

Bay County,
Michigan



Year Ended
December 31,
2024

Annual
Comprehensive
Financial
Report

Prepared by:
Bay County Finance Department

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Table of Contents

Page

INTRODUCTORY SECTION

The Board of Commissioners	1
Letter of Transmittal	3
GFOA Certificate of Achievement	9
Organizational Chart	10

FINANCIAL SECTION

Independent Auditors' Report	15
Management's Discussion and Analysis	19
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	36
Fund Financial Statements:	
Balance Sheet – Governmental Funds	38
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	40
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	42
American Rescue Plan Act Special Revenue Fund	43
Statement of Net Position – Proprietary Funds	44
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	47
Statement of Fiduciary Net Position – Fiduciary Funds	50
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	51
Combining Statement of Net Position – Component Units	52
Combining Statement of Activities – Component Units	54
Notes to Financial Statements	57

BAY COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information	
Employees' Retirement System	
Schedule of Changes in Net Pension Asset and Related Ratios	130
Schedule of Contributions	132
Notes to Required Supplementary Information	133
VEBA Trust - Retiree Healthcare Plan	
Schedule of Changes in Net OPEB Liability and Related Ratios	136
Schedule of Contributions	138
Notes to Required Supplementary Information	139
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds:	
Combining Balance Sheet	144
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	148
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	152
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	177
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	178
Combining Statement of Cash Flows	179
Internal Service Funds:	
Combining Statement of Net Position	183
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	184
Combining Statement of Cash Flows	185
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefits – Employee's Retirement System and VEBA Trust	189
Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefits – Employees' Retirement System and VEBA Trust	190
Combining Statement of Fiduciary Net Position – Custodial Funds	192
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	194
Component Units:	
Statement of Net Position and Balance Sheet – Library System Component Unit	196
Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance - Library System Component Unit	198
Combining Statement of Net Position and Balance Sheet – Drain Commission Component Unit	202
Combining Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances - Drain Commission Component Unit	204

BAY COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED)	
Table	
1 Net Position by Component	210
2 Changes in Net Position	214
3 Fund Balances of Governmental Funds	216
4 Changes in Fund Balances of Governmental Funds	218
5 Governmental Activities Tax Revenue By Year	220
6 Assessed and Estimated Actual Value of Taxable Property	221
7 Property Tax Rates – Direct and Overlapping Governments	222
8 Principal Property Taxpayers	224
9 Property Tax Levies and Collections - General Fund	225
10 Ratios of Outstanding Debt by Type	226
11 Ratios of General Bonded Debt Outstanding	228
12 Direct and Overlapping Governmental Activities Debt	229
13 Legal Debt Margin Information	230
14 Pledged-Revenue Coverage	232
15 Demographic and Economic Statistics	235
16 Principal Employers	236
17 Full-time Equivalent Government Employees by Function/Program	238
18 Operating Indicators by Function/Program	240
19 Capital Asset Statistics by Function/Program	242

This page intentionally left blank.

INTRODUCTORY SECTION

This page intentionally left blank.

**THE BOARD OF COMMISSIONERS
OFFICIALS AS OF JUNE 27, 2025**

TIM BANASZAK
CHAIRMAN

VAUGHN J. BEGICK
VICE CHAIRMAN

CHRISTOPHER T. RUPP
SERGEANT AT ARMS

KATHY NIEMIEC
LARRY BESON

JESSE DOCKETT
JEROME CRETE

ALEX POIRIER
BOARD ADVISOR

ADMINISTRATION

JAMES A. BARCIA
COUNTY EXECUTIVE

SCOTT TREPKOWSKI
FINANCE OFFICER

KIMBERLY PRIESSNITZ
ASSISTANT FINANCE OFFICER

INDEPENDENT AUDITORS
REHMANN

This page intentionally left blank.



BAY COUNTY FINANCE DEPARTMENT

James A. Barcia
County Executive

Scott Trepkowski
Finance Officer
trepkowskis@baycounty.net

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

Nicole Putt
Purchasing
puttn@baycounty.net

Julie A. O'Malley
Information Systems Manager
omaleyj@baycounty.net

June 27, 2025

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

The Annual Comprehensive Financial Report (ACFR) of Bay County, Michigan, for the calendar year ended December 31, 2024, is hereby submitted. State Law requires each municipality within the state of Michigan to file an audit report annually with the Michigan Department of Treasury within six months from the end of its fiscal year. This report was prepared by the Bay County Finance Department.

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

The Bay County Board of Commissioners has engaged with Rehmann, Independent Auditors to meet the requirements of the state statutes. The independent auditors' unmodified opinion for the year ended December 31, 2024, is included at the front of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Bay County, Michigan, incorporated in 1857, is located approximately 100 miles north of Detroit in the mid-eastern part of the state on the shores of the Saginaw Bay. As reported by the Census Bureau, the county has a total area of 631 square miles, of which 442 square miles is land and 188 square miles is water and currently serves a population of approximately 102,651. Bay County's population is the 20th largest of 83 counties in the state of Michigan. Bay County is empowered to levy a property tax on real, personal, and industrial property located within its boundaries.

Pursuant to Act 139 of Public Acts of 1973 (as amended by PA 100 of 1980) (Act 139), the voters of Bay County elected the optional Unified Form of County Government in November of 1978. The form of government established in 1978 is also known as the "county executive" form of government. The Board of Commissioners exercises the legislative power of the county and determines all matters of policy. The Board of Commissioners is composed of seven commissioners who are elected from their respective districts. Each commissioner serves a term of four years beginning in 2025. The County Executive is the head of the administrative branch of the county government and is elected at large for a four-year term. The Judicial Branch of government consists of two Circuit Court Judges, three District Court Judges, and one Probate Court Judge. All judges are elected at large for a six-year term. The Circuit and District Court Judges are elected on two-year, staggered terms. The offices of Prosecuting Attorney, Sheriff, County Clerk, Treasurer, Register of Deeds, and Drain Commissioner are elected at large and serve for a four-year term.

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

LOCAL ECONOMY AND MAJOR INITIATIVES

The 2020 population census identified the population of Bay County to be 103,856. The population of Bay County has declined at a rate of 3.6% from the 2010 census of 107,771. This declining trend may reverse itself in the next decade based upon the level and diversity of business developments.

The average unemployment rate for Bay County for the year ended December 31, 2024, was 5.6%, which compares with Bay County's rate as of December 31, 2023, of 4.4%. The December 31, 2024, the average nationwide unemployment rate was 4.1%, while the 2024 statewide rate was 5.0%.

Most recently, the county's state equalized values (SEV) of real property have increased 12.47%, 10.05%, and 9.56% for 2023, 2024, and 2025 respectively. For 2025, Bay County has an increase of \$438,728,125 or 9.56% in our state equalized value of real property which totals \$502,7639,240. The state equalized value of personal property has increased by 1.88% or \$5,250,800 in 2023, increased by 3.2% in 2024, and increased by 5.82% in 2025. Bay County personal property state equalized value has an increase of 5.82% for a total of \$311,154,165. The County's SEV for both real and personal property has increased by 9.34% from \$4,882,960,853 to \$5,338,793,405 for 2025.

Bay County received over \$20 million in American Rescue Plan Act funding (ARPA). Bay County is moving forward to address concerns by implementing different economic developments and proposals with its ARPA funding. Bay County Board of Commissioners have assisted small business, nonprofits, as well as provided financial assistance for county residents delinquent in rent payments, mortgage payments, utility payments, and property tax payments. The Bay County Board of Commissioners also completed an electric vehicle charging station study and are beginning construction on a new health and human service center.

Bay County has received funds from the opioid settlement. The Opioid Committee has identified the County's focus on addressing opioid prevention and harm reduction by allowing qualified individuals and firms to apply for funding to support development, implementation, enhancement or expansion of programs. This includes programs addressing substance use disorders, polysubstance use and co-occurring mental health and substance use disorders. The County is beginning the process of soliciting proposals from qualified individuals and firms. These funds are also subject to budgetary controls and will be budgeted by function as well.

Several companies announced in 2024 major investments in Bay County:

- Bay Future, Inc. received \$4.1 million to bring the property at 3 Mile Road and Wilder Road in Monitor Charter Township to a developable level. The funding will bring much needed infrastructure to the site.
- Michigan Sugar completed construction on a \$109 million, 22,000 square foot Molasses Desugarization Facility.
- SK Siltron received a \$544 million loan from the U.S. Department of Energy to increase manufacturing capacity and create 200 skilled jobs.
- Future Technologies, Inc. received \$1 million to expand which will create 10 new high paying engineering jobs.
- Vantage Plastics is spending \$31 million to expand their property in Bangor Township which will create 93 new jobs.

- Bay Carbon is expanding its facility with a \$1.6 million investment.
- Mersen USA is investing \$70 million expanding its Bay City facility which will create 70 new jobs.
- Monitor Township accepted a \$4.1 million infrastructure grant to pay for sanitary sewer improvements to the area. This will allow down the road businesses to have one less obstacle if they were interested into moving into and developing in the area.
- Hobby Lobby announced they are opening a 50,000 square foot hobby and craft store in Bay City Town Center.

In addition:

- The former YMCA building in downtown Bay City as well as the former Bay County Market will be destroyed and a new 104 unit housing for seniors, people with disabilities and low-wage earners will be constructed. The cost of this project will be \$40 million.
- The former Tubular Metal Systems site in Pinconning will be redeveloped into 18 three-story apartment buildings. Apartments will range from one to three bedroom options. Prices will range from \$950 to \$1,350 a month. Early estimates are for 324 total apartments and 400 covered parking spaces.

FINANCIAL POLICIES

Relevant Financial Policies

In accordance with the County's General Financial Policy and amended Bay County Ordinance No. 28, which mandates the General Fund establish and maintain a reserve for a long-term advance to the Budget Stabilization Fund at a minimum of 5% to a maximum of 15% (modified on September 17, 2024, with resolution 2024-156) which stated that the Bay County Board of Commissioners hereby amends the Bay County Budget Stabilization Fund Ordinance, No. 28, Section 3.004 – Limitations on Fund to read as follows: "The amount of money in the fund shall not exceed either fifteen percent (15%) of the County's most recent General Fund budget, as originally adopted, or fifteen percent (15%) of the average of the County's five most recent General Fund budgets, as amended, whichever is less". This amendment to Bay County's Budget Stabilization Fund Ordinance, No. 28, Section 3.004 – Limitations on Funds shall take immediate effect.

For the Fiscal Year Ending December 31, 2024, Bay County ended the year with a General Fund surplus of revenue over expenditures of \$896,031. The current balance in the budget stabilization arrangement is \$7,344,397 which is 19.00% of the average of the County's five most recent General Fund budgets, as amended of \$38,660,263.

The amount of money reserved in the Budget Stabilization Fund will not exceed fifteen percent (15%) funding levels in future years. Bay County will treat this overpayment of 3.99% as a prepayment for future years.

The Budget Stabilization Fund, in accordance with MCL section 141.443, can be used to cover a General Fund, fund deficit, to prevent a reduction in the level of public services or in the number of employees where revenues are not sufficient to cover expenditures, or to cover expenditures arising because of a natural disaster to the extent that such expenditures are not covered by federal or state funds.

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

Cash balances are invested according to the Statement of Investment Policy adopted by the Board of Commissioners. The Board of Commissioners has authorized the Bay County Treasurer to invest surplus funds of the county in accordance with those investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, M.C.L. 129.91. During the year, excess cash was invested in interest bearing demand deposit accounts, bank money market investments, commercial paper and bank certificate of deposits in the CDAR's program fully insured. Other investments include debt obligations of the State of Michigan and its' political subdivisions; including, counties, cities, school districts and universities. Additional investments include debt instruments issued by United States Federal Government Sponsored Enterprises, including Federal Home Loan Bank, Federal Home Loan Mortgaging Corporation, Federal National Mortgage Association and Federal Farm Credit Bank.

