	1,684,896	-	-	1,684,896
Intangible right to use, leased assets	-	856,553	-	856,553
<i>Subtotal</i>	<u>83,456,243</u>	<u>5,357,409</u>	<u>(631,225)</u>	<u>88,182,427</u>
Less accumulated depreciation/amortization for:				
Land improvements	(2,760,373)	(120,576)	-	(2,880,949)
Buildings and improvements	(25,055,237)	(1,987,869)	-	(27,043,106)
Equipment and furniture	(17,225,954)	(1,731,897)	631,225	(18,326,626)
Infrastructure	(884,279)	(54,119)	-	(938,398)
Intangible right to use, leased assets	-	(42,768)	-	(42,768)
<i>Subtotal</i>	<u>(45,925,843)</u>	<u>(3,937,229)</u>	<u>631,225</u>	<u>(49,231,847)</u>
Capital assets being depreciated/amortized, net	<u>37,530,400</u>	<u>1,420,180</u>	<u>-</u>	<u>38,950,580</u>
Capital assets, net	<u>\$ 40,370,214</u>	<u>\$ 2,098,005</u>	<u>\$ (2,046,528)</u>	<u>\$ 40,421,691</u>

Allegan County

Notes to the Financial Statements

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental Activities:

Judicial	\$ 68,302
General government	993,148
Public safety	2,449,997
Health and welfare	334,314
Recreation and culture	91,468
Total depreciation expense	\$ 3,937,229

The intangible right to use, leased asset amortization is presented as depreciation expense on the statement of activities related to the County's intangible leased assets, which is included in the above table as intangible right to use lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this Statement requires the lessee to recognize a lease liability and an intangible right to use asset.

A summary of changes in the Drain Commission/Department of Public Works capital assets was as follows:

Allegan County Drains	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 853,800	\$ -	\$ -	\$ 853,800
Construction in process	1,414,025	385,629	(275,444)	1,524,210
<i>Subtotal</i>	2,267,825	385,629	(275,444)	2,378,010
Capital assets being depreciated:				
Machinery and equipment	76,125	-	-	76,125
Infrastructure	22,631,546	552,658	-	23,184,204
<i>Subtotal</i>	22,707,671	552,658	-	23,260,329
Less accumulated depreciation for:				
Machinery and equipment	(63,792)	(9,289)	-	(73,081)
Infrastructure	(5,726,137)	(1,167,632)	-	(6,893,769)
<i>Subtotal</i>	(5,789,929)	(1,176,921)	-	(6,966,850)
Capital assets being depreciated, net	16,917,742	(624,263)	-	16,293,479
Capital assets, net	\$ 19,185,567	\$ (238,634)	\$ (275,444)	\$ 18,671,489

Depreciation expense of \$1,176,921 was charged to the public works/drains function of the Allegan County Drains.

Additionally, the Brownfield Redevelopment Authority (discretely presented component unit) has \$1,474,592 of construction in progress as of December 31, 2022.

Allegan County

Notes to the Financial Statements

Note 7 - Long-term Obligations

The individual long-term debt and other long-term obligations of the County, and the changes therein, are summarized as follows:

Governmental Activities	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 9,525,000	\$ -	\$ 700,000	\$ 8,825,000	\$ 700,000
Pension obligation bonds	10,105,000	-	760,000	9,345,000	785,000
Installment purchase agreement (Direct Placement)	2,486,783	-	866,302	1,620,481	595,341
Net premium/discount	63,380	-	6,134	57,246	-
Lease obligations	-	856,553	34,198	822,355	21,930
Subtotal:	<u>22,180,163</u>	<u>856,553</u>	<u>2,366,634</u>	<u>20,670,082</u>	<u>2,102,271</u>
Compensated Absences	<u>1,600,786</u>	<u>60,707</u>	<u>-</u>	<u>1,661,493</u>	<u>-</u>
Total Long-term Obligations	<u>\$ 23,780,949</u>	<u>\$ 917,260</u>	<u>\$ 2,366,634</u>	<u>\$ 22,331,575</u>	<u>\$ 2,102,271</u>

Compensated absences in the governmental activities are liquidated by the general fund. The County has designated a portion of its general fund to fund future sick and vacation liabilities.

\$856,553 has been recorded as an intangible right to use lease in capital assets. Due to the implementation of GASB Statement No. 87, *Leases*, multiple obligation met the criteria of a lease; thus, requiring the lease obligations to be recorded. These assets will be amortized over the lease terms of underlying right to use assets. There are no residual value guarantees in the lease provisions.

The individual long-term debt of the Allegan County Drains, a discretely-presented component unit, and the changes therein, are summarized as follows:

Allegan County Drains	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 8,715,590	\$ 326,300	\$ (1,054,200)	\$ 7,987,690	\$ 1,043,680
Notes payable	3,853,436	-	(617,179)	3,236,257	466,679
Net premium/discount	(632)	204	(2,430)	(2,858)	(204)
Total Long-term Obligations	<u>\$ 12,568,394</u>	<u>\$ 326,504</u>	<u>\$ (1,673,809)</u>	<u>\$ 11,221,089</u>	<u>\$ 1,510,155</u>

Allegan County

Notes to the Financial Statements

The following is the description of the above long-term debt of the County and Allegan County Drains, a discretely-presented component unit:

Governmental Activities

\$13,500,000 2012 Capital Improvement Bonds, due in annual installments of \$350,000 to \$1,000,000 plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2032.	\$ 8,825,000
\$15,060,000 2014 Pension Obligation Bonds, due in annual installments of \$680,000 to \$1,110,000 plus interest ranging from 0.30 to 4.00%, payable semi-annually, through May 1, 2032.	9,345,000
\$5,807,685 2017 Installment Purchase Agreement, due in annual installments of \$638,121, payable annually through July 1, 2026, with an interest rate of 1.75%.	1,620,481
Central dispatch lease obligation with Valley for use of equipment due in monthly installments ranging from \$301 to \$635 plus interest through June 2034 with interest at 4.89%.	64,727
Central dispatch lease obligation with Valley for use of land due in monthly installments ranging from \$149 to \$321 plus interest through August 2034 with interest at 4.89%.	32,677
Central dispatch lease obligation with Lee Township for cell usage due in one lump sum in January 2027.	52,885
Central dispatch lease obligation with Laketown for use of tower due in annual installments ranging from \$10,902 to \$26,969 plus interest through July 2033 with interest at 4.89%.	214,485
Parks and recreation lease obligation for right to use Ely Lake due in monthly installments ranging from \$409 to \$2,283 plus interest through May 2057 with interest at 4.89%.	<u>457,581</u>
Total Long-term Debt	<u>\$ 20,612,836</u>

Allegan County

Notes to the Financial Statements

Allegan County Drains

\$241,300 2022 Buskirk Drain Bond Payable, due in annual payments of \$24,130 plus interest of 1.98%, payable annually, through June 1, 2032.	\$ 241,300
\$85,000 2022 Trowbridge-Cheshire Drainage District Bond Payable, due in annual payments of \$21,250 plus interest of 3.04%, payable annually, through June 1, 2026.	85,000
\$1,549,000 2017 Selkirk Lake Drain Bond Payable, due in annual installments of \$77,000 to \$78,000 plus interest of 3.29%, payable semi-annually, through June 1, 2037.	1,164,000
\$1,358,000 2016 Cuddy Intercounty Drain Bonds Payable, due in annual installments of \$90,533 plus interest at 2.59%, payable semi-annually, through June 1, 2031.	558,000
\$1,195,000 2012 Village of Martin Water System No. 8 General Obligation Limited Tax Refunding Bonds, due in annual installments of \$35,000 to \$55,000 plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2040.	815,000
\$4,633,615 2012 Kalamazoo Lake Sewer and Water Authority Sewage Disposal System General Obligation Limited Tax Bonds (Clean Water Revolving Loan Program) Sewer Authority Bonds, due in annual installments of \$183,525 to \$295,000 plus interest at 2.50%, payable semi-annually, through April 1, 2033.	2,860,090
\$2,920,000 2013 Fillmore Township Water Supply an Sewage Disposal System No. 8 General Obligation Refunding Bonds, due in semi-annual installments of \$30,000 to \$335,000 plus interest ranging from 2.00 to 2.50%, payable semi-annually, through May 1, 2025.	1,010,000
\$427,000 2013 Coffey Drain Drainage District bonds payable, due in annual installments of \$42,700 plus interest at 2.30%, payable annually through June 1, 2023.	42,700
\$316,000 2013 Golf Drainage District bonds payable, due in annual installments of \$31,600 plus interest at 2.30%, payable annually through June 1, 2023.	31,600
Miscellaneous Drainage District Notes, due in annual installments plus interest ranging from .70 to 4.95%, payable annually, through June 1, 2041.	4,416,257
Total Long-term Debt	\$ 11,223,947

The annual requirements to maturity on the long-term installment debt outstanding on December 31, 2022 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Governmental Activities</u>			<u>Drain Commission, Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,102,271	\$ 671,921	\$ 2,774,192	\$ 1,510,359	\$ 289,593	\$ 1,799,952
2024	2,217,217	611,133	2,828,350	1,414,959	252,998	1,667,957
2025	2,087,446	550,975	2,638,421	1,396,280	216,974	1,613,254
2026	1,749,451	483,704	2,233,155	934,980	185,340	1,120,320
2027	1,893,789	424,827	2,318,616	766,430	162,950	929,380
2028-2032	10,126,910	1,022,757	11,149,667	3,271,849	534,468	3,806,317
2033-2037	91,352	91,001	182,353	1,506,090	181,110	1,687,200
2038-2042	60,261	77,259	137,520	423,000	26,312	449,312
2043-2047	76,909	60,611	137,520	-	-	-
2048-2052	98,161	39,359	137,520	-	-	-
2053-2057	109,069	12,407	121,476	-	-	-
Totals	\$ 20,612,836	\$ 4,045,953	\$ 24,658,789	\$ 11,223,947	\$ 1,849,745	\$ 13,073,692

Allegan County

Notes to the Financial Statements

Note 8 - Net Investment in Capital Assets

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

	Governmental Activities	Drain Commission
Capital assets:		
Capital assets not being depreciated	\$ 1,471,111	\$ 2,378,010
Capital assets being depreciated	38,950,580	16,293,479
<i>Subtotal</i>	40,421,691	18,671,489
Less long-term debt:		
Total long-term debt	(19,790,481)	(11,223,947)
Premiums/discounts on long-term debt	(57,246)	2,858
<i>Subtotal</i>	(19,847,727)	(11,221,089)
Add deferred charge on bond refunding:	-	42,698
Add unrelated long-term debt:		
Pension obligation bonds	9,345,000	-
Other bonds payable*	-	4,685,090
<i>Subtotal</i>	9,345,000	4,685,090
Net investment in capital assets	\$ 29,918,964	\$ 12,178,188

*Certain bonds payable in the Allegan County Drains component unit are issued to fund construction projects for other local units of government (for which principal and interest payments on the related-debt will be repaid by the other entities in their entirety). The assets constructed with the debt proceeds are not owned by the County and therefore have been excluded from the calculation of the net investment in capital assets.

Note 9 - Employees' Retirement Systems

Defined Benefit

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.

Allegan County

Notes to the Financial Statements

Benefits Provided

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
01 - Tmstr Unit II - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
02 - POLC Rd Commd & Undersheriff - closed	2.50%/2.00%	80%/No Max	3	60	50/25	55/15	10
06 - Mtl Hlth Dept - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
08 - Court Salaried - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
09 - Asst Pros Atty - closed	2.50%	80%	5	60	50/25	55/15	6
10 - Genl. Non Union - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
12 - Court Hourly - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
15 - Tmstrs. Unit 1 - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
16 - County Admnstr. - closed	2.00%	No Max	5	60	50/25	55/15	6
17 - Tmstr Unit 111 - closed	2.00%	No Max	5	60	-	50/25 or 55/15	6
20 - Polc Deputies - closed	2.50%	80%	3	60	50/25 or 55/15	-	10
21 - POLC Corr Comm - closed	2.50%	80%	5	60	55/25	50/25 or 55/15	10
22 - Captains & Undersheriff - closed	2.50%/2.00%	80%/No Max	3	60	50/25	55/15	10

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefits	253
Inactive plan members entitled to but not yet receiving benefits	48
Active plan members	39
<i>Total employees covered by MERS</i>	340

Contributions

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

Allegan County

Notes to the Financial Statements

For the year ended December 31, 2022, the County had the following required contribution rates:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions *</u>
01 - Tmstr Unit II - closed	4.00%	\$ 2,544
02 - POLC Rd Commd & Undersheriff - closed	8.00%	19,783
06 - Mtl Hlth Dept - closed	4.00%	-
08 - Court Salaried - closed	4.00%	3,852
09 - Asst Pros Atty - closed	10.79%	1,189
10 - Genl. Non Union - closed	4.00%	12,808
12 - Court Hourly - closed	4.00%	5,518
15 - Tmstrs. Unit 1 - closed	4.00%	3,196
16 - County Admnstr. - closed	4.00%	1,273
17 - Tmstr Unit 111 - closed	4.00%	4,618
20 - Polc Deputies - closed	8.00%	33,318
21 - POLC Corr Comm - closed	8.00%	2,392

*As all the divisions for the County are closed, the County makes monthly contributions for a set fixed amount rather than a percent of pay.

Net Pension Liability

The County'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 annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 annual 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	7.00%, net of investment expense, including inflation

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

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

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

Allegan County

Notes to the Financial Statements

the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
Totals	100.00%		7.00%		4.50%

Discount Rate

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

Allegan County

Notes to the Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 71,873,549	\$ 68,245,921	\$ 3,627,628
Service cost	397,012	-	397,012
Interest	5,287,415	-	5,287,415
Differences between expected and actual experience	248,542	-	248,542
Changes in assumptions	2,687,085	-	2,687,085
Contributions - employer	-	829,944	(829,944)
Contributions - employee	-	240,036	(240,036)
Net investment income	-	9,426,334	(9,426,334)
Benefit payments, including refunds	(4,979,744)	(4,979,744)	-
Administrative expenses	-	(108,138)	108,138
<i>Net changes</i>	3,640,310	5,408,432	(1,768,122)
Balance at December 31, 2021	\$ 75,513,859	\$ 73,654,353	\$ 1,859,506
		Allocated to:	
		Governmental Activities	\$ 1,880,486
		Business-type Activities	(20,980)
		Total	\$ 1,859,506

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset) of the County	\$ 10,540,309	\$ 1,859,506	\$ (5,400,231)

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

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

For the year ended December 31, 2022, the County recognized pension expense of \$2,218,066 while the Allegan County Medical Care Community recognized pension expense of \$(27,478).

Allegan County

Notes to the Financial Statements

The County reported deferred outflows/inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 5,170,546
Employer contributions to the plan subsequent to the measurement date*	8,134,715	-
Totals	\$ 8,134,715	\$ 5,170,546
Allocated to:		
Governmental Activities	\$ 8,128,631	\$ 5,007,549
Business-type Activities	6,084	162,997
Totals	\$ 8,134,715	\$ 5,170,546

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2023.

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

Years Ending December 31,	Amount
2023	\$ (628,390)
2024	(2,167,885)
2025	(1,494,236)
2026	(880,035)

Defined Contribution Plan

The County's defined contribution plan is offered through MERS; benefit provisions and contribution requirements are established and may be amended by the Allegan County Board of Commissioners. The County makes contributions of 7% of each participants' salary and the employees contribute an additional 3% of their salary. Total contributions for the year were \$2,106,644 (\$706,710 employee and \$1,399,934 employer).

Section 457 Deferred Compensation Plan

The County offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. Inasmuch as the plan assets are held in trust for the exclusive benefit of participants and their beneficiaries, the amounts are not reported in the accompanying financial statements.

Allegan County

Notes to the Financial Statements

Note 10 - Other Postemployment Benefits

Primary Government

In addition to the pension benefits described in Note 8, the County provides health insurance benefits to certain retirees. The benefit is equal to \$12/month for each year of service at the County, up to a maximum benefit of \$300/month. An alternative measurement method of the County's liability for these benefits in accordance with GASB Statements No. 74 and 75 has been performed. Inasmuch as the plan is only open to a small number of County employees, and participation in the voluntary program has historically been minimal, management has determined that the actuarially accrued liability would be immaterial to the financial statements taken as a whole.

Note 11 - Fund Balances - Governmental Funds

The County has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is on the following page.

Allegan County

Notes to the Financial Statements

	General Fund	259 Unfunded Accrued Liability	299 American Rescue Plan Act - ARPA	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Long-term advances	\$ 1,667,040	\$ -	\$ -	\$ -	\$ 1,667,040
Prepaid items and inventory	135,963	-	-	109,350	245,313
<i>Total Nonspendable</i>	<u>1,803,003</u>	<u>-</u>	<u>-</u>	<u>109,350</u>	<u>1,912,353</u>
Restricted					
E-911/dispatch services	-	-	-	5,896,113	5,896,113
Senior services	-	-	-	1,324,529	1,324,529
ARPA	-	-	150,291	-	150,291
Indigent defense	-	-	-	69,539	69,539
Health/mental health	-	-	-	1,738,454	1,738,454
Friend of the court	-	-	-	1,420,033	1,420,033
Transportation	-	-	-	1,017,138	1,017,138
Register of deeds automation	-	-	-	876,418	876,418
Drug law enforcement	-	-	-	111,293	111,293
Sheriff	-	-	-	343,220	343,220
Housing assistance	-	-	-	139,326	139,326
State and federal grants	-	-	-	247,278	247,278
Parks and recreation	-	-	-	242,572	242,572
Debt service	-	-	-	97,648	97,648
Solid waste	-	-	-	304,460	304,460
Concealed pistol licenses	-	-	-	328,452	328,452
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>150,291</u>	<u>14,156,473</u>	<u>14,306,764</u>
Committed					
Budget stabilization	4,981,520	-	-	-	4,981,520
Child care	-	-	-	817,222	817,222
Animal shelters	-	-	-	34,528	34,528
Soldiers and sailors	-	-	-	91,621	91,621
Fitness center	-	-	-	68,237	68,237
Capital improvements	-	-	-	1,923,117	1,923,117
Debt service	-	-	-	271,845	271,845
Other purposes	-	4,835,277	-	262,836	5,098,113
<i>Total Committed</i>	<u>4,981,520</u>	<u>4,835,277</u>	<u>-</u>	<u>3,469,406</u>	<u>13,286,203</u>
Assigned					
Law library	104,318	-	-	-	104,318
Grant administration	23,705	-	-	-	23,705
Child care welfare	7,161	-	-	-	7,161
Technology	62,121	-	-	-	62,121
Opioid settlement	-	-	-	-	-
Budget	2,826,263	-	-	-	2,826,263
<i>Total Assigned</i>	<u>3,023,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,023,568</u>
Unassigned	<u>7,474,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,474,000</u>
Total Fund Balance	<u>\$ 17,282,091</u>	<u>\$ 4,835,277</u>	<u>\$ 150,291</u>	<u>\$ 17,735,229</u>	<u>\$ 40,002,888</u>

Allegan County

Notes to the Financial Statements

Note 12 - Risk Management/Self-Insurance Programs

Primary Government

The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools, and commercial insurance and excess coverage policies. Following is a summary of these self-insurance programs and risk management pool participation.

Liability

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claims review and processing services for all member governments pursuant to its charter.

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (e.g., the self-insurance fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insurance retention limits along with certain other member-specific costs. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the years ended December 31, 2021 and 2022 were as follows:

<u>Year Ended December 31,</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Net Claim Payments</u>	<u>End of Year Liability</u>
2021	\$ 216,559	\$ 760,214	\$ (750,826)	\$ 225,947
2022	225,947	1,149,028	(726,687)	648,288

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

<u>Coverage</u>	<u>Self-insured Retention</u>
Liability	\$150,000
Property and crime	\$1,000 deductible per occurrence; 10% of next \$100,000

Allegan County

Notes to the Financial Statements

Unemployment

The County is self-insured for unemployment benefits, which is accounted for in the general fund. Unemployment claims are reimbursed annually to Michigan Employee Security Commission based on actual claims. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expended when paid. There was no end of year claims liability for unemployment.

Workers' Compensation

The government maintains a self-insurance program for workers' compensation coverage which is accounted for in the self-insurance internal service fund. The specific risk retention associated with the worker's compensation self-insurance activity is \$400,000 with a liability limit of \$1,000,000 provided to the County through excess insurance coverage. The program is administered by a third-party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage, and administrative costs.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for the years ended December 31, 2021 and 2022 were as follows:

Year Ended	Beginning of	Current Year	Net Claim	End of Year
December 31,	Year Liability	Claims and	Payments	Liability
		Changes in		
		Estimates		
2021	\$ 16,667	\$ 168,658	\$ (98,305)	\$ 87,020
2022	87,020	77,511	(23,595)	140,936

Note 13 - Litigation

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although other actions have been brought, the County has not experienced any additional significant losses or costs. It is the County's opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

Note 14 - Transportation Department Schedules

Cost Allocation Plans (CAP). The financial statements of the County include several transit schedules as required by the Office of Passenger Transportation (OPT) of the Michigan Department of Transportation. The Allegan County Transportation Department has four approved

Allegan County

Notes to the Financial Statements

cost allocation plans: 2006 Indirect County Service, the 2006 Job Access Reverse Commute program, the 2008 Specialized Service program, and the 2015 Building Lease. These cost allocation plans were adhered to in the preparation of the transit schedules.

Nonfinancial Methodology The methodology used for compiling mileage and hours on Schedule 4N (for NonUrban Regular Service, JARC, and Specialized Service) has been reviewed and the recording method was found to be adequate and reliable.

Depreciation. The Allegan County Transportation Department is recognized as a special revenue fund in the County's audited financial statements using the modified accrual basis of accounting. Accordingly, depreciation expense was not recognized in these financial statements for the Allegan County Transportation Department.

Capital Used to Pay for Operating. \$70,738 of expenses are subtracted out as ineligible because capital money was used to for operating expenses.

Expenses Associated with PTMS Codes 406 & 407. There were \$16,735 of expenses associated with 40620 Auxiliary Transportation Revenue and / or codes 40760 and 40799, and therefore, these expenses were deducted as ineligible for the year ended September 30, 2022.

Retirement Benefits. Pension costs incurred for Allegan County Transportation Department's portion of the Michigan Municipal Employees Retirement System were calculated pursuant to the MERS GASB 68 Implementation Guide (the "Guide"). The total pension expense recognized as calculated in step 6 of the Guide is \$14,948. The entire amount of \$14,948 was expensed in the general ledger and is reported in 50200 DB Pensions on the quarterly OAR reports as submitted to MDOT. Allegan County Transportation Department paid \$14,948 (as the fund is reported on the modified accrual basis of accounting), therefore, \$0 is subtracted out under 58020 Ineligible DB Pension for the year ended September 30, 2022.

Explanation of Ineligible Expenses per the BPT's R&E Manual. The Allegan County Transportation Department has determined and separated all ineligible expenses as required by OPT's R&E Manual. Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Audit costs are claimed as eligible given that they were only the portion allocable toward the federal single audit. The Allegan County Transportation Department did not incur expenses associated with local non-contractual income and therefore, no expenses are subtracted out as ineligible on OAR Schedule 4.

Note 15 - Contingencies

Amounts received or receivable under grant programs are subject to audit and adjustment by the grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the transit agency. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the transit agency expects such amounts, if any, to be immaterial.

Allegan County

Notes to the Financial Statements

Note 16 - Tax Abatements

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. Property taxes abated by the local units during the year ended December 31, 2022 amounted to \$209,136.

Note 17 - Adoption of GASB Statement No. 87, *Leases*

The County adopted the provisions of GASB Statement No. 87, *Leases*, in the current year, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Detailed information can be found in Notes 4, 6, and 7 of these Notes to the Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Final to Actual
Revenues				
Taxes	\$ 29,963,630	\$ 29,963,630	\$ 30,678,523	\$ 714,893
Licenses and permits	67,080	67,080	52,099	(14,981)
Intergovernmental revenues - federal	56,000	56,000	136,014	80,014
Intergovernmental revenues - state	2,404,731	2,423,357	2,794,402	371,045
Charges for services	4,665,062	4,665,062	4,628,098	(36,964)
Fines and forfeitures	6,500	6,500	6,500	--
Interest and rentals	491,744	491,744	224,148	(267,596)
Other revenues	2,782,734	2,849,034	2,562,305	(286,729)
Total Revenues	40,437,481	40,522,407	41,082,089	559,682
Other Financing Sources				
Transfers in	104,809	721,942	50,000	(671,942)
Total Revenues and Other Financing Sources	40,542,290	41,244,349	41,132,089	(112,260)
Expenditures				
Judicial				
Circuit court	710,618	758,172	778,585	(20,413)
District court	1,736,259	1,802,969	1,738,264	64,705
Jury board	--	--	1,988	(1,988)
Probate court	543,675	561,420	543,120	18,300
Family Court Judicial	740,645	740,499	733,307	7,192
Probation - district court	455,773	467,457	448,788	18,669
Restitution	500,000	500,000	155,317	344,683
Total Judicial	4,686,970	4,830,517	4,399,369	431,148
General Government				
Board of commissioners	1,104,671	384,720	336,562	48,158
Family counseling services	21,763	15,125	3,000	12,125
Administration Department	339,395	419,242	411,431	7,811
Elections	247,893	286,740	280,163	6,577
Finance department	459,421	479,712	286,885	192,827
Auditing services	56,000	56,000	48,880	7,120
Clerk	709,038	719,672	703,656	16,016
Equalization	571,866	572,615	522,286	50,329
Network system	1,657,664	1,704,166	1,704,225	(59)
Prosecuting attorney	1,854,892	1,919,823	1,840,887	78,936
Register of deeds	400,860	405,650	384,458	21,192
Treasurer	654,826	676,227	627,385	48,842
Cooperative extension	100,918	100,918	100,918	--
Technology	53,378	53,375	53,208	167
Facilities management	3,062,728	3,055,183	2,873,849	181,334
Mail and copy services	193,046	196,929	234,820	(37,891)
Dumont lake complex	147,337	146,395	127,303	19,092
Courthouse	362,941	415,899	444,524	(28,625)
Sick & Vacation	180,426	--	--	--
Plat board	401,633	406,991	346,109	60,882
Total General Government	\$ 12,580,696	\$ 12,015,382	\$ 11,330,549	\$ 684,833

Continued...