Budgetary Controls

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

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


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


Bay County, Michigan, received a Certificate of Achievement for its 2023 ACFR for fiscal year ending date of December 31, 2023. We believe that our current ACFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate for fiscal year 2024.

In addition, the Bay County Health Department has met all standards set by the Michigan Local Public Health Accreditation Program through December 2024. This accreditation process looks at a mandatory standards-based system for accrediting local public health departments.

Preparation of this report could not have been completed without the efficient and dedicated services of the entire staff of the Finance Department and other County departments, including various elected and appointed officials. We would like to express our appreciation to everyone who assisted in and contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Sincerely,


Bay County Executive Office
James A. Barcia
County Executive


Bay County Finance Department
Scott Trepkowski
Finance Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Bay County
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

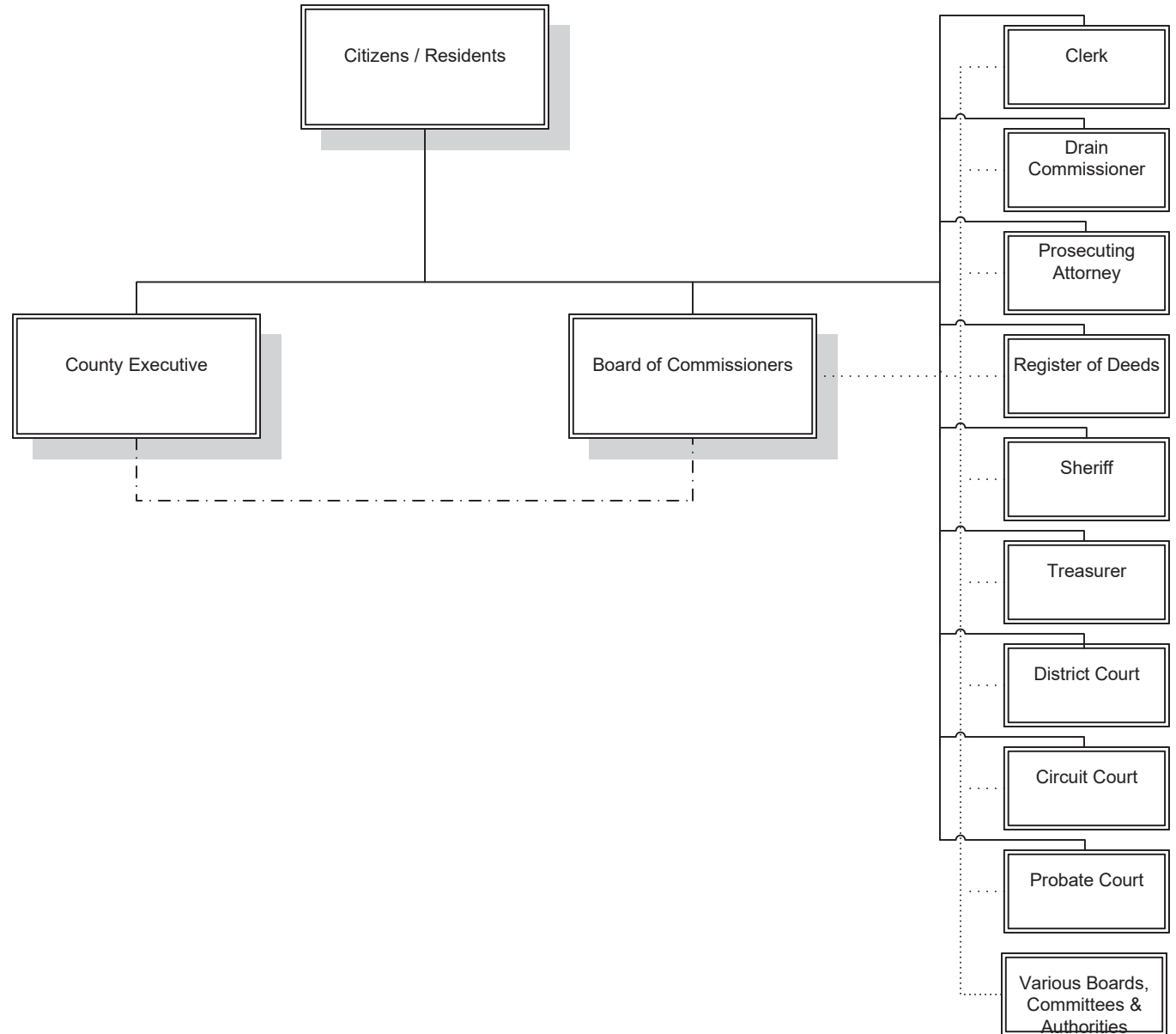
December 31, 2023

Christopher P. Morill

Executive Director/CEO



Bay County
Organizational Chart 2024



Legend:

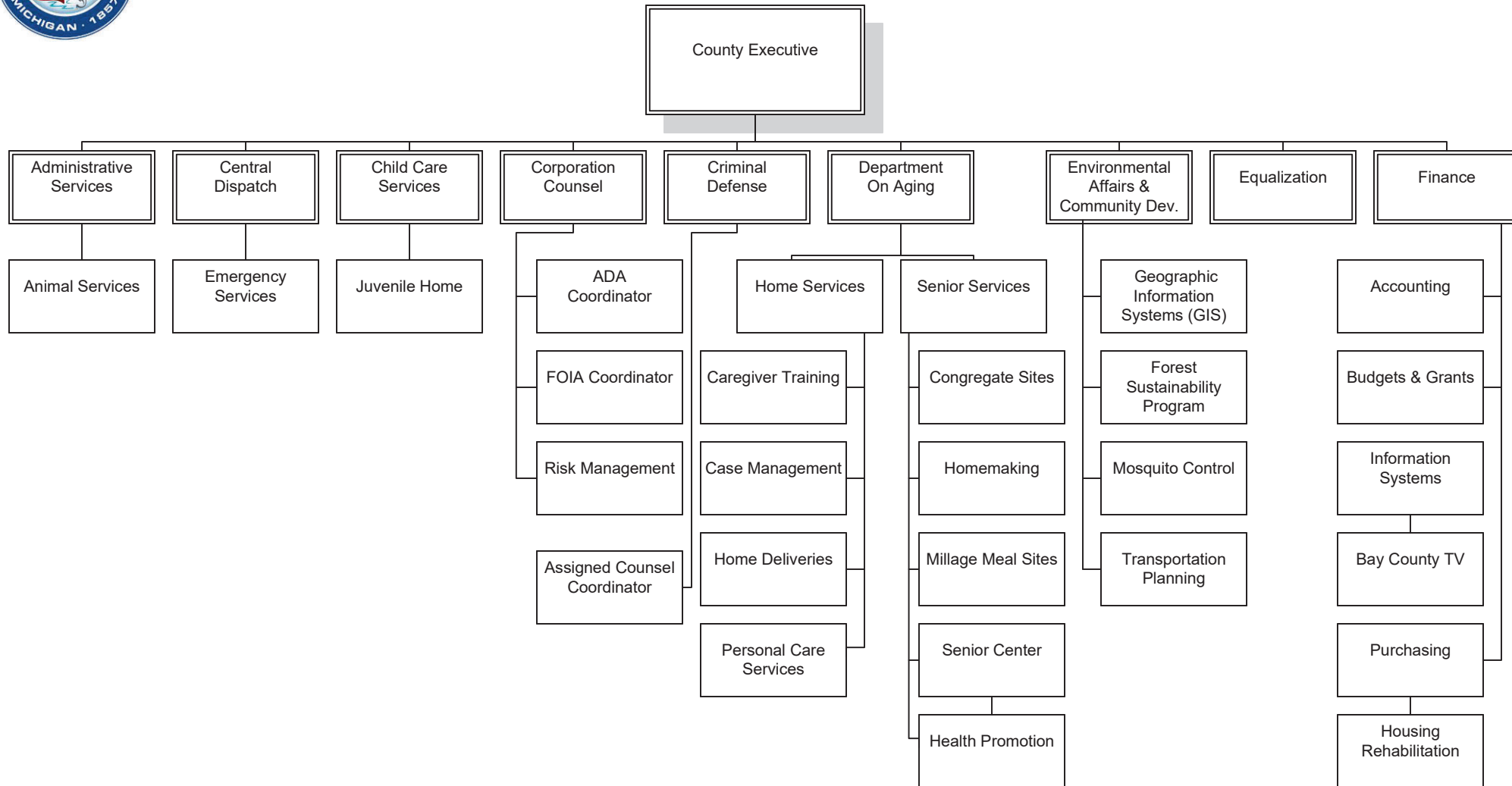
Direct Control _____

Coordinated Budget/Personnel, etc.

Legislative Coordination - - - - -



Bay County Organizational Chart County Executive 2024

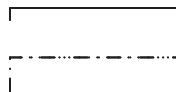


Legend:

Direct Control

Coordinated Budget/Personnel, etc.

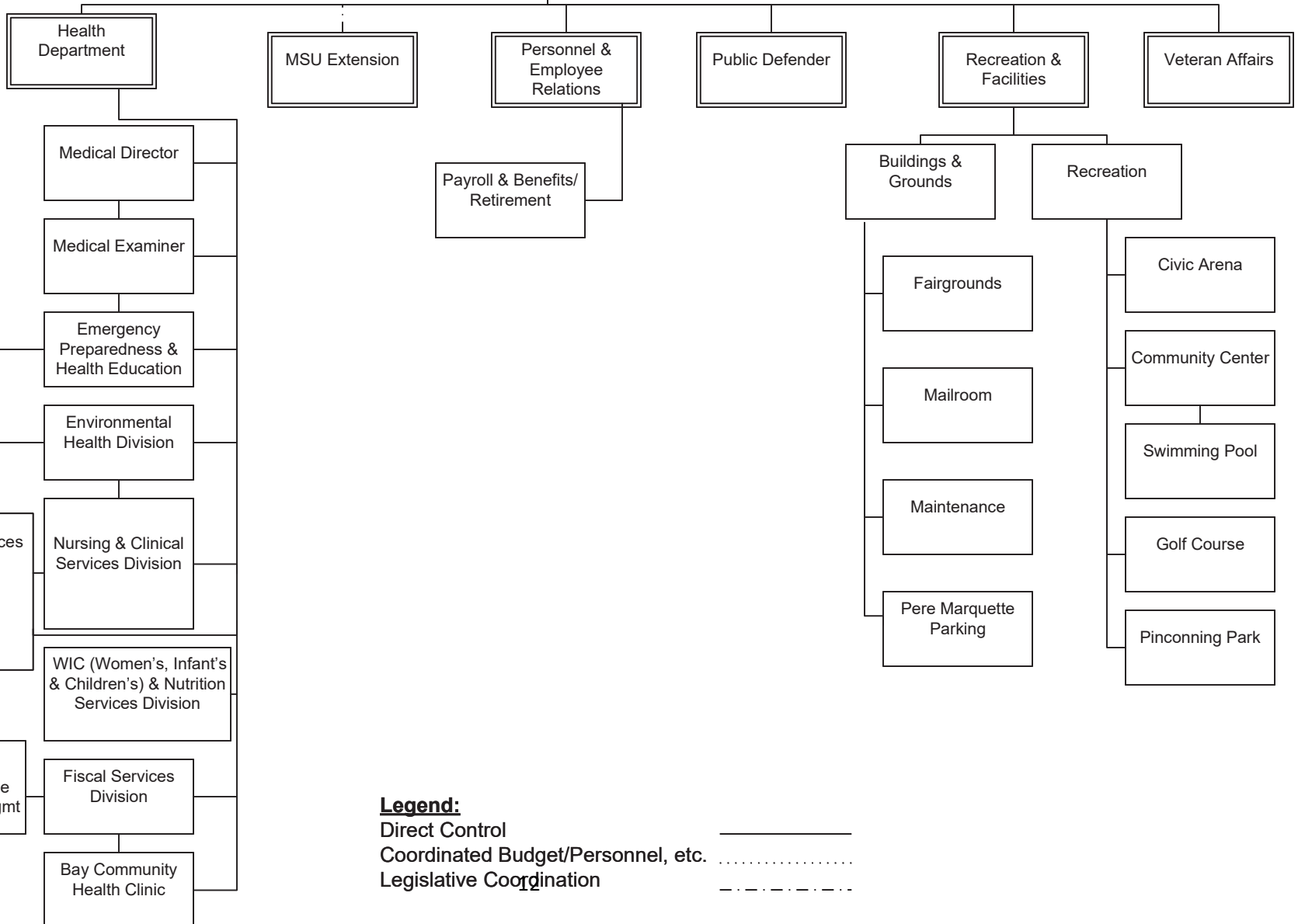
Legislative Coordination





Bay County Organizational Chart County Executive 2024 (Cont.)