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		(Unfavorable)
				Final to Actual
Expenditures (Continued from previous page)				
Public Safety				
Sheriffs department	\$ 5,745,263	\$ 6,041,797	\$ 5,823,865	\$ 217,932
WEMET sheriffs department	112,538	116,668	114,860	1,808
Enforcement/secondary road patrol	357,876	370,236	361,177	9,059
Reserves	81,136	81,136	46,843	34,293
Detective bureau	835,307	896,714	842,088	54,626
Courthouse security	275,701	276,975	258,519	18,456
Marine law enforcement	107,039	107,039	100,706	6,333
Jail	3,959,963	4,025,586	3,444,344	581,242
Inmate programs	1,509,927	1,523,454	1,339,744	183,710
Emergency management	129,938	137,421	125,556	11,865
L.E.P.C	38,733	38,962	32,676	6,286
Animal control	127,310	128,957	120,708	8,249
Livestock claims	2,050	2,050	259	1,791
Total Public Safety	<u>13,282,781</u>	<u>13,746,995</u>	<u>12,611,345</u>	<u>1,135,650</u>
Public Works				
Department of public works	13,426	13,460	12,497	963
Drains - public benefit	140,000	140,000	82,371	57,629
Monumentation program	74,000	92,626	84,897	7,729
Total Public Works	<u>227,426</u>	<u>246,086</u>	<u>179,765</u>	<u>66,321</u>
Health and Welfare				
Communicable diseases	7,500	7,500	1,293	6,207
Medical examiner	265,000	265,000	250,953	14,047
Veterans services	151,836	153,446	145,162	8,284
Mental Health	346,095	346,095	346,095	--
Child care welfare	--	--	1,264	(1,264)
Total Health and Welfare	<u>770,431</u>	<u>772,041</u>	<u>744,767</u>	<u>27,274</u>
Community and Economic Development				
Land information services	217,252	217,252	124,554	92,698
Other Functions				
Employees other fringe benefits	317,943	317,943	303,555	14,388
Insurance and bonds	385,000	385,000	385,000	--
Total Other Functions	<u>702,943</u>	<u>702,943</u>	<u>688,555</u>	<u>14,388</u>
Total Expenditures	<u>32,288,073</u>	<u>32,531,216</u>	<u>30,078,904</u>	<u>2,452,312</u>
Other Financing Uses				
Transfers out	9,214,965	12,892,753	12,450,516	442,237
Total Expenditures and Other Financing Uses	<u>41,503,038</u>	<u>45,423,969</u>	<u>42,529,420</u>	<u>2,894,549</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	(960,748)	(4,417,691)	(1,664,083)	2,753,608
Net Change in Fund Balance	<u>(960,748)</u>	<u>(4,417,691)</u>	<u>(1,664,083)</u>	<u>2,753,608</u>
<i>Fund Balance at Beginning of Period</i>	18,679,422	18,679,422	18,679,422	--
Fund Balance at End of Period	<u>\$ 17,718,674</u>	<u>\$ 14,261,731</u>	<u>\$ 17,015,339</u>	<u>\$ 2,753,608</u>

Concluded.

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
259 Unfunded Accrued Liability
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Final to Actual
Revenues				
Intergovernmental revenues - state	\$ 855,079	\$ 855,079	\$ 996,716	\$ 141,637
Total Revenues	<u>855,079</u>	<u>855,079</u>	<u>996,716</u>	<u>141,637</u>
Other Financing Sources				
Transfers in	<u>2,100,000</u>	<u>5,132,067</u>	<u>5,132,067</u>	<u>--</u>
Total Revenues and Other Financing Sources	<u>2,955,079</u>	<u>5,987,146</u>	<u>6,128,783</u>	<u>141,637</u>
Expenditures				
Operating expenditures/expenses	<u>7,256,373</u>	<u>7,256,373</u>	<u>7,256,373</u>	<u>--</u>
Total Expenditures	<u>7,256,373</u>	<u>7,256,373</u>	<u>7,256,373</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>(4,301,294)</u>	<u>(1,269,227)</u>	<u>(1,127,590)</u>	<u>141,637</u>
Net Change in Fund Balance	<u>(4,301,294)</u>	<u>(1,269,227)</u>	<u>(1,127,590)</u>	<u>141,637</u>
<i>Fund Balance at Beginning of Period</i>	5,962,867	5,962,867	5,962,867	--
Fund Balance at End of Period	<u>\$ 1,661,573</u>	<u>\$ 4,693,640</u>	<u>\$ 4,835,277</u>	<u>\$ 141,637</u>

Allegan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
299 American Rescue Plan Act - ARPA
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Intergovernmental revenues - federal	\$ --	\$ 3,495,000	\$ 197,422	\$ (3,297,578)
Interest and rentals	--	--	147,884	147,884
Total Revenues	--	3,495,000	345,306	(3,149,694)
Expenditures				
General Government	--	3,495,000	197,422	3,297,578
Total Expenditures	--	3,495,000	197,422	3,297,578
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	147,884	147,884
Net Change in Fund Balance	--	--	147,884	147,884
<i>Fund Balance at Beginning of Period</i>	2,407	2,407	2,407	--
Fund Balance at End of Period	\$ 2,407	\$ 2,407	\$ 150,291	\$ 147,884

Allegan County
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Last Eight Plan Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability								
Service cost	\$ 397,012	\$ 387,131	\$ 547,472	\$ 563,239	\$ 566,872	\$ 575,360	\$ 630,413	\$ 630,185
Interest	5,287,415	5,061,448	5,302,851	5,176,056	5,158,817	5,101,578	4,873,458	4,758,873
Differences between expected and actual experience	248,542	(149,467)	632,920	355,330	(1,088,250)	(633,978)	331,814	-
Changes in assumptions **	2,687,085	2,581,598	2,424,842	-	-	-	3,070,911	-
Changes in benefits	-	-	(3,824,839)	-	-	-	-	-
Benefit payments, including refunds	(4,979,744)	(4,823,184)	(4,558,315)	(4,445,235)	(4,395,034)	(4,251,411)	(4,111,028)	(3,889,485)
Other changes	-	-	-	-	2,160,970	-	(351)	-
Net Change in Pension Liability	<u>3,640,310</u>	<u>3,057,526</u>	<u>524,931</u>	<u>1,649,390</u>	<u>2,403,375</u>	<u>791,549</u>	<u>4,795,217</u>	<u>1,499,573</u>
<i>Total Pension Liability - Beginning</i>	<u>71,873,549</u>	<u>68,816,023</u>	<u>68,291,092</u>	<u>66,641,702</u>	<u>64,238,327</u>	<u>63,446,778</u>	<u>58,651,561</u>	<u>57,151,988</u>
Total Pension Liability - Ending (a)	<u>\$ 75,513,859</u>	<u>\$ 71,873,549</u>	<u>\$ 68,816,023</u>	<u>\$ 68,291,092</u>	<u>\$ 66,641,702</u>	<u>\$ 64,238,327</u>	<u>\$ 63,446,778</u>	<u>\$ 58,651,561</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 829,944	\$ 556,320	\$ 587,231	\$ 392,628	\$ 6,727,018	\$ 368,383	\$ 338,220	\$ 19,657,679
Contributions - employee	240,036	253,603	297,326	281,627	281,302	314,894	323,859	331,471
Net investment income (loss)	9,426,334	7,820,652	8,042,589	(2,507,442)	7,736,509	6,026,562	(846,351)	2,512,269
Benefit payments, including refunds	(4,979,744)	(4,823,184)	(4,558,315)	(4,445,235)	(4,395,034)	(4,251,411)	(4,111,028)	(3,889,485)
Administrative expenses	(108,138)	(127,206)	(138,479)	(127,060)	(298,081)	(119,106)	(125,827)	(92,867)
Other changes/transfers	-	-	-	(79,216)	176,601	-	-	655,392
Net Change in Plan Fiduciary Net Position	<u>5,408,432</u>	<u>3,680,185</u>	<u>4,230,352</u>	<u>(6,484,698)</u>	<u>10,228,315</u>	<u>2,339,322</u>	<u>(4,421,127)</u>	<u>19,174,459</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>68,245,921</u>	<u>64,565,736</u>	<u>60,335,384</u>	<u>66,820,082</u>	<u>56,591,767</u>	<u>54,252,445</u>	<u>58,673,572</u>	<u>39,499,113</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 73,654,353</u>	<u>\$ 68,245,921</u>	<u>\$ 64,565,736</u>	<u>\$ 60,335,384</u>	<u>\$ 66,820,082</u>	<u>\$ 56,591,767</u>	<u>\$ 54,252,445</u>	<u>\$ 58,673,572</u>
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 1,859,506	\$ 3,627,628	\$ 4,250,287	\$ 7,955,708	\$ (178,380)	\$ 7,646,560	\$ 9,194,333	\$ (22,011)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.5%	95.0%	93.8%	88.4%	100.3%	88.1%	85.5%	100.0%
Covered Payroll	\$ 3,177,470	\$ 3,228,732	\$ 3,726,380	\$ 3,854,768	\$ 3,936,371	\$ 4,073,529	4,606,328	4,648,412
Net Pension Liability (Asset) as a Percentage of Covered Payroll	58.5%	112.4%	114.1%	206.4%	-4.5%	187.7%	199.6%	-0.5%

Notes to Schedule:

* Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.

**The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

Change in total pension liability during 2019 net of POLC contract amendments

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

2021 valuation - The investment rate of return assumption was reduced from 7.60% to 7.25%

Allegheny County
Required Supplementary Information
Schedule of Contributions
Last Nine Calendar Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 1,114,924	\$ 829,944	\$ 556,320	\$ 583,429	\$ 392,628	\$ 910,448	\$ 378,583	\$ 338,220	\$ 1,822,367
Contributions in Relation to the Actuarially Determined Contribution	8,154,778	829,944	556,320	591,556	392,628	6,727,018	378,583	338,220	20,313,070
Contribution Deficiency (Excess)	<u>\$ (7,039,854)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,127)</u>	<u>\$ -</u>	<u>\$ (5,816,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,490,703)</u>
Covered Payroll	\$ 2,879,961	\$ 3,177,470	\$ 3,228,732	\$ 3,726,380	\$ 3,854,768	\$ 3,936,371	\$ 4,073,529	\$ 4,606,328	\$ 4,648,412
Contributions as a Percentage of Covered Payroll	283.2%	26.1%	17.2%	15.9%	10.2%	170.9%	9.3%	7.3%	0.0%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	1 - 11 Years, division specific
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00%, including inflation
Investment rate of return	7.00%
Retirement Age	Experience-Based Tables of Rates that are Specific to the Type of Eligibility Condition
Mortality	Rates Used were Based on the Pub-2010 Group Annuity Mortality Table of a 50% Male and 50% Female Blend

* Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.

OTHER SUPPLEMENTARY INFORMATION

**Allegan County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2022**

	101 General	102 Budget Stabilization Fund	252 Sick & Vacation Liability	269 Law Library	211 Grant Administration
ASSETS					
Cash and pooled investments	\$ 8,353,259	\$ 4,981,520	\$ 1,254,318	\$ 112,073	\$ 23,705
Accounts receivable	1,693,747	--	--	--	--
Leases receivable	1,488,496	--	--	--	--
Property taxes receivable	1,717,831	--	--	--	--
Due from other governments	931,061	--	--	--	--
Prepays	135,963	--	--	--	--
Due from other funds	155,000	--	--	--	--
Advance to component unit	1,667,040	--	--	--	--
Total Assets	\$ 16,142,397	\$ 4,981,520	\$ 1,254,318	\$ 112,073	\$ 23,705
LIABILITIES					
Accounts payable	\$ 457,628	\$ --	\$ --	\$ 7,755	\$ --
Accrued payroll	1,015,800	--	--	--	--
Bonds payable	--	--	--	--	--
Assets held on behalf of others	3,134	--	--	--	--
Accrued liabilities	750	--	--	--	--
Total Liabilities	1,477,312	--	--	7,755	--
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	1,146,372	--	--	--	--
Deferred lease revenues	1,370,696	--	--	--	--
Revenues intended to finance a subsequent year	1,394,576	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	5,388,956	--	--	7,755	--
FUND BALANCE					
Nonspendable	1,803,003	--	--	--	--
Committed	--	4,981,520	--	--	--
Assigned	2,826,263	--	--	104,318	23,705
Unassigned	6,124,175	--	1,254,318	--	--
Total Fund Balance	10,753,441	4,981,520	1,254,318	104,318	23,705
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 16,142,397	\$ 4,981,520	\$ 1,254,318	\$ 112,073	\$ 23,705

Continued...

**Allegan County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2022**

	290 Child Care Welfare	273 Technology Fund	108 GASB 84 Fund	284 Opioid Settlement	Total General Funds
ASSETS					
Cash and pooled investments	\$ 7,161	\$ 33,178	\$ 515,257	\$ --	\$ 15,280,471
Accounts receivable	--	--	--	266,752	1,960,499
Leases receivable	--	--	--	--	1,488,496
Property taxes receivable	--	--	--	--	1,717,831
Due from other governments	--	31,000	--	--	962,061
Prepays	--	--	--	--	135,963
Due from other funds	--	--	--	--	155,000
Advance to component unit	--	--	--	--	1,667,040
Total Assets	\$ 7,161	\$ 64,178	\$ 515,257	\$ 266,752	\$ 23,367,361
LIABILITIES					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 465,383
Accrued payroll	--	--	--	--	1,015,800
Bonds payable	--	--	115,746	--	115,746
Assets held on behalf of others	--	--	--	--	3,134
Accrued liabilities	--	2,057	304,004	--	306,811
Total Liabilities	--	2,057	419,750	--	1,906,874
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	--	--	--	--	1,146,372
Deferred lease revenues	--	--	--	--	1,370,696
Revenues intended to finance a subsequent year	--	--	--	266,752	1,661,328
Total Liabilities and Deferred Inflows of Resources	--	2,057	419,750	266,752	6,085,270
FUND BALANCE					
Nonspendable	--	--	--	--	1,803,003
Committed	--	--	--	--	4,981,520
Assigned	7,161	62,121	--	--	3,023,568
Unassigned	--	--	95,507	--	7,474,000
Total Fund Balance	7,161	62,121	95,507	--	17,282,091
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 7,161	\$ 64,178	\$ 515,257	\$ 266,752	\$ 23,367,361

Concluded.

Allegan County
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the Year Ended December 31, 2022

	<u>101 General</u>	<u>102 Budget Stabilization Fund</u>	<u>252 Sick & Vacation Liability</u>	<u>269 Law Library</u>	<u>211 Grant Administration</u>
Revenues					
Taxes	\$ 30,678,523	\$ --	\$ --	\$ --	\$ --
Licenses and permits	52,099	--	--	--	--
Intergovernmental revenues - federal	136,014	--	--	--	--
Intergovernmental revenues - state	2,794,402	--	--	--	--
Charges for services	4,377,274	--	--	--	--
Fines and forfeitures	--	--	--	6,500	--
Interest and rentals	224,148	--	--	--	--
Other revenues	2,496,541	--	--	--	--
Total Revenues	<u>40,759,001</u>	<u>--</u>	<u>--</u>	<u>6,500</u>	<u>--</u>
Expenditures					
Judicial	4,211,010	--	--	33,042	--
General government	11,277,275	--	--	--	66
Public safety	12,611,345	--	--	--	--
Public works	179,765	--	--	--	--
Health and welfare	743,503	--	--	--	--
Community and economic development	124,554	--	--	--	--
Other	688,555	--	--	--	--
Total Expenditures	<u>29,836,007</u>	<u>--</u>	<u>--</u>	<u>33,042</u>	<u>66</u>
Excess of Revenues Over (Under) Expenditures	<u>10,922,994</u>	<u>--</u>	<u>--</u>	<u>(26,542)</u>	<u>(66)</u>
Other Financing Sources (Uses)					
Transfers in	370,074	175,751	238,071	24,770	--
Transfers out	(12,892,753)	--	(346,468)	--	--
Net Other Financing Sources (Uses)	<u>(12,522,679)</u>	<u>175,751</u>	<u>(108,397)</u>	<u>24,770</u>	<u>--</u>
Net Change in Fund Balance	<u>(1,599,685)</u>	<u>175,751</u>	<u>(108,397)</u>	<u>(1,772)</u>	<u>(66)</u>
Fund Balance at Beginning of Period	12,353,126	4,805,769	1,362,715	106,090	23,771
Fund Balance at End of Period	<u>\$ 10,753,441</u>	<u>\$ 4,981,520</u>	<u>\$ 1,254,318</u>	<u>\$ 104,318</u>	<u>\$ 23,705</u>

Continued...

Allegan County
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the Year Ended December 31, 2022

	290 Child Care Welfare	273 Technology Fund	108 GASB 84 Fund	284 Opioid Settlement	Elimination *	Total General Funds
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 30,678,523
Licenses and permits	--	--	--	--	--	52,099
Intergovernmental revenues - federal	--	--	--	--	--	136,014
Intergovernmental revenues - state	--	--	--	--	--	2,794,402
Charges for services	--	--	250,824	--	--	4,628,098
Fines and forfeitures	--	--	--	--	--	6,500
Interest and rentals	--	--	--	--	--	224,148
Other revenues	--	65,764	--	--	--	2,562,305
Total Revenues	<u>--</u>	<u>65,764</u>	<u>250,824</u>	<u>--</u>	<u>--</u>	<u>41,082,089</u>
Expenditures						
Judicial	--	--	155,317	--	--	4,399,369
General government	--	53,208	--	--	--	11,330,549
Public safety	--	--	--	--	--	12,611,345
Public works	--	--	--	--	--	179,765
Health and welfare	1,264	--	--	--	--	744,767
Community and economic development	--	--	--	--	--	124,554
Other	--	--	--	--	--	688,555
Total Expenditures	<u>1,264</u>	<u>53,208</u>	<u>155,317</u>	<u>--</u>	<u>--</u>	<u>30,078,904</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,264)</u>	<u>12,556</u>	<u>95,507</u>	<u>--</u>	<u>--</u>	<u>11,003,185</u>
Other Financing Sources (Uses)						
Transfers in	--	30,039	--	--	(788,705)	50,000
Transfers out	--	--	--	--	788,705	(12,450,516)
Net Other Financing Sources (Uses)	<u>--</u>	<u>30,039</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(12,400,516)</u>
Net Change in Fund Balance	<u>(1,264)</u>	<u>42,595</u>	<u>95,507</u>	<u>--</u>	<u>--</u>	<u>(1,397,331)</u>
Fund Balance at Beginning of Period	8,425	19,526	--	--	--	18,679,422
Fund Balance at End of Period	<u>\$ 7,161</u>	<u>\$ 62,121</u>	<u>\$ 95,507</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,282,091</u>

Concluded.

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	Special Revenue					
	208 Parks & Recreation Fund	213/261/496 Central Dispatch E911 Fund	215/216 Friend of the Court Fund	288 Transportation	104 Local Revenue Sharing	298 Senior Millage
ASSETS						
Cash and pooled investments	\$ 253,319	\$ 5,390,391	\$ 1,203,726	\$ 909,591	\$ 128,003	\$ 1,529,131
Accounts receivable	--	955,178	--	29,436	85,826	7,227
Property taxes receivable	--	--	--	--	--	2,799,229
Due from other governments	--	83,947	284,736	223,289	--	70,518
Inventory	--	--	--	--	--	--
Prepays	--	89,224	--	357	--	--
<i>Total Assets</i>	\$ 253,319	\$ 6,518,740	\$ 1,488,462	\$ 1,162,673	\$ 213,829	\$ 4,406,105
LIABILITIES						
Accounts payable	\$ 1,872	\$ 451,951	\$ 3,726	\$ 136,368	\$ --	\$ 211,443
Accrued liabilities	8,875	81,452	64,403	8,810	--	7,353
Due to other governments	--	--	300	--	--	--
Unearned revenue	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--
<i>Total Liabilities</i>	10,747	533,403	68,429	145,178	--	218,796
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	--	--	--	--	--	2,862,780
<i>Total Liabilities and Deferred Inflows of Resources</i>	10,747	533,403	68,429	145,178	--	3,081,576
FUND BALANCE						
Nonspendable	--	89,224	--	357	--	--
Restricted	242,572	5,896,113	1,420,033	1,017,138	--	1,324,529
Committed	--	--	--	--	213,829	--
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	242,572	5,985,337	1,420,033	1,017,495	213,829	1,324,529
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 253,319	\$ 6,518,740	\$ 1,488,462	\$ 1,162,673	\$ 213,829	\$ 4,406,105

Continued...

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	Special Revenue					
	221 Health	254 Animal Shelter	256 Register of Deeds Automation	265/272 Drug Law Enforcement	293 Soldiers Relief	264/266 Law Enforcement Training
ASSETS						
Cash and pooled investments	\$ 2,551,878	\$ 35,456	\$ 876,614	\$ 111,293	\$ 145,622	\$ 69,449
Accounts receivable	--	--	--	--	293	2,458
Property taxes receivable	--	--	--	--	--	--
Due from other governments	108,171	--	--	--	2,994	--
Inventory	23,316	--	--	--	--	--
Prepays	5,647	6,830	7,292	--	--	--
<i>Total Assets</i>	\$ 2,689,012	\$ 42,286	\$ 883,906	\$ 111,293	\$ 148,909	\$ 71,907
LIABILITIES						
Accounts payable	\$ 71,246	\$ 928	\$ 196	\$ --	\$ 5,498	\$ 2,254
Accrued liabilities	94,971	--	--	--	1,790	--
Due to other governments	543,007	--	--	--	--	--
Unearned revenue	235,687	--	--	--	50,000	--
Due to other funds	--	--	--	--	--	--
<i>Total Liabilities</i>	944,911	928	196	--	57,288	2,254
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	944,911	928	196	--	57,288	2,254
FUND BALANCE						
Nonspendable	5,647	6,830	7,292	--	--	--
Restricted	1,738,454	--	876,418	111,293	--	69,653
Committed	--	34,528	--	--	91,621	--
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	1,744,101	41,358	883,710	111,293	91,621	69,653
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 2,689,012	\$ 42,286	\$ 883,906	\$ 111,293	\$ 148,909	\$ 71,907

Continued...

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	Special Revenue					
	277 Housing Assistance	279/280 State and Federal Grants	286/287 Law Enforcement Road Patrol	214 Social Welfare	292 Child Care Probate	218 Farmland Preservation
ASSETS						
Cash and pooled investments	\$ 139,326	\$ 162,469	\$ 207,371	\$ 29,955	\$ 268,763	\$ 238
Accounts receivable	--	23,745	--	--	--	--
Property taxes receivable	--	--	--	--	--	--
Due from other governments	--	109,861	91,759	--	796,776	--
Inventory	--	--	--	--	--	--
Prepays	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 139,326</u>	<u>\$ 296,075</u>	<u>\$ 299,130</u>	<u>\$ 29,955</u>	<u>\$ 1,065,539</u>	<u>\$ 238</u>
LIABILITIES						
Accounts payable	\$ --	\$ 20,102	\$ 1,231	\$ --	\$ 69,878	\$ --
Accrued liabilities	--	13,695	79,015	--	178,439	--
Due to other governments	--	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--
Due to other funds	--	15,000	--	--	--	--
<i>Total Liabilities</i>	<u>--</u>	<u>48,797</u>	<u>80,246</u>	<u>--</u>	<u>248,317</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>48,797</u>	<u>80,246</u>	<u>--</u>	<u>248,317</u>	<u>--</u>
FUND BALANCE						
Nonspendable	--	--	--	--	--	--
Restricted	139,326	247,278	218,884	--	--	--
Committed	--	--	--	29,955	817,222	238
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>139,326</u>	<u>247,278</u>	<u>218,884</u>	<u>29,955</u>	<u>817,222</u>	<u>238</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 139,326</u>	<u>\$ 296,075</u>	<u>\$ 299,130</u>	<u>\$ 29,955</u>	<u>\$ 1,065,539</u>	<u>\$ 238</u>

Continued...