County Executive



Legend:

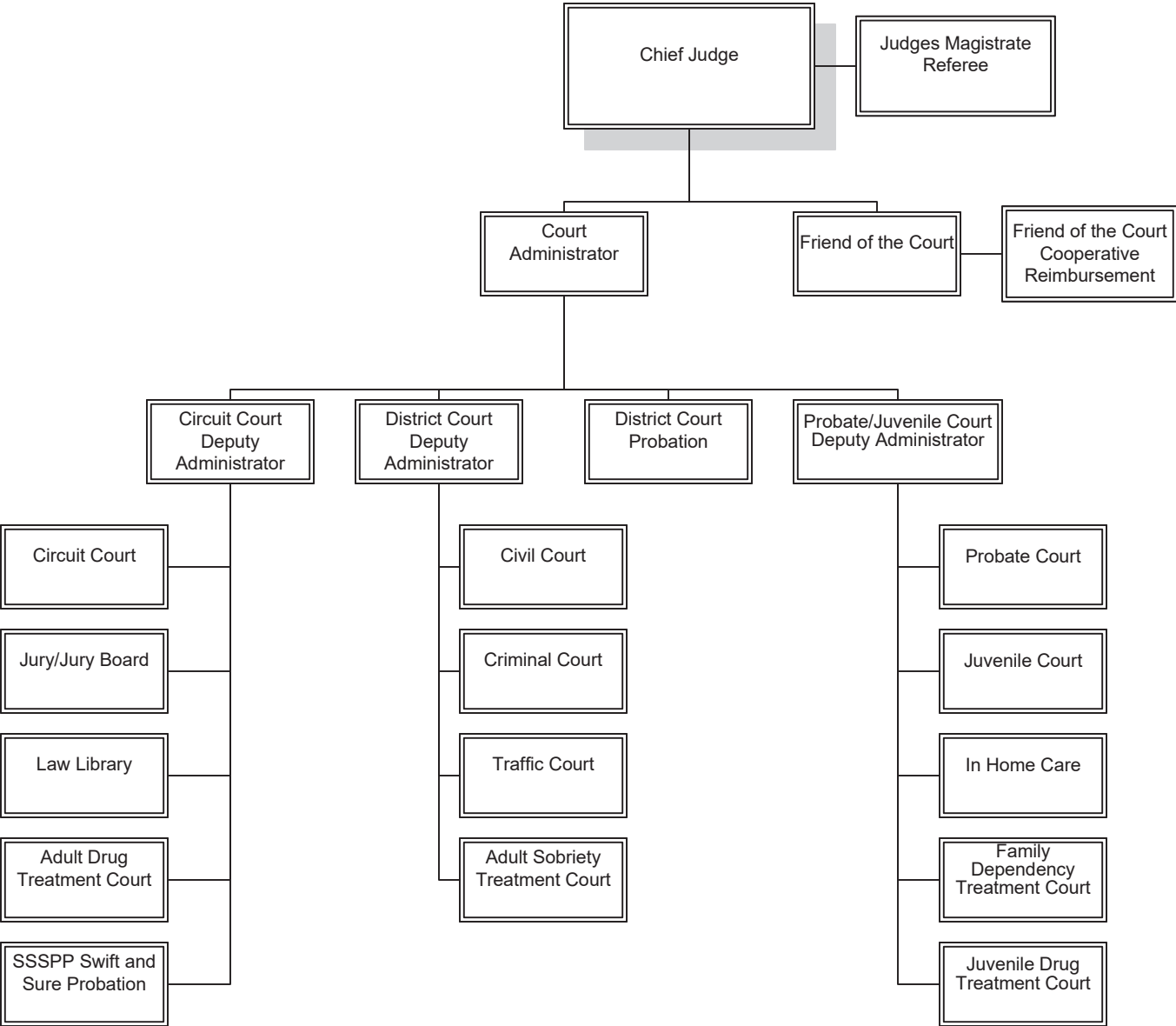
Direct Control

Coordinated Budget/Personnel, etc.

Legislative Coordination



Bay County
Organization Chart 2024



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

FINANCIAL SECTION

The Financial Section contains:

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

INDEPENDENT AUDITORS' REPORT

June 27, 2025

Board of Commissioners
Bay County, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Bay County, Michigan** (the "County"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and the major special revenue fund 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 following entities, which represent the indicated percentages of total aggregate discretely presented component units:

	Percent of Total Assets and Deferred Outflows	Percent of Total Net Position	Percent of Total Revenues
Bay County Road Commission	51%	61%	48%
Bay County Department of Water and Sewer	36%	26%	37%

Those statements were audited by other auditors whose reports thereon were furnished to us, and our opinions, insofar as they relate to the amounts included for the above entities, are based solely on the reports of the other auditors.



Implementation of GASB Standard No. 101

As described in Note 21, the County implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of governmental activities, business-type activities, and component units was restated. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

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

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 fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report June 27, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of Bay County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

· Total primary government net position	\$ 168,650,023
· Unrestricted primary government net position	53,558,006
· Change in primary government net position	21,842,012
· Fund balances, governmental funds	44,422,067
· Changes in fund balances, governmental funds	4,521,750
· Unassigned fund balance, general fund	11,643,821
· Change in fund balance, general fund	896,031
· Primary government debt outstanding, excluding leases and SBITAs	53,469,567
· Change in primary government debt, excluding leases and SBITAs	3,829,873

Overview of the Financial Statements

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bay County, as the following table demonstrates, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$168,650,023 at the close of the most recent fiscal year. Explanations for significant changes are described below.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 112,340,375	\$ 92,067,586	\$ 74,270,351	\$ 74,405,215	\$ 186,610,726	\$ 166,472,801
Capital assets, net	39,533,788	37,843,731	25,337,714	21,109,139	64,871,502	58,952,870
Total assets	151,874,163	129,911,317	99,608,065	95,514,354	251,482,228	225,425,671
Deferred outflows of resources	27,419,348	34,321,225	12,212,625	16,496,162	39,631,973	50,817,387
Liabilities						
Long-term liabilities	11,766,876	9,873,585	45,690,993	50,133,499	57,457,869	60,007,084
Other liabilities	14,525,469	13,838,712	2,985,160	3,085,300	17,510,629	16,924,012
Total liabilities	26,292,345	23,712,297	48,676,153	53,218,799	74,968,498	76,931,096
Deferred inflows of resources	30,742,787	32,375,867	16,752,893	19,630,508	47,495,680	52,006,375
Net position						
Net investment in capital assets	31,762,943	37,743,527	23,843,900	20,993,602	55,606,843	58,737,129
Restricted	50,632,241	40,804,093	8,852,933	6,193,200	59,485,174	46,997,293
Unrestricted	39,863,195	29,596,758	13,694,811	11,974,407	53,558,006	41,571,165
Total net position	\$ 122,258,379	\$ 108,144,378	\$ 46,391,644	\$ 39,161,209	\$ 168,650,023	\$ 147,305,587

A portion of the County's net position, \$55,606,843 (33.0%), reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, machinery and equipment, office furniture and equipment, vehicles and right to use assets) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The largest portion of the County's net position, \$59,485,174 (35.3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$53,558,006. Restricted net position has been increasing due to an increase in receivables and investment returns. There has still been a steady rise in retirements thus continuing to decrease the pension expense.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

The County's current and other assets increased by \$20,137,925, consisting of an increase of \$20,272,789 in governmental activities and a decrease of \$134,864 in business-type activities. The governmental activities increase was due to increase in net pension asset, receivables, and investments. The County's long-term liabilities decreased by \$2,549,215, which consisted of an increase of \$1,893,291 in governmental activities offset by a decrease of \$4,442,506 in business-type activities. Further, deferred outflows of resources decreased by \$11,185,414, which consisted of a decrease of \$6,901,877 in governmental activities and \$4,283,537 in business-type activities. Deferred inflows of resources also decreased by \$4,510,695, which consisted of a decrease of \$1,633,080 in governmental activities and \$2,877,615 in business-type activities. These fluctuations are primarily due to a decrease in the net OPEB liability as a result of investment depreciation and changes within the actuarial assumptions in the pension and OPEB plans.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 11,868,944	\$ 11,099,926	\$ 20,788,359	\$ 18,208,090	\$ 32,657,303	\$ 29,308,016
Operating grants and contributions	17,883,950	17,529,617	1,111,173	911,569	18,995,123	18,441,186
Capital grants and contributions	712,994	257,207	-	-	712,994	257,207
General revenues:						
Property and other taxes	30,774,286	29,021,366	5,630,738	5,338,485	36,405,024	34,359,851
Grants and contributions not restricted to specific programs	1,414,765	6,710,429	-	-	1,414,765	6,710,429
Unrestricted investment appreciation (depreciation)	2,315,158	2,715,791	1,059,901	766,902	3,375,059	3,482,693
Other revenue	6,341,216	2,441,007	828,034	670,951	7,169,250	3,111,958
Total revenues	71,311,313	69,775,343	29,418,205	25,895,997	100,729,518	95,671,340
Expenses						
General government	20,014,412	12,425,902	-	-	20,014,412	12,425,902
Public safety	10,660,942	10,988,798	-	-	10,660,942	10,988,798
Community and economic development	1,588,734	2,172,084	-	-	1,588,734	2,172,084
Health and welfare	13,639,086	13,532,564	-	-	13,639,086	13,532,564
Public works	708,547	668,925	-	-	708,547	668,925
Judicial	8,304,509	8,076,771	-	-	8,304,509	8,076,771
Legislative	490,354	589,072	-	-	490,354	589,072
Recreation and culture	2,368,560	2,330,650	-	-	2,368,560	2,330,650
Interest on long-term debt	2,542	885	-	-	2,542	885
Medical care facility	-	-	18,857,158	20,313,875	18,857,158	20,313,875
100% tax payment	-	-	161,679	156,312	161,679	156,312
Golf course	-	-	593,404	656,970	593,404	656,970
Water plant	-	-	1,202,294	1,263,889	1,202,294	1,263,889
Delinquent property tax foreclosure	-	-	170,023	199,255	170,023	199,255
Commissary	-	-	125,262	147,161	125,262	147,161
Total expenses	57,777,686	50,785,651	21,109,820	22,737,462	78,887,506	73,523,113

continued...