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	Special Revenue					
	296 Fitness Center	263 Concealed Pistol Licensing	257 Palisades Emergency Planning	245 Multi Agency Collaborative Committee	226 Solid Waste	260 Indigent Defense
ASSETS						
Cash and pooled investments	\$ 75,866	\$ 329,995	\$ 55,137	\$ 19,338	\$ 297,785	\$ 4,385
Accounts receivable	--	--	--	--	--	--
Property taxes receivable	--	--	--	--	--	--
Due from other governments	--	--	--	--	56,696	742,025
Inventory	--	--	--	--	--	--
Prepays	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 75,866</u>	<u>\$ 329,995</u>	<u>\$ 55,137</u>	<u>\$ 19,338</u>	<u>\$ 354,481</u>	<u>\$ 746,410</u>
LIABILITIES						
Accounts payable	\$ 7,629	\$ --	\$ 454	\$ 524	\$ 50,021	\$ 493,170
Accrued liabilities	--	1,543	--	--	--	43,701
Due to other governments	--	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	140,000
<i>Total Liabilities</i>	<u>7,629</u>	<u>1,543</u>	<u>454</u>	<u>524</u>	<u>50,021</u>	<u>676,871</u>
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>7,629</u>	<u>1,543</u>	<u>454</u>	<u>524</u>	<u>50,021</u>	<u>676,871</u>
FUND BALANCE						
Nonspendable	--	--	--	--	--	--
Restricted	--	328,452	54,683	--	304,460	69,539
Committed	68,237	--	--	18,814	--	--
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>68,237</u>	<u>328,452</u>	<u>54,683</u>	<u>18,814</u>	<u>304,460</u>	<u>69,539</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 75,866</u>	<u>\$ 329,995</u>	<u>\$ 55,137</u>	<u>\$ 19,338</u>	<u>\$ 354,481</u>	<u>\$ 746,410</u>

Continued...

**Allegan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	Debt Service			Capital Projects		Total Nonmajor Governmental Funds
	367 Radio Debt	368 Pension Defined Benefit Debt	366 Jail Construction Bonds	492 Youth Home CIP	401/466 Public Improvement Fund	
ASSETS						
Cash and pooled investments	\$ 271,845	\$ 97,647	\$ 1	\$ 763,640	\$ 1,330,189	\$ 17,258,423
Accounts receivable	--	--	--	--	18,185	1,122,348
Property taxes receivable	--	--	--	--	--	2,799,229
Due from other governments	--	--	--	--	--	2,570,772
Inventory	--	--	--	--	--	23,316
Prepays	--	--	--	--	--	109,350
<i>Total Assets</i>	<u>\$ 271,845</u>	<u>\$ 97,647</u>	<u>\$ 1</u>	<u>\$ 763,640</u>	<u>\$ 1,348,374</u>	<u>\$ 23,883,438</u>
LIABILITIES						
Accounts payable	\$ --	\$ --	\$ --	\$ 4,070	\$ 184,827	\$ 1,717,388
Accrued liabilities	--	--	--	--	--	584,047
Due to other governments	--	--	--	--	--	543,307
Unearned revenue	--	--	--	--	--	285,687
Due to other funds	--	--	--	--	--	155,000
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,070</u>	<u>184,827</u>	<u>3,285,429</u>
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	--	--	--	--	--	2,862,780
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,070</u>	<u>184,827</u>	<u>6,148,209</u>
FUND BALANCE						
Nonspendable	--	--	--	--	--	109,350
Restricted	--	97,647	1	--	--	14,131,678
Committed	271,845	--	--	759,570	1,163,547	3,494,201
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>271,845</u>	<u>97,647</u>	<u>1</u>	<u>759,570</u>	<u>1,163,547</u>	<u>17,735,229</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 271,845</u>	<u>\$ 97,647</u>	<u>\$ 1</u>	<u>\$ 763,640</u>	<u>\$ 1,348,374</u>	<u>\$ 23,883,438</u>

Concluded.

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

	Special Revenue					
	208 Parks & Recreation Fund	213/261/496 Central Dispatch E911 Fund	215/216 Friend of the Court Fund	288 Transportation	104 Local Revenue Sharing	298 Senior Millage
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,637,451
Licenses and permits	--	--	--	--	--	--
Intergovernmental revenues - federal	--	--	1,091,300	740,709	--	--
Intergovernmental revenues - state	--	--	118,594	679,369	--	177,941
Intergovernmental revenues - local	--	--	--	--	357,296	--
Charges for services	128,617	4,002,607	35,880	302,283	--	--
Fines and forfeitures	--	--	57,893	--	--	--
Interest and investment income (loss)	14,361	(1,518)	(3,279)	19,356	(15)	(6,654)
Other revenues	--	11,129	8,926	11,144	--	3,149
Total Revenues	142,978	4,012,218	1,309,314	1,752,861	357,281	2,811,887
Expenditures						
Judicial	--	--	1,687,436	--	--	--
General government	--	--	--	1,827,903	--	--
Public safety	--	3,506,905	--	--	--	--
Public works	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	2,605,280
Community and economic development	--	--	--	--	--	--
Recreation and cultural	907,360	--	--	--	--	--
Capital outlay	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--
Total Expenditures	907,360	3,506,905	1,687,436	1,827,903	--	2,605,280
Excess of Revenues Over (Under) Expenditures	(764,382)	505,313	(378,122)	(75,042)	357,281	206,607
Other Financing Sources (Uses)						
Inception of Lease	464,461	392,092	--	--	--	--
Transfers in	327,010	--	541,002	820,000	--	--
Transfers out	(15,500)	(909,585)	(35,293)	--	(393,184)	--
Net Other Financing Sources (Uses)	775,971	(517,493)	505,709	820,000	(393,184)	--
Net Change in Fund Balance	11,589	(12,180)	127,587	744,958	(35,903)	206,607
<i>Fund Balance at Beginning of Period</i>	230,983	5,997,517	1,292,446	272,537	249,732	1,117,922
Fund Balance at End of Period	\$ 242,572	\$ 5,985,337	\$ 1,420,033	\$ 1,017,495	\$ 213,829	\$ 1,324,529

Continued...

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

	Special Revenue					
	221 Health	254 Animal Shelter	256 Register of Deeds Automation	265/272 Drug Law Enforcement	293 Soldiers Relief	264/266 Law Enforcement Training
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 117,329	\$ --
Licenses and permits	910,935	--	--	--	--	--
Intergovernmental revenues - federal	1,578,701	--	--	--	--	--
Intergovernmental revenues - state	1,125,876	--	--	--	7,305	7,660
Intergovernmental revenues - local	--	--	--	--	--	--
Charges for services	106,461	--	120,305	--	--	18,462
Fines and forfeitures	--	--	--	8,630	--	--
Interest and investment income (loss)	(5,617)	(113)	(2,379)	(297)	(124)	(214)
Other revenues	172,894	--	--	717	--	--
Total Revenues	3,889,250	(113)	117,926	9,050	124,510	25,908
Expenditures						
Judicial	--	--	--	--	--	--
General government	--	--	55,020	--	--	--
Public safety	--	--	--	--	--	39,506
Public works	--	--	--	--	--	--
Health and welfare	4,311,633	85,177	--	--	117,637	--
Community and economic development	--	--	--	--	--	--
Recreation and cultural	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--
Total Expenditures	4,311,633	85,177	55,020	--	117,637	39,506
Excess of Revenues Over (Under) Expenditures	(422,383)	(85,290)	62,906	9,050	6,873	(13,598)
Other Financing Sources (Uses)						
Inception of Lease	--	--	--	--	--	--
Transfers in	990,587	79,568	--	--	--	--
Transfers out	--	--	--	--	--	--
Net Other Financing Sources (Uses)	990,587	79,568	--	--	--	--
Net Change in Fund Balance	568,204	(5,722)	62,906	9,050	6,873	(13,598)
<i>Fund Balance at Beginning of Period</i>	1,175,897	47,080	820,804	102,243	84,748	83,251
Fund Balance at End of Period	\$ 1,744,101	\$ 41,358	\$ 883,710	\$ 111,293	\$ 91,621	\$ 69,653

Continued...

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

	Special Revenue					
	277 Housing Assistance	279/280 State and Federal Grants	286/287 Law Enforcement Road Patrol	214 Social Welfare	292 Child Care Probate	218 Farmland Preservation
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--
Intergovernmental revenues - federal	--	72,036	--	--	59,158	--
Intergovernmental revenues - state	--	471,051	--	--	2,624,045	--
Intergovernmental revenues - local	--	--	1,019,865	--	--	--
Charges for services	12,446	19,223	--	--	268,815	--
Fines and forfeitures	--	--	--	--	--	--
Interest and investment income (loss)	(378)	--	--	--	--	--
Other revenues	--	13,306	--	--	1,140	--
Total Revenues	12,068	575,616	1,019,865	--	2,953,158	--
Expenditures						
Judicial	--	15,419	--	--	--	--
General government	--	--	--	--	--	--
Public safety	--	598,054	1,492,709	--	--	--
Public works	--	--	--	--	--	--
Health and welfare	--	--	--	--	5,196,440	--
Community and economic development	6,113	--	--	--	--	--
Recreation and cultural	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--
Total Expenditures	6,113	613,473	1,492,709	--	5,196,440	--
Excess of Revenues Over (Under) Expenditures	5,955	(37,857)	(472,844)	--	(2,243,282)	--
Other Financing Sources (Uses)						
Inception of Lease	--	--	--	--	--	--
Transfers in	--	6,684	354,261	--	2,832,774	--
Transfers out	--	--	--	--	(263,207)	--
Net Other Financing Sources (Uses)	--	6,684	354,261	--	2,569,567	--
Net Change in Fund Balance	5,955	(31,173)	(118,583)	--	326,285	--
<i>Fund Balance at Beginning of Period</i>	133,371	278,451	337,467	29,955	490,937	238
Fund Balance at End of Period	\$ 139,326	\$ 247,278	\$ 218,884	\$ 29,955	\$ 817,222	\$ 238

Continued...

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

	Special Revenue					
	296 Fitness Center	263 Concealed Pistol Licensing	257 Palisades Emergency Planning	245 Multi Agency Collaborative Committee	226 Solid Waste	
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	71,830	--	--	--	--
Intergovernmental revenues - federal	--	--	--	--	--	--
Intergovernmental revenues - state	--	--	--	--	--	2,580,073
Intergovernmental revenues - local	--	--	--	--	--	303,697
Charges for services	1,160	--	--	--	1,039,302	--
Fines and forfeitures	--	--	--	--	--	--
Interest and investment income (loss)	--	--	--	--	(1,882)	191
Other revenues	--	--	20,000	--	10,896	--
Total Revenues	1,160	71,830	20,000	--	1,048,316	2,883,961
Expenditures						
Judicial	--	--	--	--	--	3,115,685
General government	8,391	63,914	--	--	--	--
Public safety	--	--	5,454	--	--	--
Public works	--	--	--	--	951,066	--
Health and welfare	--	--	--	6,716	--	--
Community and economic development	--	--	--	--	--	--
Recreation and cultural	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--
Debt service - principal	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--
Total Expenditures	8,391	63,914	5,454	6,716	951,066	3,115,685
Excess of Revenues Over (Under) Expenditures	(7,231)	7,916	14,546	(6,716)	97,250	(231,724)
Other Financing Sources (Uses)						
Inception of Lease	--	--	--	--	--	--
Transfers in	--	--	--	7,467	--	231,914
Transfers out	--	--	--	--	--	--
Net Other Financing Sources (Uses)	--	--	--	7,467	--	231,914
Net Change in Fund Balance	(7,231)	7,916	14,546	751	97,250	190
<i>Fund Balance at Beginning of Period</i>	75,468	320,536	40,137	18,063	207,210	69,349
Fund Balance at End of Period	\$ 68,237	\$ 328,452	\$ 54,683	\$ 18,814	\$ 304,460	\$ 69,539

Continued...

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

	Debt Service			Capital Projects		Total Nonmajor Governmental Funds
	367 Radio Debt	368 Pension Defined Benefit Debt	366 Jail Construction Bonds	492 Youth Home CIP	401/466 Public Improvement Fund	
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,754,780
Licenses and permits	--	--	--	--	--	982,765
Intergovernmental revenues - federal	--	--	--	--	--	3,541,904
Intergovernmental revenues - state	--	--	--	--	1,445,075	9,236,989
Intergovernmental revenues - local	--	--	--	--	--	1,680,858
Charges for services	--	--	--	--	--	6,055,561
Fines and forfeitures	--	--	--	--	--	66,523
Interest and investment income (loss)	--	--	--	--	(14,030)	(2,592)
Other revenues	--	--	--	--	226,860	480,161
Total Revenues	--	--	--	--	1,657,905	24,796,949
Expenditures						
Judicial	--	--	--	--	--	4,818,540
General government	--	--	--	--	--	1,955,228
Public safety	--	--	--	--	--	5,642,628
Public works	--	--	--	--	--	951,066
Health and welfare	--	--	--	--	--	12,322,883
Community and economic development	--	--	--	--	--	6,113
Recreation and cultural	--	--	--	--	--	907,360
Capital outlay	--	--	--	141,889	1,960,834	2,102,723
Debt service - principal	872,437	760,000	700,000	--	--	2,332,437
Debt service - interest	37,147	369,765	278,875	--	--	685,787
Total Expenditures	909,584	1,129,765	978,875	141,889	1,960,834	31,724,765
Excess of Revenues Over (Under) Expenditures	(909,584)	(1,129,765)	(978,875)	(141,889)	(302,929)	(6,927,816)
Other Financing Sources (Uses)						
Inception of Lease	--	--	--	--	--	856,553
Transfers in	909,585	1,226,840	978,875	201,660	761,674	10,269,901
Transfers out	--	--	--	--	--	(1,616,769)
Net Other Financing Sources (Uses)	909,585	1,226,840	978,875	201,660	761,674	9,509,685
Net Change in Fund Balance	1	97,075	--	59,771	458,745	2,581,869
<i>Fund Balance at Beginning of Period</i>	271,844	572	1	699,799	704,802	15,153,360
Fund Balance at End of Period	\$ 271,845	\$ 97,647	\$ 1	\$ 759,570	\$ 1,163,547	\$ 17,735,229

Concluded.