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Change in net position before transfers	\$ 13,533,627	\$ 18,989,692	\$ 8,308,385	\$ 3,158,535	\$ 21,842,012	\$ 22,148,227
Transfers	1,060,000	1,160,000	(1,060,000)	(1,160,000)	-	-
Change in net position	14,593,627	20,149,692	7,248,385	1,998,535	21,842,012	22,148,227
Net position:						
Beginning of year	108,144,378	87,994,686	39,161,209	37,162,674	147,305,587	125,157,360
Restatement	(479,626)	-	(17,950)	-	(497,576)	-
Net position, end of year	\$ 122,258,379	\$ 108,144,378	\$ 46,391,644	\$ 39,161,209	\$ 168,650,023	\$ 147,305,587

concluded

Governmental Activities. Governmental activities increased the County's net position by \$14,593,627 compared to an increase of \$20,149,692 in the prior year.

Charges for services increased by \$769,018 which was mainly due to a \$927,278 increase for the Self-Insurance Fund Healthcare in 2024 compared to 2023.

Property taxes increased by \$1,752,920 in the year 2024. This is a result of the average taxable value increased 6.98%.

Grants and contributions not restricted to specific programs decreased by \$5,295,664 which was mainly due to a decrease of American Rescue Plan Act spending in 2024.

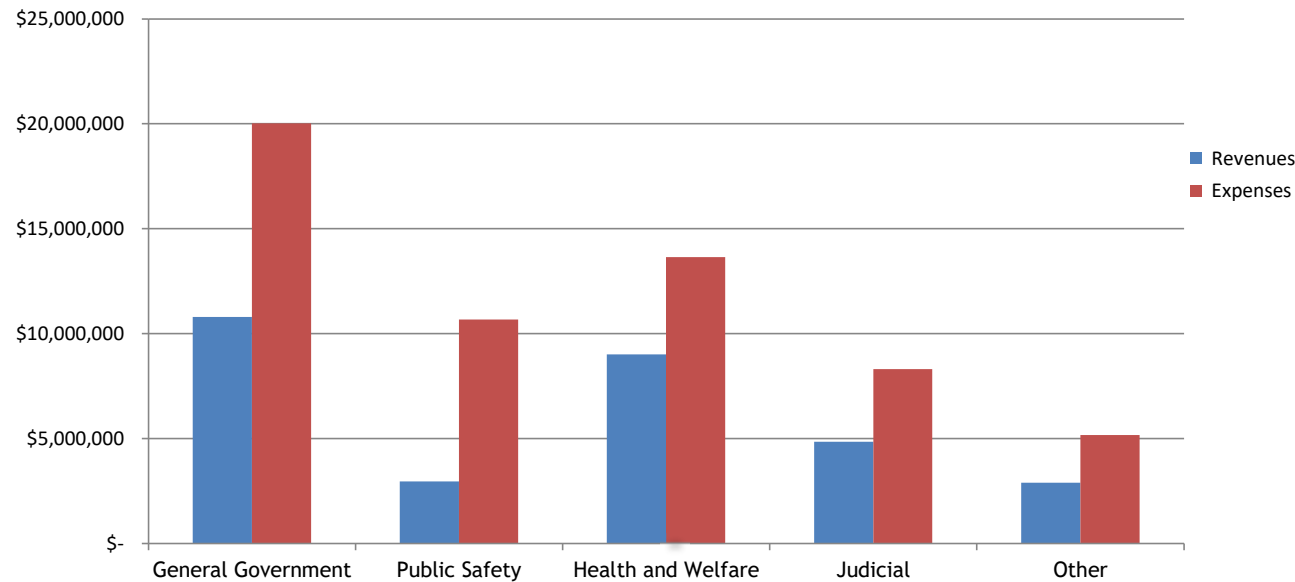
Other revenue increased by \$3,900,209 which was mainly due to an increase of \$6.8 million of Road Commission Transportation Bonds during the year, less \$2.8 million of Opioid Settlement Revenues received in 2024.

Expenses for general government increased by \$7,588,510 which was mainly due to the issuance of bonds for the Road Commission Project that amounted to increased expenses of \$6,689,497. Attorney Fees-Indigents increased by \$308,000; and lastly Corporation Counsel incurred additional settlement claims of \$485,000.

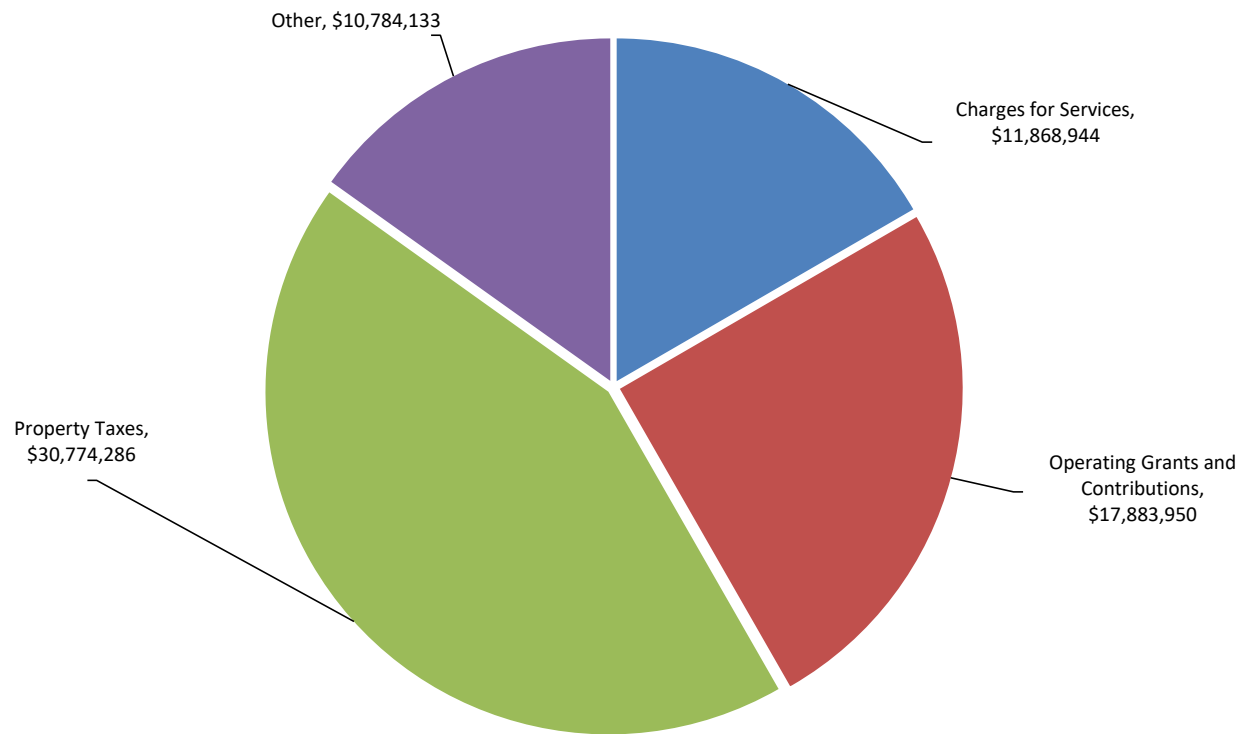
Expenses for community and economic development decreased by \$583,350 which was mainly due to a decrease of \$653,325 in American Rescue Plan Act grant dollars being spent in 2024.

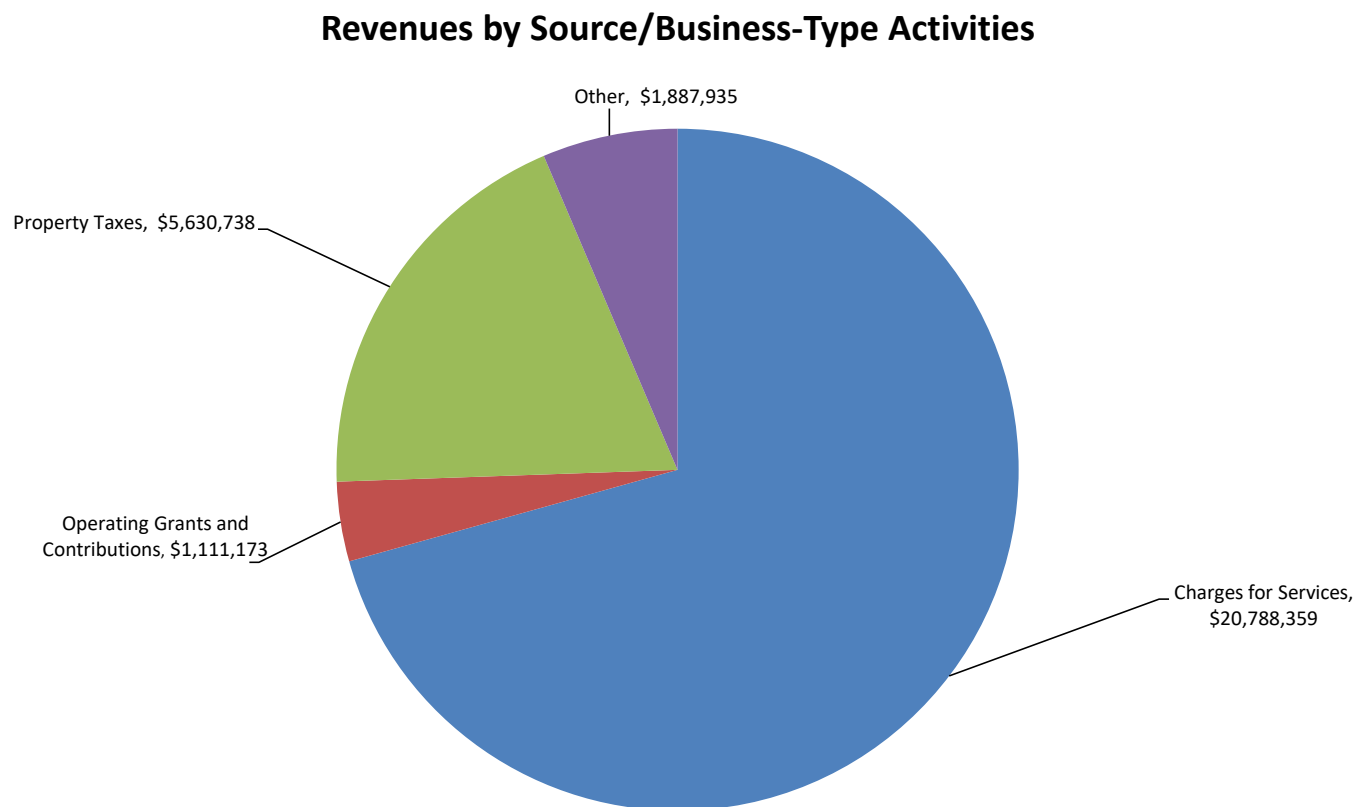
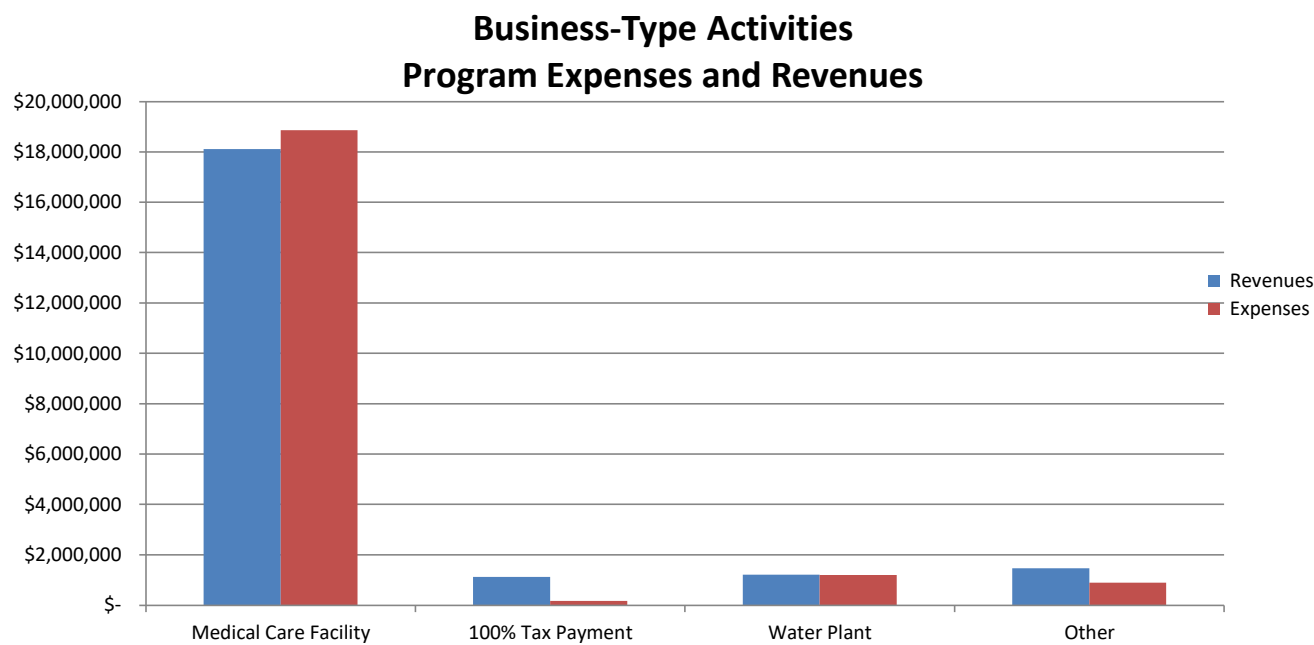
Business-Type Activities. Business-type activities increased the County's net position by \$7,248,385 compared to an increase of \$1,998,535 in the prior year. See the discussions of the enterprise funds below for further information on the business-type activities.