Allegan County
Combining Statement of Net Position
Internal Service Funds
December 31, 2022

	Internal Service		Total Internal Service Funds
	677 Self- Insurance	661 Fleet Management	
ASSETS			
<i>Current Assets</i>			
Cash and pooled investments	\$ 4,170,787	\$ 915	\$ 4,171,702
Accounts receivable	2,970	--	2,970
Prepays	548,346	--	548,346
Total Current Assets	4,722,103	915	4,723,018
<i>Noncurrent Assets</i>			
Total Assets	4,722,103	915	4,723,018
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	--	520	520
Accrued liabilities	793,194	263	793,457
Total Liabilities	793,194	783	793,977
NET POSITION			
<i>Unrestricted</i>	3,928,909	132	3,929,041
Total Net Position	\$ 3,928,909	\$ 132	\$ 3,929,041

Allegan County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2022

	<u>Internal Service</u>		
	<u>677 Self- Insurance</u>	<u>661 Fleet Management</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for services	\$ 5,287,462	\$ --	\$ 5,287,462
Other revenues	322,208	17,801	340,009
<i>Total Operating Revenues</i>	<u>5,609,670</u>	<u>17,801</u>	<u>5,627,471</u>
Operating Expenses			
Administrative expense	--	18,059	18,059
Insurance and employee benefits expense	6,491,979	--	6,491,979
<i>Total Operating Expenses</i>	<u>6,491,979</u>	<u>18,059</u>	<u>6,510,038</u>
<i>Operating Income (Loss)</i>	<u>(882,309)</u>	<u>(258)</u>	<u>(882,567)</u>
<i>Income Before Contributions and Transfers</i>	<u>(882,309)</u>	<u>(258)</u>	<u>(882,567)</u>
Transfers out	(500,000)	--	(500,000)
<i>Change In Net Position</i>	<u>(1,382,309)</u>	<u>(258)</u>	<u>(1,382,567)</u>
<i>Net Position at Beginning of Period</i>	5,311,218	390	5,311,608
<i>Net Position at End of Period</i>	<u>\$ 3,928,909</u>	<u>\$ 132</u>	<u>\$ 3,929,041</u>

Allegan County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022

	<u>Internal Service</u>		<u>Total Internal Service Funds</u>
	<u>677 Self-Insurance</u>	<u>661 Fleet Management</u>	
Cash Flows from Operating Activities			
Cash received from interfund charges	\$ 5,609,772	\$ 17,801	\$ 5,627,573
Cash payments for fleet management	-	(23,786)	(23,786)
Cash payments for insurance and employee benefits	(5,953,321)	208	(5,953,113)
<i>Net Cash Used by Operating Activities</i>	<u>(343,549)</u>	<u>(5,777)</u>	<u>(349,326)</u>
Cash Flows from Non-capital Financing Activities			
Transfers to other funds	(500,000)	-	(500,000)
<i>Net Cash Used by Non-capital Financing Activities</i>	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
<i>Net Decrease in Cash and Pooled Investments</i>	(843,549)	(5,777)	(849,326)
<i>Cash and Pooled Investments - Beginning of Year</i>	5,014,336	6,692	5,021,028
<i>Cash and Pooled Investments - End of Year</i>	<u>\$ 4,170,787</u>	<u>\$ 915</u>	<u>\$ 4,171,702</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ (882,309)	\$ (258)	\$ (882,567)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Changes in Assets and Liabilities			
Accounts receivable	102	-	102
Prepays	148,064	-	148,064
Accounts payable	(11,094)	(5,727)	(16,821)
Accrued liabilities	401,688	208	401,896
<i>Net Cash Used by Operating Activities</i>	<u>\$ (343,549)</u>	<u>\$ (5,777)</u>	<u>\$ (349,326)</u>

ALLEGAN COUNTY TRANSPORTATION FUND SCHEDULES

**Allegan County Transportation
Local Revenues
Schedule 1
For the Year Ended December 31, 2022**

	<u>1/1/2022 to 9/30/2022</u>	<u>10/1/2022 to 12/31/2022</u>	<u>Total</u>
Nonurban regular service			
Farebox revenues	\$ 81,806	\$ 24,335	\$ 106,141
Local service contracts	144,104	49,398	193,502
Rental of buildings (Leased Space)	14,137	5,219	19,356
Sale of capital assets	-	11,144	11,144
Transfer in from County	637,500	182,500	820,000
Total nonurban regular service	<u>877,547</u>	<u>272,596</u>	<u>1,150,143</u>
Job access reverse commute			
Farebox revenues	<u>2,006</u>	<u>636</u>	<u>2,642</u>
Total local revenue	<u>\$ 879,553</u>	<u>\$ 273,232</u>	<u>\$ 1,152,785</u>

**Allegan County Transportation
Local Revenues
Schedule 1A
For the Year Ended September 30, 2022**

	10/1/2021 to 12/31/2021	1/1/2022 to 9/30/2022	Total
Nonurban - regular service			
Farebox revenues	\$ 26,541	\$ 46,007	\$ 72,548
Local service contracts	47,982	147,223	195,205
Rental of bldgs (leased space)	4,627	13,271	17,898
Sale of capital assets	-	9,775	9,775
Transfer in from County	-	637,500	637,500
	<u>79,150</u>	<u>216,276</u>	<u>295,426</u>
Total nonurban regular service			
	<u>79,150</u>	<u>216,276</u>	<u>295,426</u>
Job access reverse commute			
Farebox revenues	<u>693</u>	<u>2,006</u>	<u>2,699</u>
	<u>693</u>	<u>2,006</u>	<u>2,699</u>
Total local revenue	<u>\$ 79,843</u>	<u>\$ 218,282</u>	<u>\$ 298,125</u>

**Allegan County Transportation
Expenditures of Federal and State Awards
Schedule 2
For the Year Ended December 31, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	State Number	Program or Award Amount	Current Year's Expenditures			Prior Year Expenditures	Award Remaining
				Total	Federal	State		
<u>U.S. Department of Transportation</u>								
Passed through the Michigan Department of Transportation:								
2022 Operating Assistance - Section 5311	20.509	2022-0004/P4	\$ 699,071	\$ 466,357	\$ 466,357	\$ -	\$ 145,171	\$ 87,543
2023 Operating Assistance - Section 5311	20.509	2022-0004/P10	650,412	146,240	146,240	-	-	504,172
FY19 Reconciliation Adjustment	20.509	2017-0003/P16	661	661	661	-	-	-
U.S. DOT Operating Grant - RTAP	20.509	FY2022	5,500	4,528	4,528	-	-	972
2022 Job Access Reverse Commute - Section 5311	20.516	2022-0004/P1	102,300	76,726	38,363	38,363	25,576	-
2023 Job Access Reverse Commute - Section 5311	20.516	2022-0004/P8	102,300	25,574	12,787	12,787	-	76,726
Capital Grant - Section 5311	20.509	2022-0004/P7	494,205	24,795	19,836	4,959	-	469,410
2022 Capital Grant - Section 5310 New Freedom	20.513	2022-0004/P3	62,500	46,240	36,992	9,248	16,259	-
2023 Capital Grant - Section 5310 New Freedom	20.513	2022-0004/P5	62,500	18,680	14,944	3,736	-	43,820
<u>Michigan Department of Transportation</u>								
2022 Operating assistance - Act 51	N/A	FY2022	559,664	381,671	-	381,671	152,859	25,134
2023 Operating assistance - Act 51	N/A	FY2023	624,852	156,213	-	156,213	-	468,639
FY18 Final Audit Adjustment (LBO)	N/A	FY2018	741	741	-	741	-	-
FY21 County Clean-up Adjustment	N/A	FY2021	(14,638)	(14,638)	-	(14,638)	-	-
FY21 Reconciliation Adjustment (LBO)	N/A	FY2021	61,980	61,980	-	61,980	-	-
2022 Specialized Services	N/A	2022-0004/P2	40,600	24,309	-	24,309	10,150	6,141
Totals			\$ 3,987,499	\$ 1,420,077	\$ 740,708	\$ 679,369	\$ 350,015	\$ 2,217,408

**Allegan County Transportation
Federal and State Awards
Operating Revenue Only
Schedule 2A
For the Year Ended December 31, 2022**

	1/1/2022 to 9/30/2022	10/1/2022 to 12/31/2022	Total
Michigan Department of Transportation			
2022 Local Bus Operating (Act 51)	\$ -	\$ 156,213	\$ 156,213
2023 Local Bus Operating (Act 51)	381,671	-	381,671
2018 Reconciliation Adjustment	741	-	741
2021 County Clean-up Adjustment	(14,638)	-	(14,638)
2021 Reconciliation adjustment	61,980	-	61,980
	<u>429,754</u>	<u>156,213</u>	<u>585,967</u>
Total Local Bus Operating (Act 51)			
Job Access Reverse Commute 2022-0004/P1	38,363	-	38,363
Job Access Reverse Commute 2022-0004/P8	-	12,787	12,787
Specialized Services - Contract 2022-0004/P2	24,309	-	24,309
	<u>492,426</u>	<u>169,000</u>	<u>661,426</u>
Total Michigan Department of Transportation			
Federal Transit Administration			
U.S. DOT Operating Grant - Section 5311:			
Contract 2022-0004/P4	466,357	-	466,357
Contract 2022-0004/P10	-	146,240	146,240
FY19 Reconciliation Adjustment	661	-	661
U.S. DOT operating grant - RTAP	4,001	527	4,528
U.S. DOT Job Access Reverse Commute:			
Contract 2022-0004/P1	38,363	-	38,363
Contract 2022-0004/P8	-	12,787	12,787
	<u>509,382</u>	<u>159,554</u>	<u>668,936</u>
Total Federal Transit Administration			
Total revenues - state and federal	<u>\$ 1,001,808</u>	<u>\$ 328,554</u>	<u>\$ 1,330,362</u>

**Allegan County Transportation
Federal and State Awards
Operating Revenue Only
Schedule 2B
For the Year Ended September 30, 2022**

	10/1/2021 to 12/31/2021	1/1/2022 to 9/30/2022	Total
Michigan Department of Transportation			
2022 Local Bus Operating (Act 51)	\$ 152,859	\$ -	\$ 152,859
2020 Reconciliation Adjustment	94,066	-	94,066
2023 Local Bus Operating (Act 51)	-	381,671	381,671
2018 Reconciliation Adjustment	-	741	741
2021 County Clean-up Adjustment	-	(14,638)	(14,638)
2021 Reconciliation adjustment	-	61,980	61,980
Total local bus operating	<u>246,925</u>	<u>429,754</u>	<u>676,679</u>
Job Access Reverse Commute - MDOT 50% Contract 2022-0001/P1	12,788	38,363	51,151
Specialized Services - Contract 2022-0003/P19/P2	<u>10,150</u>	<u>24,309</u>	<u>34,459</u>
Total Michigan Department of Transportation	<u>269,863</u>	<u>492,426</u>	<u>762,289</u>
Federal Transit Administration			
U.S. DOT Operating Grant - Section 5311 Contract 2022-0004/P4	145,170	466,357	611,527
FY19 Reconciliation Adjustment	-	661	661
U.S. DOT Operating Grant - RTAP	350	4,001	4,351
Job Access Reverse Commute - U.S. DOT 50% Contract 2022-0003/P1	<u>12,788</u>	<u>38,363</u>	<u>51,151</u>
Total Federal Transit Administration	<u>158,308</u>	<u>509,382</u>	<u>667,690</u>
Total revenues - state and federal	<u>\$ 428,171</u>	<u>\$ 1,001,808</u>	<u>\$ 1,429,979</u>

**Allegan County Transportation
Operating and Contract Expenses
Schedule 3
For the Year Ended December 31, 2022**

	<u>Nonurban</u>	<u>Job Access Reverse Commute</u>	<u>Specialized Services</u>	<u>Total</u>
Labor	\$ 854,952	\$ 53,346	\$ -	\$ 908,298
Fringe benefits	165,052	10,150	-	175,202
Services	78,098	5,165	24,542	107,805
Materials and supplies	257,981	14,811	-	272,792
Utilities	49,933	2,744	-	52,677
Casualty and liability costs	194,930	12,842	-	207,772
Miscellaneous	10,891	425	-	11,316
Leases and rentals	86,328	5,713	-	92,041
	<u>1,698,165</u>	<u>105,196</u>	<u>24,542</u>	<u>1,827,903</u>
Total transit programs				
Less: ineligible expenses	<u>(127,455)</u>	<u>(2,642)</u>	<u>-</u>	<u>(130,097)</u>
<i>Total eligible expenses</i>	<u>\$ 1,570,710</u>	<u>\$ 102,554</u>	<u>\$ 24,542</u>	<u>\$ 1,697,806</u>

**Allegan County Transportation
Operating and Contract Expenses Split Between a December 31 and September 30 Year End
Schedule 3A
For the Year Ended December 31, 2022**

	Nonurban			Job Access Reverse Commute			Specialized Services		
	1/1/2022 to 9/30/2022	10/1/2022 to 12/31/2022	Total	1/1/2022 to 9/30/2022	10/1/2022 to 12/31/2022	Total	1/1/2022 to 9/30/2022	10/1/2022 to 12/31/2022	Total
Labor	\$ 631,257	\$ 223,695	\$ 854,952	\$ 39,872	\$ 13,474	\$ 53,346	\$ -	\$ -	\$ -
Fringe benefits	119,671	45,381	165,052	7,452	2,698	10,150	-	-	-
Services	64,690	13,408	78,098	4,312	853	5,165	24,542	-	24,542
Materials and supplies	166,519	91,462	257,981	10,909	3,902	14,811	-	-	-
Utilities	35,588	14,345	49,933	1,966	778	2,744	-	-	-
Casualty and liability costs	147,766	47,164	194,930	9,848	2,994	12,842	-	-	-
Miscellaneous	8,023	2,868	10,891	265	160	425	-	-	-
Leases and rentals	64,693	21,635	86,328	4,337	1,376	5,713	-	-	-
Total transit programs	\$ 1,238,207	\$ 459,958	\$ 1,698,165	\$ 78,961	\$ 26,235	\$ 105,196	\$ 24,542	\$ -	\$ 24,542

**Allegan County Transportation
Operating and Contract Expenses by Program
Schedule 3B
For the Year Ended September 30, 2022**

	Nonurban			Job Access Reverse Commute			Specialized Services		
	10/1/2021 to 12/31/2021	1/1/2022 to 9/30/2022	Total	10/1/2021 to 12/31/2021	1/1/2022 to 9/30/2022	Total	10/1/2021 to 12/31/2021	1/1/2022 to 9/30/2022	Total
Labor	\$ 277,713	\$ 631,257	\$ 908,970	\$ 14,374	\$ 39,872	\$ 54,246	\$ -	\$ -	\$ -
Fringe benefits	50,537	119,671	170,208	3,370	7,452	10,822	-	-	-
Services	6,539	64,690	71,229	467	4,312	4,779	10,310	24,542	34,852
Materials and supplies	50,644	166,519	217,163	3,360	10,909	14,269	-	-	-
Utilities	9,899	35,588	45,487	707	1,966	2,673	-	-	-
Casualty and liability costs	32,891	147,766	180,657	2,346	9,848	12,194	-	-	-
Miscellaneous	2,065	8,023	10,088	123	265	388	-	-	-
Leases and rentals	23,293	64,693	87,986	1,520	4,337	5,857	-	-	-
Total Transit Programs	453,581	1,238,207	1,691,788	26,267	78,961	105,228	10,310	24,542	34,852
Less: ineligible expenditures									
Capital Outlay	-	(3,031)	(3,031)	-	-	-	-	-	-
Capital grant for operating	(50,780)	(16,927)	(67,707)	-	-	-	-	-	-
MPTA Dues	-	(257)	(257)	-	-	-	-	-	-
Building Lease	(2,597)	(14,138)	(16,735)	-	-	-	-	-	-
RTAP	(350)	(4,001)	(4,351)	-	-	-	-	-	-
Other Ineligible	-	-	-	(693)	(2,006)	(2,699)	-	-	-
Total Ineligible	(53,727)	(38,354)	(92,081)	(693)	(2,006)	(2,699)	-	-	-
Total transit programs (eligible)	\$ 399,854	\$ 1,199,853	\$ 1,599,707	\$ 25,574	\$ 76,955	\$ 102,529	\$ 10,310	\$ 24,542	\$ 34,852

**Allegan County Transportation
Schedule of Nonurban Regular Service Revenue
Schedule 4R (Nonurban)
For the Year Ended September 30, 2022**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401 :	Farebox revenue	
40100	Passenger fares	\$ 72,548
407 :	Local revenue	
40720	Rental of Bldgs or Other Property	17,898
407 :	Non-transportation revenue	
40760	Gains from the sale of capital assets (vehicles)	9,775
409	Local revenue	
40950	Local Service Contracts	195,205
411 :	State formula and contracts	
41101	State operating assistance	676,679
413 :	Federal contracts	
41301	Federal section 5311 (operating funds only) (40.0% of budgeted)	611,527
41301	Federal section 5311 (prior years)	661
41398	RTAP	4,351
	<i>Total revenues</i>	<u>\$ 1,588,644</u>

Allegan County Transportation
Schedule of Nonurban Regular Service Expense
Schedule 4E (Nonurban)
For the Year Ended September 30, 2022

Code	Description	Amounts
501 :	Labor	
50101	Operators' salaries and wages	\$ 618,268
50102	Other salaries and wages	206,724
50103	Dispatchers' salaries and wages	83,978
502 :	Fringe benefits	
50200	Other fringe benefits	170,208
503 :	Services	
50302	Advertising fees	3,254
50399	Other services	67,975
504 :	Materials and supplies	
50401	Fuel and lubricants	185,384
50402	Tires and tubes	4,560
50499	Other materials and supplies	27,219
505 :	Utilities	
50500	Utilities	45,487
506 :	Insurance	
50603	Liability insurance	92,554
50699	Other insurance	88,103
509 :	Miscellaneous expense	
50902	Travel, meetings and training	7,482
50903	Association dues and subscriptions	2,606
512 :	Operating leases and rentals	
51200	Operating leases and rentals	87,986
550 :	Ineligible expenses	
55009	Association dues and subscriptions (20.1% of MPTA)	(257)
560 :	Ineligible expenses	
56004	Expense associated with Rentals or Lease	(16,735)
574 :	Ineligible expenses	
57402	Ineligible RTAP	(4,351)
576 :	Ineligible expenses	
57604	Operating expense paid by capital contract	(70,738)
	Total expenses	\$ 1,691,788
	Total ineligible expenses	\$ (92,081)
	Total eligible expenses	\$ 1,599,707

Allegan County Transportation
Schedule of Nonurban Regular Service Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (Nonurban)
For the Year Ended September 30, 2022

<u>Code</u>	<u>Description</u>	<u>Amounts</u>
610	Vehicle hours	20,743
611	Vehicle miles	472,920
615	Passengers - regular	6,585
616	Passengers - elderly	5,829
617	Passengers - persons w/ disabilities	13,192
618	Passengers - elderly persons w/ disabilities	7,285
622	Total demand-response passengers	32,892
625	Days operated	311
	<i>Total passengers</i>	<u>32,891</u>

Vehicle Information

655	Total demand-response vehicles	20
656	Demand-response vehicle w/ lifts	20
658	Total transit vehicles	20
	Total vehicles	20

Miscellaneous Information

659	LPG or CNG Gallons consumed	
660	Diesel/gasoline gallons consumed	57,095
661	Total transit agency employees (FT equivalents)	17
662	Total revenue vehicle operators (FT equivalents)	15
665	Number of Volunteer Drivers	-
801	Property Damage Accidents over 1k but less than 25k	2
802	PDO accidents 25k or greater	-
803	Injuries caused by service	-
804	Fatalities	-
820	Evacuations for Safety Reasons	-

Allegan County Transportation
Schedule of Job Access Reverse Commute Service Revenue
Public Service
Schedule 4R (JARC)
For the Year Ended September 30, 2022

Code	Description	Amount
401 :	Farebox revenue	
40100	Passenger fares	\$ 2,699
411 :	State formula and contracts	
41199	Other state contracts and reimbursements	51,151
413 :	Federal contracts	
41399	Other federal transit contracts and reimbursements	51,151
	<i>Total revenues</i>	<u>\$ 105,001</u>

Allegan County Transportation
Schedule of Job Access Reverse Commute Service Expenses
Schedule 4E (JARC)
For the Year Ended September 30, 2022

Code	Description	Total
501 :	Labor	
50101	Operators' salaries and wages	\$ 34,467
50102	Other salaries and wages	14,095
50103	Dispatchers' salaries and wages	5,684
502 :	Fringe benefits	
50200	Other fringe benefits	10,822
503 :	Services	
50302	Advertising fees	215
50399	Other services	4,564
504 :	Materials and supplies	
50401	Fuel and lubricants	12,570
50402	Tires and tubes	314
50499	Other materials and supplies	1,385
505 :	Utilities	
50500	Utilities	2,673
506 :	Insurance	
50603	Liability insurance	6,312
50699	Other insurance	5,882
509 :	Miscellaneous expense	
50902	Travel, meetings and training	206
50903	Association dues and subscriptions	182
512 :	Operating leases and rentals	
51200	Operating leases and rentals	5,857
550 :	Ineligible expenses	
55000	Ineligible JARC and NF fares	<u>(2,699)</u>
	Total expenses	<u>\$ 105,228</u>
	Total ineligible expenses	<u>\$ (2,699)</u>
	Total eligible expenses	<u>\$ 102,529</u>

Allegan County Transportation
Schedule of Job Access Reverse Commute Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (JARC)
For the Year Ended September 30, 2022

<u>Code</u>	<u>Description</u>	<u>Amounts</u>
610 :	Vehicle hours	1,414
611 :	Vehicle miles	31,831
615 :	Passengers - regular	1,109
616 :	Passengers - Elderly	-
617 :	Passengers - persons w/ disabilities	428
618 :	Elderly Passengers - persons w/ disabilities	55
622 :	Total demand-response passengers	1,591
625 :	Days operated	256
	<i>Total passengers</i>	<u>1,592</u>
 <u>Vehicle Information</u>		
<u>650</u>		
655 :	Total demand-response vehicles	2
656 :	Demand-response vehicle w/ lifts	2
658 :	Total transit vehicles	2
	Total vehicles	2
 <u>Miscellaneous Information</u>		
<u>659</u>		
660	Diesel/gasoline gallons consumed	3,844
661	Total transit agency employees (FT equivalents)	2
662	Total revenue vehicle operators (FT equivalents)	2
665	Number of Volunteer Drivers	-

**Allegan County Transportation
Schedule of Nonurban Specialized Service Revenue
Schedule 4R (Specialized Service)
For the Year Ended September 30, 2022**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401 :	Farebox revenue	
40100	Passenger fares	\$ -
40200	Contract fares	-
411 :	State formula and contracts	
41199	Other state operating assistance	34,459
	<i>Total revenues</i>	<u>\$ 34,459</u>

Allegan County Transportation
Schedule of Nonurban Specialized Service Expense
Schedule 4E (Specialized Service)
For the Year Ended September 30, 2022

<u>Code</u>	<u>Description</u>	<u>Total</u>
503 :	Services	
50399	Other services	\$ 34,852
	Total expenses	\$ 34,852
	Total ineligible expenses	\$ -
	Total eligible expenses	\$ 34,852

Allegan County Transportation
Schedule of Specialized Services Nonfinancial Data (Unaudited)
Public Service
Schedule 4N (Specialized Service)
For the Year Ended September 30, 2022

<u>Code</u>	<u>Description</u>	<u>Agency</u>	<u>Volunteer</u>	<u>Total</u>
610	Vehicle hours	-	-	-
611	Vehicle miles	59,412		59,412
615	Passengers - regular	-	-	-
616	Passengers - elderly	675	-	675
617	Passengers - persons w/ disabilities	114	-	114
618	Passengers - elderly persons w/ disabilities	380	-	380
625	Days operated	-	-	-
	<i>Total passengers</i>			<u>1,169</u>

Vehicle Information

655	Total demand-response vehicles	-		
656	Demand-response vehicle w/ lifts	-		
658	Total transit vehicles	-		
	<i>Total vehicles</i>	<u>-</u>		