Governmental Activities
Program Expenses and Revenues



Revenues by Source/Governmental Activities





BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$44,422,067, an increase of \$4,521,750 compared to the prior year. Of this amount, \$7,344,397 is committed fund balance and \$6,788,729 is assigned fund balance. The underlying distinction between the two is that committed fund balance has been designated by the highest level of decision making authority and formal action is needed to establish, modify, or rescind a commitment. An additional \$11,643,821 is unassigned and available for spending at the government's discretion. The remainder of fund balance is not available for new spending and is either nonspendable (\$551,171) or restricted (\$18,093,949).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$11,643,821 while total fund balance amounted to \$23,553,762. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 29.8% of total general fund expenditures, while total fund balance represents 60.3% of that same amount.

Fund balance of the County's general fund increased by \$896,031 during the current fiscal year. The increase was primarily due to the result of an increase of \$1,158,033 property tax revenue due to the average taxable value increase of 6.98%.

The American Rescue Plan Act Fund (ARPA) recognized \$1,414,765 of federal funds during the year 2024 for the following programs: small business grant funding, workforce development, assist non-profits with pandemic related hardships, address staffing needs at Boys & Girls Club of Bay County, and the Health Center Project.

The Road Commission Bonds debt service fund was established in 2024, with a \$6,035,000 issuance of bonds and \$681,015 bond premium.

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

Total net position of the medical care facility ("facility") increased in 2024 by \$6,537,576 mainly as a result of the following: The Facility received interest income of \$898,963, an increase of 757,627 from 2023 due to receipt of the Federal Employee Retention Credit which included interest. Charges for services increased \$1,756,551, or 14.5%, from 2023 due mainly to a census increase of 9.74% at year-end and an increase in our Medicaid rate for the last quarter of 2024. Personal services expenses decreased by \$958,161 from 2023 due to right-sizing our staffing to more closely match our census.

The water plant fund's net position as of year end was \$77,161, an increase of \$2,824 due to interest income. This fund was created to account for the installment purchase agreement with the Department of Water and Sewer component unit for the water plant as well as the related long-term debt.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

General fund budgetary highlights. The differences between the original budget and final amended budget for expenditures resulted in a 10.6% increase (\$4,180,320) in expenditures budget; whereas the difference between the original budget and final amended budget for revenues resulted in a 6.6% increase (\$2,493,178) in revenues budget; finally, the original budget for total other financing sources (uses) was amended resulting in a 23.3% increase (\$216,928) in net other financing uses. The original budget shows a decrease of \$2,737,230 in fund balance which was affected by budgetary adjustments. Budget adjustments of \$1,904,070 resulted in a budgeted decrease to fund balance of \$4,641,300. Significant budgetary differences are briefly summarized as follows:

- A \$1,824,885 increase in expenditures for prior year open purchase orders to be billed in 2024.
- Increase in 2024 budget \$124,238 to include MSU Extension activity to the budget.

Significant general fund actual to budget variances are as follows:

- A positive \$1,158,033 variance in property tax revenue was primarily the result of collecting \$1,155,497 more in current real property taxes in 2024 as the result of the average taxable value increasing to 6.98%.
- A unfavorable \$846,585 variance in federal revenue was primarily the result of the Backlog Docket grant, Indigent Attorney Grant and Operation Stone Garden grant of \$449,931. In addition Byrne grant had \$392,505 of underspending due to equipment not received until 2025.
- A positive \$1,322,096 variance in investment appreciations was primarily the result of the following: Unrealized Gain on investments of 400,000 that was not budgeted. Also Investment Interest of \$1,000,000 being underbudgeted.
- A unfavorable \$1,184,531 variance in reimbursements, refunds, and other was due to the amount of expected reimbursement for the Sheriff Department being under budget by \$650,000 and also reimbursements came in lower for the Early Elections by \$180,000. The Opioid Abuse Settlement was under budgeted by \$185,000.
- General government expenditures were \$1,389,255 under budget due to the following: \$900,000 not spent on projects budgeted under Building & Grounds and Information Systems. Also, Foreclosed Property claims were underbudgeted by \$485,000.
- Public safety expenditures were \$1,809,367 under budget due to \$700,000 in projects not being completed, \$600,000 under spending in wages and fringes due to employee turnover. Grant Spending and reimbursements were also down \$500,000.
- Judicial expenditures were \$929,988 under budget due to \$420,000 underspending in personnel costs due to employee turnover. Court grants were underutilized by \$450,000.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounted to \$64,871,502 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction work in progress, land improvements, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was 10.3% (a 4.5% increase and 20.0% increase for governmental activities and business-type activities, respectively).

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

- Equipment at the Golf Course was upgraded costing \$165,658.
- The Sheriff's Office bought 3 vehicles, a boat, body scanning system, and body cameras totaling \$1,054,220.
- The Ice Arena purchased a new compressor system in the amount of \$869,855.
- Five vehicles were disposed of therefore taken off the system totaling \$116,719.

	Capital Assets (net of depreciation and amortization)					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,744,853	\$ 2,747,853	\$ 167,021	\$ 167,021	\$ 2,911,874	\$ 2,914,874
Construction work in progress	1,489,495	27,870	10,793,048	5,275,915	12,282,543	5,303,785
Land improvements	767,699	527,457	46,144	-	813,843	527,457
Buildings and improvements	29,400,315	30,762,190	12,361,219	13,638,791	41,761,534	44,400,981
Machinery and equipment	3,019,866	1,519,546	1,332,536	1,400,537	4,352,402	2,920,083
Office furniture and equipment	864,756	1,192,275	551,840	514,536	1,416,596	1,706,811
Vehicles	795,452	1,015,248	-	-	795,452	1,015,248
Leased building (Note 10)	-	890	-	-	-	890
Leased infrastructure (Note 10)	26,097	3,536	-	-	26,097	3,536
Subscription assets (Note 11)	425,255	46,866	85,906	112,339	511,161	159,205
Total	\$ 39,533,788	\$ 37,843,731	\$ 25,337,714	\$ 21,109,139	\$ 64,871,502	\$ 58,793,665

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Long-Term Debt. At the end of the current fiscal year, the County's primary government had total outstanding debt of \$53,469,567, excluding leases and subscriptions payable. The County debt is comprised of an installment purchase agreement payable, general obligation bonds and bond premium, revenue bonds, Drinking Water Revolving Funds (DWRf) loans, a financed purchase agreement, and compensated absences.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Primary Government						
Installment purchase agreement payable	\$ -	\$ 79,400	\$ -	\$ -	\$ -	\$ 79,400
Michigan Transportation bonds	6,035,000	-	-	-	6,035,000	-
Bond premium	681,015	-	-	-	681,015	-
Revenue bonds	-	-	27,240,000	28,165,000	27,240,000	28,165,000
DWRf loans	-	-	16,860,000	18,480,000	16,860,000	18,480,000
Financed purchase agreement	-	-	91,574	-	91,574	-
Compensated absences	2,245,207	2,701,720	316,771	213,574	2,561,978	2,915,294
Total	<u>\$ 8,961,222</u>	<u>\$ 2,781,120</u>	<u>\$ 44,508,345</u>	<u>\$ 46,858,574</u>	<u>\$ 53,469,567</u>	<u>\$ 49,639,694</u>

The County's total gross long-term debt of \$53,469,567 is equivalent to \$521 per capita or 1.5% of the County's taxable value of property of \$3,539,466,538.

The County's total debt increased \$3,829,873 or 7.7% during the current fiscal year. This increase is mainly the result of the issuance of bonds offset by scheduled principal payments made during the year.

The County's current bond ratings are as follows:

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

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

Debt limit	\$ 488,303
Debt margin	425,274
Net debt as a percent of limit	12.91%

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

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2025 fiscal year:

- All County union collective bargaining agreements are currently in effect until December 31, 2025. The three-year contracts started January 1, 2023.
The County continues to monitor its health care costs and has been working with the collective bargaining units to present new
- Health Insurance plans for the year 2026.
- The County continues to apply for new grant funds to provide increased services to its residents.
- The County has allocated all American Rescue Plan Act funding and will continue to monitor progress and spending compliance.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Statement of Net Position

December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 15,160,260	\$ 4,706,363	\$ 19,866,623	\$ 21,771,079
Investments	31,614,892	4,800,769	36,415,661	23,125,593
Receivables	35,211,206	55,220,932	90,432,138	15,253,210
Internal balances	1,457	(1,457)	-	-
Other assets	1,036,733	690,811	1,727,544	2,626,734
Advance to component unit	61,013	-	61,013	-
Restricted cash and cash equivalents	1,661,153	-	1,661,153	-
Restricted investments	5,063,143	-	5,063,143	-
Restricted cash held by others	-	-	-	663,631
Net pension asset	22,530,518	8,852,933	31,383,451	8,821,565
Capital assets not being depreciated/amortized	4,234,348	10,960,069	15,194,417	42,891,938
Capital assets being depreciated/amortized, net	35,299,440	14,377,645	49,677,085	159,720,810
Total assets	151,874,163	99,608,065	251,482,228	274,874,560
Deferred outflows of resources				
Deferred charge on refunding	-	2,055,572	2,055,572	2,055,572
Deferred pension amounts	17,662,883	7,458,583	25,121,466	9,549,683
Deferred OPEB amounts	9,756,465	2,698,470	12,454,935	8,185,614
Total deferred outflows of resources	27,419,348	12,212,625	39,631,973	19,790,869
Liabilities				
Accounts payable and accrued liabilities	6,919,977	2,977,749	9,897,726	3,625,197
Unearned revenue	7,605,492	7,411	7,612,903	5,000,000
Bonds, notes and other long-term liabilities:				
Due within one year	1,456,968	2,836,391	4,293,359	5,453,588
Due in more than one year	7,848,281	41,763,717	49,611,998	52,790,028
Net OPEB liability, due in more than one year	2,461,627	1,090,885	3,552,512	2,123,150
Total liabilities	26,292,345	48,676,153	74,968,498	68,991,963
Deferred inflows of resources				
Deferred pension amounts	2,464,703	548,308	3,013,011	195,573
Deferred OPEB amounts	14,885,794	10,254,776	25,140,570	13,301,121
Deferred lease amounts	452,431	-	452,431	-
Taxes levied for a subsequent period	12,939,859	5,949,809	18,889,668	6,030,000
Total deferred inflows of resources	30,742,787	16,752,893	47,495,680	19,526,694

continued...

BAY COUNTY, MICHIGAN

Statement of Net Position

December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net position				
Net investment in capital assets	\$ 31,762,943	\$ 23,843,900	\$ 55,606,843	\$ 149,175,725
Restricted for:				
Pension benefits	22,530,518	8,852,933	31,383,451	8,821,565
Insurance claims	5,390,037	-	5,390,037	-
Health and welfare	6,426,072	-	6,426,072	-
Home rehabilitation	1,787,353	-	1,787,353	-
Pest control	1,745,161	-	1,745,161	-
Public safety	5,671,039	-	5,671,039	-
Opioid remediation	6,315,474	-	6,315,474	-
Debt service	-	-	-	2,965,763
Other	766,587	-	766,587	-
Unrestricted	39,863,195	13,694,811	53,558,006	45,183,719
Total net position	<u>\$ 122,258,379</u>	<u>\$ 46,391,644</u>	<u>\$ 168,650,023</u>	<u>\$ 206,146,772</u>

concluded

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

BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2024

			Program Revenues			
Functions / Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government						
Governmental activities:						
General government	\$ 20,148,047	\$ (133,635)	\$ 1,020,176	\$ 9,058,117	\$ 712,994	\$ (9,223,125)
Public safety	10,575,182	85,760	1,900,223	1,050,114	-	(7,710,605)
Community and economic development	1,570,820	17,914	1,137,101	409,370	-	(42,263)
Health and welfare	13,613,800	25,286	5,008,040	3,990,365	-	(4,640,681)
Public works	730,216	(21,669)	322,109	-	-	(386,438)
Judicial	8,304,509	-	1,473,107	3,367,360	-	(3,464,042)
Legislative	490,354	-	1,000	-	-	(489,354)
Recreation and culture	2,457,595	(89,035)	1,007,188	8,624	-	(1,352,748)
Interest on long-term debt	2,542	-	-	-	-	(2,542)
Total governmental activities	57,893,065	(115,379)	11,868,944	17,883,950	712,994	(27,311,798)
Business-type activities:						
Medical care facility	18,836,057	21,101	17,107,961	1,002,985	-	(746,212)
100% tax payment	161,679	-	1,119,013	-	-	957,334
Golf course	527,960	65,444	774,809	-	-	181,405
Water plant	1,202,294	-	1,096,930	108,188	-	2,824
Delinquent property tax foreclosure	170,023	-	511,385	-	-	341,362
Commissary	120,239	5,023	178,261	-	-	52,999
Total business-type activities	21,018,252	91,568	20,788,359	1,111,173	-	789,712
Total primary government	\$ 78,911,317	\$ (23,811)	\$ 32,657,303	\$ 18,995,123	\$ 712,994	\$ (26,522,086)
Component units						
Road Commission	\$ 17,670,254	\$ -	\$ 6,635,072	\$ 15,284,401	\$ 5,824,596	\$ 10,073,815
Library System	6,153,072	2,142	31,629	943,202	42,036	(5,138,347)
Department of Water and Sewer	18,117,748	-	20,251,301	-	-	2,133,553
Drain Commission	1,204,554	21,669	40,053	-	764,454	(421,716)
Brownfield Redevelopment Authority	104,554	-	-	104,554	-	-
Bay County Landbank	127,343	-	16,334	144,928	-	33,919
Total component units	\$ 43,377,525	\$ 23,811	\$ 26,974,389	\$ 16,477,085	\$ 6,631,086	\$ 6,681,224

continued...

BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (27,311,798)	\$ 789,712	\$ (26,522,086)	\$ 6,681,224
General revenues:				
Property and other taxes	30,774,286	5,630,738	36,405,024	5,716,603
Grants and contributions not restricted to specific programs	1,414,765	-	1,414,765	-
Unrestricted investment appreciation (depreciation)	2,315,158	1,059,901	3,375,059	1,383,270
Other	6,341,216	828,034	7,169,250	1,798,357
Transfers - internal activities	1,060,000	(1,060,000)	-	-
Total general revenues and transfers	41,905,425	6,458,673	48,364,098	8,898,230
Change in net position	14,593,627	7,248,385	21,842,012	15,579,454
Net position, beginning of year, as restated	107,664,752	39,143,259	146,808,011	190,567,318
Net position, end of year	<u>\$ 122,258,379</u>	<u>\$ 46,391,644</u>	<u>\$ 168,650,023</u>	<u>\$ 206,146,772</u>

concluded

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

BAY COUNTY, MICHIGAN

Balance Sheet

Governmental Funds
December 31, 2024

	General Fund	American Rescue Plan Act Special Revenue Fund	Road Commission Bonds Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 111,576	\$ -	\$ -	\$ 10,377,535	\$ 10,489,111
Investments	20,592,543	-	-	9,887,505	30,480,048
Receivables:					
Accounts, net	1,646,336	22,539	-	6,492,671	8,161,546
Property taxes, net	1,749,501	-	-	12,509,106	14,258,607
Interest	191,012	-	-	65,794	256,806
Due from other governmental units	3,328,559	-	-	1,854,429	5,182,988
Due from component units	169,027	-	6,716,015	-	6,885,042
Leases	452,431	-	-	-	452,431
Inventories	9,137	-	-	-	9,137
Due from other funds	1,807,410	-	-	-	1,807,410
Prepaid items and other assets	438,281	-	-	42,740	481,021
Advance to component unit	61,013	-	-	-	61,013
Restricted cash and cash equivalents	-	1,661,153	-	-	1,661,153
Restricted investments	-	5,063,143	-	-	5,063,143
Total assets	<u>\$ 30,556,826</u>	<u>\$ 6,746,835</u>	<u>\$ 6,716,015</u>	<u>\$ 41,229,780</u>	<u>\$ 85,249,456</u>
Liabilities					
Accounts payable	\$ 943,977	\$ 64,926	\$ -	\$ 1,061,592	\$ 2,070,495
Accrued liabilities	1,557,219	-	-	526,122	2,083,341
Due to other funds	2,329,665	-	-	12,964	2,342,629
Due to component units	249,636	-	-	-	249,636
Due to other governmental units	94,259	-	-	692,503	786,762
Deposits	206,898	-	-	-	206,898
Unearned revenue	426,971	6,681,909	-	496,612	7,605,492
Total liabilities	<u>5,808,625</u>	<u>6,746,835</u>	<u>-</u>	<u>2,789,793</u>	<u>15,345,253</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	17,628	17,628
Unavailable revenue - long-term receivable	742,008	-	6,716,015	4,614,195	12,072,218
Taxes levied for a subsequent period	-	-	-	12,939,859	12,939,859
Deferred lease amounts	452,431	-	-	-	452,431
Total deferred inflows of resources	<u>1,194,439</u>	<u>-</u>	<u>6,716,015</u>	<u>17,571,682</u>	<u>25,482,136</u>
Fund balances					
Nonspendable	508,431	-	-	42,740	551,171
Restricted	154,489	-	-	17,939,460	18,093,949
Committed	7,344,397	-	-	-	7,344,397
Assigned	3,902,624	-	-	2,886,105	6,788,729
Unassigned	11,643,821	-	-	-	11,643,821
Total fund balances	<u>23,553,762</u>	<u>-</u>	<u>-</u>	<u>20,868,305</u>	<u>44,422,067</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,556,826</u>	<u>\$ 6,746,835</u>	<u>\$ 6,716,015</u>	<u>\$ 41,229,780</u>	<u>\$ 85,249,456</u>

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

BAY COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
December 31, 2024

Fund balances - total governmental funds	\$ 44,422,067
---	----------------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated/amortized	4,234,348
Capital assets being depreciated/amortized, net	35,299,440

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.

Deferred inflow for property taxes receivable	17,628
Deferred inflow for long-term receivable	12,072,218

Certain pension and OPEB-related amounts, such as the net pension asset, net OPEB liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension asset	22,521,951
Deferred outflows related to the net pension asset	17,656,156
Deferred inflows related to the net pension asset	(2,463,802)
Net OPEB liability	(2,461,627)
Deferred outflows related to the net OPEB liability	9,756,465
Deferred inflows related to the net OPEB liability	(14,885,794)

Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

	5,398,604
--	-----------

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds, notes and other long-term liabilities	(7,060,042)
Accrued interest on long-term debt	(3,428)
Accrued liability to Historical Preservation	(598)
Compensated absences	(2,245,207)

Net position of governmental activities	<u>\$ 122,258,379</u>
--	------------------------------

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2024

	General Fund	American Rescue Plan Act Special Revenue Fund	Road Commission Bonds Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 19,616,976	\$ -	\$ -	\$ 11,103,654	\$ 30,720,630
Licenses and permits	261,345	-	-	324,359	585,704
Federal	2,798,391	1,414,765	-	2,223,079	6,436,235
State	7,753,756	-	-	4,435,044	12,188,800
Investment appreciation, rents and royalties	2,335,946	-	-	428,428	2,764,374
Charges for services	3,176,754	-	-	1,360,005	4,536,759
Fines and forfeits	350,084	-	-	6,612	356,696
Reimbursements, refunds, and other	4,294,838	-	156,742	3,453,378	7,904,958
Total revenues	40,588,090	1,414,765	156,742	23,334,559	65,494,156
Expenditures					
Current:					
General government	12,762,628	-	26,518	2,023,600	14,812,746
Public safety	11,777,250	-	-	4,175,484	15,952,734
Community and economic development	1,108,081	498,508	-	-	1,606,589
Health and welfare	890,621	-	-	14,619,869	15,510,490
Public works	749,336	-	-	-	749,336
Judicial	9,265,360	-	-	250,098	9,515,458
Legislative	496,238	-	-	-	496,238
Recreation and culture	1,862,337	916,257	-	710,550	3,489,144
Debt service:					
Principal	116,171	-	-	144,740	260,911
Interest and other fiscal charges	873	-	156,742	4,282	161,897
Contribution to component unit	-	-	6,689,497	-	6,689,497
Total expenditures	39,028,895	1,414,765	6,872,757	21,928,623	69,245,040
Revenues over (under) expenditures	1,559,195	-	(6,716,015)	1,405,936	(3,750,884)
Other financing sources (uses)					
Insurance recoveries/proceeds	5,487	-	-	-	5,487
Proceeds from the sale of capital assets	5,984	-	-	-	5,984
Issuance of bonds, notes and other long-term liabilities	82,758	-	6,035,000	396,998	6,514,756
Premium on issuance of bonds, notes and other long-term liabilities	-	-	681,015	-	681,015
Transfers in	4,544,520	-	-	4,076,168	8,620,688
Transfer out	(5,301,913)	-	-	(2,253,383)	(7,555,296)
Total other financing sources (uses)	(663,164)	-	6,716,015	2,219,783	8,272,634
Net change in fund balances	896,031	-	-	3,625,719	4,521,750
Fund balances, beginning of year	22,657,731	-	-	17,242,586	39,900,317
Fund balances, end of year	\$ 23,553,762	\$ -	\$ -	\$ 20,868,305	\$ 44,422,067

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

BAY COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds **\$ 4,521,750**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital assets purchased/constructed	4,403,904
Depreciation and amortization	(2,687,377)
Loss on disposal of capital assets	(32,454)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

Change in deferred property taxes receivable	53,656
Change in deferred long-term receivable	5,802,423

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of bonds, notes and other long-term liabilities	(6,514,756)
Premium on issuance of bonds, notes and other long-term liabilities	(681,015)
Principal payments on bonds, notes and other long-term liabilities	260,911

Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The net increase (decrease) in net position of the internal service funds is reported with governmental activities.