**Allegan County Transportation
Operating Assistance Calculation
Schedule 5
For the Year Ended September 30, 2022**

	<u>Nonurban</u>	
Total expenses	\$ 1,691,788	
Less ineligible expenses:		
Capital Outlay - Capital Grants	(3,031)	
Capital grants used for operating	(67,707)	
Association Dues	(257)	
Building Lease	(16,735)	
RTAP	(4,351)	
Total ineligible expenses	<u>(92,081)</u>	
Total state eligible expenses	1,599,707	
Eligible expenses for state reimbursement	1,599,707	
x Reimbursement percentage	<u>34.9854%</u>	
State operating assistance	<u>\$ 559,664</u>	
State operating assistance received		<u>\$ 534,530</u>
Amount due from state		<u>\$ 25,134</u>
Total federal eligible expenses	\$ 1,599,707	
Eligible expenses for federal reimbursement	1,599,707	
x Reimbursement percentage	<u>40.0000%</u>	
Federal operating assistance	<u>\$ 639,883</u>	
Federal operating assistance received		<u>\$ 611,527</u>
Amount due from federal		<u>\$ 28,356</u>

**Allegan County Transportation
Mileage / Hourly Data (Unaudited)
Non Financial Data Summary
For the Year Ended September 30, 2022**

		Nonurban Transportation	JARC Transportation	Specialized Services Transportation	Total Transportation
<u>Mileage</u>					
First Quarter	10/21 - 12/21	117,100	8,177	18,260	143,537
Second Quarter	1/22 - 3/22	120,906	8,549	9,918	139,373
Third Quarter	4/22 - 6/22	122,559	7,609	12,500	142,668
Fourth Quarter	7/22 - 9/22	112,355	7,496	18,734	138,585
<i>Total Operation</i>		472,920	31,831	59,412	564,163
<u>Hours</u>					
First Quarter	10/21 - 12/21	5,083	363	-	5,446
Second Quarter	1/22 - 3/22	5,422	380	-	5,802
Third Quarter	4/22 - 6/22	5,209	338	-	5,547
Fourth Quarter	7/22 - 9/22	5,029	333	-	5,362
<i>Total Operation</i>		20,743	1,414	-	22,157
<i>Percentage of total hours</i>		93.6%	6.4%	0.0%	100.0%

The methodology used for compiling mileage and hours has been reviewed and found to be an adequate and reliable method for recording vehicle mileage and hours of service.

**ALLEGAN COUNTY DRAINS
BASIC FINANCIAL STATEMENTS**

**Allegan County Drains
Statement of Net Position
December 31, 2022**

ASSETS

Current Assets

Cash and pooled investments	\$	2,681,287
Special assessments receivable		1,684,395
Leases receivable		630,349
Total Current Assets		4,996,031

Noncurrent Assets

Capital assets not being depreciated		2,378,010
Capital assets being depreciated, net		16,293,479
Special assessments receivable, long-term		4,109,825
Leases receivable, long-term		4,078,149
Total Assets		31,855,494

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on bond refunding		42,698
Total Deferred Outflows of Resources		42,698

LIABILITIES

Current Liabilities

Accounts payable		198,401
Accrued liabilities		1,903
Accrued interest		126,694
Current portion of long-term debt		1,510,359
Total Current Liabilities		1,837,357

Noncurrent Liabilities

Long-term debt		9,710,730
Advance from primary government		250,000
Total Liabilities		11,798,087

NET POSITION

Net investment in capital assets		12,178,188
<i>Restricted for:</i>		
Debt Service		4,710,439
<i>Unrestricted</i>		3,211,478
Total Net Position	\$	20,100,105

**Allegan County Drains
Statement of Activities
For the Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Drains/public works	\$ 1,912,181	\$ 525,975	\$ 128,727	\$ 1,659,708	\$ 402,229
Interest on long-term debt	321,876	--	--	--	(321,876)
Total drain activities	\$ 2,234,057	\$ 525,975	\$ 128,727	\$ 1,659,708	80,353

General Purpose Revenues:

Interest earned on investments 36,391

Total General Revenues **36,391**

Change in Net Position **116,744**

Net Position at Beginning of Period 19,983,361

Net Position at End of Period **\$ 20,100,105**

**Allegan County Drains
Balance Sheet
Governmental Funds
December 31, 2022**

	General	Debt Service		Other Governmental Funds	Total Governmental Funds
		379 - Fillmore Water and Sewer No.9	372 - Kalamazoo Lake Sewer/Water Debt		
ASSETS					
Cash and pooled investments	\$ 2,507,647	\$ 991	\$ --	\$ 89,984	\$ 2,598,622
Special assessments receivable	5,794,220	--	--	--	5,794,220
Leases receivable	--	1,012,380	2,877,247	818,871	4,708,498
Due from other funds	--	--	--	160,966	160,966
<i>Total Assets</i>	\$ 8,301,867	\$ 1,013,371	\$ 2,877,247	\$ 1,069,821	\$ 13,262,306
LIABILITIES					
Accounts payable	\$ 197,547	\$ --	\$ --	\$ --	\$ 197,547
Due to other funds	160,966	--	--	--	160,966
Advance from primary government	--	--	--	250,000	250,000
<i>Total Liabilities</i>	358,513	--	--	250,000	608,513
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - special assessments	5,794,220	--	--	--	5,794,220
Unavailable revenue - leases receivable	--	1,012,380	2,877,247	818,871	4,708,498
<i>Total Liabilities and Deferred Inflows of Resources</i>	6,152,733	1,012,380	2,877,247	1,068,871	11,111,231
FUND BALANCE					
Restricted	--	991	--	950	1,941
Unassigned	2,149,134	--	--	--	2,149,134
<i>Total Fund Balance</i>	2,149,134	991	--	950	2,151,075
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	\$ 8,301,867	\$ 1,013,371	\$ 2,877,247	\$ 1,069,821	\$ 13,262,306

Allegan County Drains
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total Fund Balance - Governmental Funds	\$	2,151,075
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		82,953
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, the interest expenditure is reported when due.		(126,694)
General government capital assets of \$25,562,214, net of accumulated depreciation of \$6,893,770, are not financial resources and, accordingly, are not reported in the funds.		18,668,444
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those asset (such as property taxes, special assessments receivables, and leases receivable not collected in 60 days of year end) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.		10,502,718
Long-term liabilities, including the current portion of long-term debt and deferred charges, are not payable in the current period and, therefore, are not reported in the funds.		(11,178,391)
Total Net Position - Governmental Activities	\$	<u>20,100,105</u>

Allegan County Drains
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	General	Debt Service		Other Governmental Funds	Total Governmental Funds
		379 - Fillmore Water and Sewer No.9	372 - Kalamazoo Lake Sewer/Water		
Revenues					
Special assessments	\$ 1,669,830	\$ --	\$ --	\$ --	\$ 1,669,830
Intergovernmental - local	--	352,075	299,315	71,188	722,578
Interest income	36,606	--	--	--	36,606
Other revenues	479,784	--	--	--	479,784
Total Revenues	2,186,220	352,075	299,315	71,188	2,908,798
Expenditures					
Drains/public works	1,351,987	--	--	--	1,351,987
Debt service - principal	1,083,605	325,000	225,000	40,000	1,673,605
Debt service - interest	190,488	27,080	74,315	31,207	323,090
Total Expenditures	2,626,080	352,080	299,315	71,207	3,348,682
Excess of Revenues Over (Under) Expenditures	(439,860)	(5)	--	(19)	(439,884)
Other Financing Sources (Uses)					
Issuance of long-term debt	326,300	--	--	--	326,300
Net Other Financing Sources (Uses)	326,300	--	--	--	326,300
Net Change in Fund Balance	(113,560)	(5)	--	(19)	(113,584)
<i>Fund Balance at Beginning of Period</i>	2,262,694	996	--	969	2,264,659
Fund Balance at End of Period	\$ 2,149,134	\$ 991	\$ --	\$ 950	\$ 2,151,075

Allegan County Drains
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	(113,584)
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.		(9,428)
Changes to accrued interest are not shown in the fund financial statements. This amount is the decrease in accrued interest net against the amortization of bond premium for the year. The net effect of the current year decrease is to increase net position.		1,214
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$938,287 is exceeded by depreciation expense of \$1,167,633 and disposals of capital assets of \$275,444.		(504,790)
Proceeds from the issuance of long-term debt are reported as other financing sources in the fund statements, but are reported as liabilities in the statement of net position.		(326,300)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure; however, the repayment of long-term debt reduces long-term liabilities on the statement of net position.		1,673,605
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year.		(603,973)
Changes in Net Position - Governmental Activities	\$	<u>116,744</u>

**Allegan County Drains
Statement of Net Position
Internal Service Fund
December 31, 2022**

ASSETS

Current Assets

Cash and pooled investments	\$	82,665
<i>Total Current Assets</i>		<u>82,665</u>

Noncurrent Assets

Capital assets being depreciated, net		3,045
<i>Total Assets</i>		<u>85,710</u>

LIABILITIES

Current Liabilities

Accounts payable		854
Accrued liabilities		1,903
<i>Total Liabilities</i>		<u>2,757</u>

NET POSITION

Investment in capital assets		3,045
<i>Unrestricted</i>		79,908
<i>Total Net Position</i>	\$	<u>82,953</u>

Allegan County Drains
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the Year Ended December 31, 2022

Operating Revenues	
Charges for services	\$ 46,191
<i>Total Operating Revenues</i>	<u>46,191</u>
Operating Expenses	
Drains/public works	46,115
Depreciation expense	9,289
<i>Total Operating Expenses</i>	<u>55,404</u>
<i>Operating Income (Loss)</i>	<u>(9,213)</u>
Non-Operating Revenues (Expenses)	
Interest earned on investments	(215)
<i>Net Non-Operating Revenues (Expenses)</i>	<u>(215)</u>
<i>Change In Net Position</i>	(9,428)
<i>Net Position at Beginning of Period</i>	92,381
<i>Net Position at End of Period</i>	<u>\$ 82,953</u>

**Allegan County Drains
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2022**

Cash Flows from Operating Activities	
Cash received from interfund charges	\$ 49,630
Cash payments to suppliers for goods and services	(1,892)
Cash payments to employees for services	(43,155)
<i>Net Cash Provided by Operating Activities</i>	4,583
 Cash Flows from Investing Activities	
Interest earned on investments	(216)
<i>Net Cash Used by Investing Activities</i>	(216)
 <i>Net Increase in Cash and Pooled Investments</i>	 4,367
<i>Cash and Pooled Investments - Beginning of Year</i>	78,298
<i>Cash and Pooled Investments - End of Year</i>	\$ 82,665
 Reconciliation of Operating Loss to	
Net Cash Provided by Operating Activities	
Operating loss	\$ (9,213)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	9,289
Changes in Assets and Liabilities	
Due from other governments	3,439
Accounts payable	678
Accrued liabilities	390
<i>Net Cash Provided by Operating Activities</i>	\$ 4,583

**Allegan County Drains
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>365 - Martin Village Refunding</u>	<u>802 - Revolving Drain</u>	
ASSETS			
Cash and pooled investments	\$ 950	\$ 89,034	\$ 89,984
Leases receivable	818,871	--	818,871
Due from other funds	--	160,966	160,966
<i>Total Assets</i>	<u>\$ 819,821</u>	<u>\$ 250,000</u>	<u>\$ 1,069,821</u>
LIABILITIES			
Advance from primary government	\$ --	\$ 250,000	\$ 250,000
<i>Total Liabilities</i>	<u>--</u>	<u>250,000</u>	<u>250,000</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - leases receivable	818,871	--	818,871
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>818,871</u>	<u>250,000</u>	<u>1,068,871</u>
FUND BALANCE			
Restricted	950	--	950
Unassigned	--	--	--
<i>Total Fund Balance</i>	<u>950</u>	<u>--</u>	<u>950</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 819,821</u>	<u>\$ 250,000</u>	<u>\$ 1,069,821</u>

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

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor</u>
	<u>365 - Martin</u>	<u>802 - Revolving</u>	<u>Governmental</u>
	<u>Village Refunding</u>	<u>Drain</u>	<u>Funds</u>
Revenues			
Intergovernmental - local	\$ 71,188	\$ --	\$ 71,188
<i>Total Revenues</i>	<u>71,188</u>	<u>--</u>	<u>71,188</u>
Expenditures			
Debt service - principal	40,000	--	40,000
Debt service - interest	31,207	--	31,207
<i>Total Expenditures</i>	<u>71,207</u>	<u>--</u>	<u>71,207</u>
<i>Excess of Revenues Over</i>			
<i>(Under) Expenditures</i>	<u>(19)</u>	<u>--</u>	<u>(19)</u>
<i>Net Change in Fund Balance</i>	<u>(19)</u>	<u>--</u>	<u>(19)</u>
<i>Fund Balance at Beginning of Period</i>	969	--	969
<i>Fund Balance at End of Period</i>	<u>\$ 950</u>	<u>\$ --</u>	<u>\$ 950</u>