Net operating income (loss) from governmental activities internal service funds	84,019
Investment appreciation/depreciation from governmental activities internal service funds	64,986
Transfers out of governmental activities internal service funds	(5,392)

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Historical preservation	(17)
Change in the net pension asset and related deferred amounts	1,721,809
Change in accrued interest payable on bonds	(2,543)
Change in the net OPEB liability and related deferred amounts	7,150,274
Change in the accrual for compensated absences	453,449

Change in net position of governmental activities **\$ 14,593,627**

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 18,458,943	\$ 18,458,943	\$ 19,616,976	\$ 1,158,033
Licenses and permits	218,700	218,700	261,345	42,645
Federal	2,388,848	3,644,976	2,798,391	(846,585)
State	6,554,666	7,141,843	7,753,756	611,913
Investment appreciation, rents and royalties	1,013,850	1,013,850	2,335,946	1,322,096
Charges for services	3,639,150	3,719,150	3,176,754	(542,396)
Fines and forfeits	620,000	620,000	350,084	(269,916)
Reimbursements, refunds, and other	4,909,496	5,479,369	4,294,838	(1,184,531)
Total revenues	<u>37,803,653</u>	<u>40,296,831</u>	<u>40,588,090</u>	<u>291,259</u>
Expenditures				
Current:				
General government	11,838,249	14,151,883	12,762,628	(1,389,255)
Public safety	12,261,901	13,586,617	11,777,250	(1,809,367)
Community and economic development	978,437	1,298,567	1,108,081	(190,486)
Health and welfare	916,740	940,740	890,621	(50,119)
Public works	744,041	760,041	749,336	(10,705)
Judicial	10,162,348	10,195,348	9,265,360	(929,988)
Legislative	612,476	612,476	496,238	(116,238)
Recreation and culture	2,015,733	2,121,373	1,862,337	(259,036)
Debt service:				
Principal	79,400	120,000	116,171	(3,829)
Interest and other fiscal charges	-	2,600	873	(1,727)
Total expenditures	<u>39,609,325</u>	<u>43,789,645</u>	<u>39,028,895</u>	<u>(4,760,750)</u>
Revenues over (under) expenditures	<u>(1,805,672)</u>	<u>(3,492,814)</u>	<u>1,559,195</u>	<u>5,052,009</u>
Other financing sources (uses)				
Insurance recoveries/proceeds	27,000	27,000	5,487	(21,513)
Proceeds from the sale of capital assets	-	-	5,984	5,984
Issuance of bonds, notes and other long-term liabilities	-	-	82,758	82,758
Transfers in	4,506,280	4,506,280	4,544,520	38,240
Transfers out	(5,464,838)	(5,681,766)	(5,301,913)	(379,853)
Total other financing sources (uses)	<u>(931,558)</u>	<u>(1,148,486)</u>	<u>(663,164)</u>	<u>485,322</u>
Net change in fund balance	<u>(2,737,230)</u>	<u>(4,641,300)</u>	<u>896,031</u>	<u>5,537,331</u>
Fund balance, beginning of year	<u>22,657,731</u>	<u>22,657,731</u>	<u>22,657,731</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,920,501</u>	<u>\$ 18,016,431</u>	<u>\$ 23,553,762</u>	<u>\$ 5,537,331</u>

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - American Rescue Plan Act Special Revenue Fund

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ 350,000	\$ 6,924,514	\$ 1,414,765	\$ (5,509,749)
Investment appreciation, rents and royalties	4,000	4,000	-	(4,000)
Total revenues	<u>354,000</u>	<u>6,928,514</u>	<u>1,414,765</u>	<u>(5,513,749)</u>
Expenditures				
Current:				
Community and economic development	350,000	5,698,307	498,508	(5,199,799)
Recreation and culture	-	1,226,207	916,257	(309,950)
Total expenditures	<u>350,000</u>	<u>6,924,514</u>	<u>1,414,765</u>	<u>(5,509,749)</u>
Revenues over (under) expenditures	4,000	4,000	-	(4,000)
Other financing uses				
Transfer out	(4,000)	(4,000)	-	(4,000)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Medical Care Facility	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,413,852	\$ 1,611,479	\$ 1,681,032	\$ 4,706,363	\$ 4,671,149
Investments	1,229,523	-	3,571,246	4,800,769	1,134,844
Accounts receivable, net	1,940,686	-	167,886	2,108,572	5,735
Property taxes receivable	5,742,806	-	3,906,964	9,649,770	-
Accrued interest receivable	-	269,802	597,999	867,801	8,051
Current portion of installment sales agreement receivable	-	2,580,000	-	2,580,000	-
Inventories	63,545	-	14,057	77,602	-
Due from other funds	-	-	457,920	457,920	536,676
Due from component units	-	-	25,000	25,000	-
Due from other governmental units	2,018,583	-	41,096	2,059,679	-
Prepaid items and other assets	598,307	-	14,902	613,209	546,575
Total current assets	13,007,302	4,461,281	10,478,102	27,946,685	6,903,030
Noncurrent assets:					
Installment sales agreement receivable, net of current portion	-	37,930,110	-	37,930,110	-
Net pension asset	8,726,489	-	126,444	8,852,933	8,567
Capital assets not being depreciated/amortized	10,823,136	-	136,933	10,960,069	-
Capital assets being depreciated/amortized, net	14,157,182	-	220,463	14,377,645	-
Total noncurrent assets	33,706,807	37,930,110	483,840	72,120,757	8,567
Total assets	46,714,109	42,391,391	10,961,942	100,067,442	6,911,597
Deferred outflows of resources					
Deferred charge on refunding	-	2,055,572	-	2,055,572	-
Deferred pension amounts	7,359,320	-	99,263	7,458,583	6,727
Deferred OPEB amounts	2,698,470	-	-	2,698,470	-
Total deferred outflows of resources	10,057,790	2,055,572	99,263	12,212,625	6,727
Liabilities					
Current liabilities:					
Accounts payable	1,821,939	-	154,400	1,976,339	11,188
Accrued liabilities	540,175	269,802	10,359	820,336	32,757
Deposits payable	7,304	-	-	7,304	-
Due to other funds	-	-	459,377	459,377	-
Due to other governmental units	-	-	36,008	36,008	-
Estimated insurance claims payable	137,762	-	-	137,762	1,474,874
Unearned revenue	-	-	7,411	7,411	-
Current portion of bonds, notes and other long-term liabilities	53,360	2,580,000	-	2,633,360	-
Current portion of compensated absences	195,792	-	7,239	203,031	-
Total current liabilities	2,756,332	2,849,802	674,794	6,280,928	1,518,819

continued...

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Medical Care Facility	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities (continued)					
Noncurrent liabilities:					
Bonds, notes and other long-term liabilities, net of current portion	\$ 129,977	\$ 41,520,000	\$ -	\$ 41,649,977	\$ -
Compensated absences, net of current portion	100,862	-	12,878	113,740	-
Net OPEB liability	1,090,885	-	-	1,090,885	-
Total noncurrent liabilities	1,321,724	41,520,000	12,878	42,854,602	-
Total liabilities	4,078,056	44,369,802	687,672	49,135,530	1,518,819
Deferred inflows of resources					
Deferred pension amounts	534,993	-	13,315	548,308	901
Deferred OPEB amounts	10,254,776	-	-	10,254,776	-
Taxes levied for a subsequent period	5,949,809	-	-	5,949,809	-
Total deferred inflows of resources	16,739,578	-	13,315	16,752,893	901
Net position					
Net investment in capital assets	23,486,504	-	357,396	23,843,900	-
Restricted for:					
Pension benefits	8,726,489	-	126,444	8,852,933	8,567
Insurance claims	-	-	-	-	5,390,037
Unrestricted	3,741,272	77,161	9,876,378	13,694,811	-
Total net position	\$ 35,954,265	\$ 77,161	\$ 10,360,218	\$ 46,391,644	\$ 5,398,604

concluded

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

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Medical Care Facility	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 17,107,961	\$ -	\$ 2,570,648	\$ 19,678,609	\$ 11,699,783
Other	-	1,096,930	12,820	1,109,750	-
Total operating revenues	17,107,961	1,096,930	2,583,468	20,788,359	11,699,783
Operating expenses					
Personnel services	11,405,622	-	482,769	11,888,391	11,615,764
Supplies	-	-	110,111	110,111	-
Other services	5,863,930	-	437,199	6,301,129	-
Depreciation/amortization	1,587,606	-	20,289	1,607,895	-
Total operating expenses	18,857,158	-	1,050,368	19,907,526	11,615,764
Operating income (loss)	(1,749,197)	1,096,930	1,533,100	880,833	84,019
Nonoperating revenues (expenses)					
Property taxes	5,630,738	-	-	5,630,738	-
Reimbursements, refunds and rebates	828,034	108,188	-	936,222	-
State revenue	1,002,985	-	-	1,002,985	-
Investment appreciation	825,016	-	234,885	1,059,901	64,986
Interest expense	-	(1,202,294)	-	(1,202,294)	-
Total nonoperating revenues (expenses)	8,286,773	(1,094,106)	234,885	7,427,552	64,986
Income (loss) before transfers	6,537,576	2,824	1,767,985	8,308,385	149,005
Transfers					
Transfers in	-	-	701,088	701,088	-
Transfers out	-	-	(1,761,088)	(1,761,088)	(5,392)
Net transfers	-	-	(1,060,000)	(1,060,000)	(5,392)
Change in net position	6,537,576	2,824	707,985	7,248,385	143,613
Net position, beginning of year, as restated	29,416,689	74,337	9,652,233	39,143,259	5,254,991
Net position, end of year	\$ 35,954,265	\$ 77,161	\$ 10,360,218	\$ 46,391,644	\$ 5,398,604

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

BAY COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Medical Care Facility	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 12,159,120	\$ 1,096,930	\$ 2,185,600	\$ 15,441,650	\$ -
Cash received from interfund services provided	-	-	-	-	14,046,341
Cash received from quality assurance program	1,434,751	-	-	1,434,751	-
Cash received from quality measure initiative	332,701	-	-	332,701	-
Cash received from CPE reimbursement	1,498,600	-	-	1,498,600	-
Cash paid for quality assurance assessment	(1,006,017)	-	-	(1,006,017)	-
Cash payments to suppliers for goods and services	(10,059,658)	-	(552,041)	(10,611,699)	-
Cash payments to employees and related taxes and insurance	(11,189,144)	-	(478,408)	(11,667,552)	(11,588,026)
Net cash provided by (used in) operating activities	(6,829,647)	1,096,930	1,155,151	(4,577,566)	2,458,315
Cash flows from noncapital financing activities					
Taxes received	5,595,879	-	-	5,595,879	-
Reimbursements, refunds, and rebates received	828,033	-	-	828,033	-
Change in resident trust deposits	927	-	-	927	-
Intergovernmental grant proceeds	5,842,652	-	-	5,842,652	-
Payments received on installment sales agreement receivable	-	2,449,317	-	2,449,317	-
Principal paid on bonds, notes and other long-term liabilities	-	(2,545,000)	-	(2,545,000)	-
Interest paid on bonds, notes and other long-term liabilities	-	(997,163)	-	(997,163)	-
Transfers in	-	-	701,088	701,088	-
Transfers out	-	-	(1,761,088)	(1,761,088)	(5,392)
Net cash provided by (used in) noncapital financing activities	12,267,491	(1,092,846)	(1,060,000)	10,114,645	(5,392)
Cash flows from capital and related financing activities					
Principal paid on bonds, notes and other long-term liabilities	(23,774)	-	-	(23,774)	-
Acquisition and construction of capital assets	(4,268,758)	-	(165,661)	(4,434,419)	-
Net cash provided by (used in) noncapital financing activities	(4,292,532)	-	(165,661)	(4,458,193)	-
Cash flows from investing activities					
Proceeds from sale of investments	-	-	146,947	146,947	-
Purchases of investments	(1,283,071)	-	(445,370)	(1,728,441)	(144,094)
Income on investments	895,286	11,245	166,289	1,072,820	63,292
Net cash provided by (used in) investing activities	(387,785)	11,245	(132,134)	(508,674)	(80,802)
Net change in cash and cash equivalents	757,527	15,329	(202,644)	570,212	2,372,121
Cash and cash equivalents, beginning of year	656,325	1,596,150	1,883,676	4,136,151	2,299,028
Cash and cash equivalents, end of year	\$ 1,413,852	\$ 1,611,479	\$ 1,681,032	\$ 4,706,363	\$ 4,671,149

continued...

BAY COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities
	Medical Care Facility	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (1,749,197)	\$ 1,096,930	\$ 1,533,100	\$ 880,833	\$ 84,019
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation/amortization	1,587,606	-	20,289	1,607,895	-
Bad debts	3,233	-	-	3,233	-
Changes in assets and liabilities that provided (used) cash:					
Accounts receivable, net	(866,037)	-	(21,072)	(887,109)	(961)
Property taxes receivable	-	-	(484,833)	(484,833)	-
Inventories	6,604	-	(4,052)	2,552	-
Due from other funds	-	-	(16,266)	(16,266)	1,943,493
Due from other governmental units	(819,985)	-	16,195	(803,790)	-
Prepaid items and other assets	136,704	-	(724)	135,980	(124,405)
Accounts payable	(1,271,052)	-	74,145	(1,196,907)	10,378
Accrued liabilities	130	-	2,219	2,349	31,465
Due to other funds	-	-	16,453	16,453	-
Due to other governmental units	-	-	19,209	19,209	-
Estimated insurance claims payable	-	-	-	-	518,053
Unearned revenue	-	-	(1,654)	(1,654)	-
Net pension asset	(2,629,838)	-	(29,895)	(2,659,733)	(2,627)
Deferred outflows - pension	2,321,198	-	46,031	2,367,229	2,214
Deferred inflows - pension	(364,920)	-	(5,402)	(370,322)	(250)
Net OPEB liability	(2,271,318)	-	-	(2,271,318)	-
Deferred outflows - OPEB	1,808,120	-	-	1,808,120	-
Deferred inflows - OPEB	(2,832,684)	-	-	(2,832,684)	-
Compensated absences	111,789	-	(8,592)	103,197	(3,064)
Net cash provided by (used in) operating activities	<u>\$ (6,829,647)</u>	<u>\$ 1,096,930</u>	<u>\$ 1,155,151</u>	<u>\$ (4,577,566)</u>	<u>\$ 2,458,315</u>
					concluded
Noncash transactions:					
Capital assets purchased with accounts payable	\$ 1,310,477	\$ -	\$ -	\$ 1,310,477	\$ -
Capital assets financed with debt	91,574	-	-	91,574	-
Total noncash transactions	<u>\$ 1,402,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,402,051</u>	<u>\$ -</u>

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

BAY COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2024

	Pension and Other Employee Benefits Trusts	Custodial Funds
Assets		
Investments, at fair value:		
Equities	\$ 419,997,389	\$ -
Fixed income	110,233,136	20,989,680
Money market	97,967	-
Total investments, at fair value	<u>530,328,492</u>	<u>20,989,680</u>
Cash and cash equivalents	<u>-</u>	<u>6,527,821</u>
Receivables:		
Contributions receivable	154,368	-
Interest and dividends	1,184,528	-
Total receivables	<u>1,338,896</u>	<u>-</u>
Other current assets:		
Prepaid items and other assets	647	-
Net pension asset	60,005	-
Due from other governmental units	-	133
Due from other custodial funds	-	15,229
Total other current assets	<u>60,652</u>	<u>15,362</u>
Total assets	<u>531,728,040</u>	<u>27,532,863</u>
Deferred outflows of resources - pensions	<u>47,103</u>	<u>-</u>
Liabilities		
Accounts payable	1,859,133	13,022
Accrued liabilities	111,888	13,742
Accrued vacation and sick pay	8,427	-
Due to component units	-	143,459
Due to other governmental units	-	27,296,871
Due to other custodial funds	-	15,229
Deposits	-	49,296
Total liabilities	<u>1,979,448</u>	<u>27,531,619</u>
Deferred inflows of resources - pensions	<u>6,319</u>	<u>-</u>
Net position		
Restricted for:		
Inmates	-	1,244
Pension benefits	426,748,159	-
Postemployment healthcare benefits	103,041,217	-
Total net position	<u>\$ 529,789,376</u>	<u>\$ 1,244</u>

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

BAY COUNTY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2024

	Pension and Other Employee Benefits Trusts	Custodial Funds
Additions		
Investment income:		
Net appreciation in fair value of investments	\$ 41,863,059	\$ -
Interest and dividends	13,938,618	-
Total investment income	55,801,677	-
Investment expense	(2,079,715)	-
Net investment income	53,721,962	-
Contributions:		
Employer	7,074,771	-
Plan members	2,465,003	-
Total contributions	9,539,774	-
Other:		
State education tax collected for other governments	-	19,785,409
Real estate transfer tax collected for other governments	-	2,787,360
Fees and fines collected on behalf of other governments	-	1,342,792
Collections from or on behalf of inmates	-	773,261
Other taxes collected for other governments	-	42,683
Other	26,043	-
Total other	26,043	24,731,505
Total additions	63,287,779	24,731,505
Deductions		
Participant benefits (including refunds of contributions)	28,301,299	-
Administrative expenses	625,606	-
Payments of state education tax to other governments	-	19,785,409
Payments of real estate transfer tax to other governments	-	2,787,360
Fees and fines remitted to other governments	-	1,342,792
Payments to or on behalf of inmates	-	773,197
Payments of other taxes to other governments	-	42,683
Total deductions	28,926,905	24,731,441
Change in net position	34,360,874	64
Net position		
Beginning of year	495,428,502	1,180
End of year	\$ 529,789,376	\$ 1,244

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

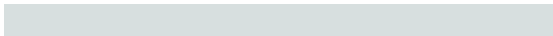
BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2024

	Road Commission	Library System	Department of Water and Sewer	Drain Commission
Assets				
Cash and cash equivalents	\$ 240,555	\$ 231,729	\$ 18,310,648	\$ 2,843,096
Investments	13,055,891	7,526,846	-	2,542,856
Receivables	3,788,890	6,100,230	2,940,487	1,994,974
Due from primary government	-	129,831	-	263,264
Prepaid items and other assets	1,437,336	346,292	822,551	-
Restricted cash held by others	-	-	-	663,631
Net pension asset	5,021,029	1,673,460	2,127,076	-
Capital assets not being depreciated	37,530,765	107,487	4,920,513	333,173
Capital assets being depreciated, net	78,915,022	1,788,218	70,126,294	8,891,276
Total assets	139,989,488	17,904,093	99,247,569	17,532,270
Deferred outflows of resources				
Deferred charge on refunding	-	-	2,055,572	-
Deferred pension amounts	5,254,749	1,566,442	2,728,492	-
Deferred OPEB amounts	4,565,244	1,040,360	2,580,010	-
Total deferred outflows of resources	9,819,993	2,606,802	7,364,074	-
Liabilities				
Accounts payable and accrued liabilities	1,434,599	194,784	1,721,115	45,138
Unearned revenue	5,000,000	-	-	-
Due to primary government	-	-	-	169,027
Bonds, notes and other long-term liabilities:				
Due within one year	1,361,187	16,468	3,080,369	995,564
Due in more than one year	6,560,543	148,213	44,685,602	1,395,670
Net OPEB liability, due in more than one year	1,342,349	224,388	556,413	-
Total liabilities	15,698,678	583,853	50,043,499	2,605,399
Deferred inflows of resources				
Deferred pension amounts	88,308	34,867	72,398	-
Deferred OPEB amounts	8,349,812	1,527,522	3,423,787	-
Taxes levied for a subsequent period	-	6,030,000	-	-
Total deferred inflows of resources	8,438,120	7,592,389	3,496,185	-
Net position				
Net investment in capital assets	109,297,402	1,895,705	31,107,379	6,875,239
Restricted for:				
Pension benefits	5,021,029	1,673,460	2,127,076	-
Debt service	-	-	-	2,965,763
Unrestricted	11,354,252	8,765,488	19,837,504	5,085,869
Total net position	\$ 125,672,683	\$ 12,334,653	\$ 53,071,959	\$ 14,926,871

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



Brownfield Redevelopment Authority	Bay County Landbank	Total
\$ -	\$ 145,051	\$ 21,771,079
-	-	23,125,593
35,534	-	14,860,115
-	-	393,095
-	20,555	2,626,734
-	-	663,631
-	-	8,821,565
-	-	42,891,938
-	-	159,720,810
35,534	165,606	274,874,560
-	-	2,055,572
-	-	9,549,683
-	-	8,185,614
-	-	19,790,869
35,534	-	3,431,170
-	-	5,000,000
-	25,000	194,027
-	-	5,453,588
-	-	52,790,028
-	-	2,123,150
35,534	25,000	68,991,963
-	-	195,573
-	-	13,301,121
-	-	6,030,000
-	-	19,526,694
-	-	149,175,725
-	-	8,821,565
-	-	2,965,763
-	140,606	45,183,719
\$ -	\$ 140,606	\$ 206,146,772

BAY COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2024

			Program Revenues			
Functions / Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Component units						
Road Commission						
Governmental activities:						
Highways and streets	\$ 17,670,254	\$ -	\$ 6,635,072	\$ 15,284,401	\$ 5,824,596	\$ 10,073,815
Library System						
Governmental activities:						
Recreation and culture	6,153,072	2,142	31,629	943,202	42,036	(5,138,347)
Department of Water and Sewer						
Business-type activities:						
Water	12,887,509	-	14,577,632	-	-	1,690,123
Sewer	5,230,239	-	5,673,669	-	-	443,430
Total Department of Water and Sewer	18,117,748	-	20,251,301	-	-	2,133,553
Drain Commission						
Governmental activities:						
Public works	1,139,757	21,669	40,053	-	764,454	(356,919)
Interest on long-term debt	64,797	-	-	-	-	(64,797)
Total Drain Commission	1,204,554	21,669	40,053	-	764,454	(421,716)
Brownfield Redevelopment Authority						
Governmental activities:						
Community and economic development	104,554	-	-	104,554	-	-
Bay County Landbank						
Governmental activities:						
General government	127,343	-	16,334	144,928	-	33,919
Total component units	\$ 43,377,525	\$ 23,811	\$ 26,974,389	\$ 16,477,085	\$ 6,631,086	\$ 6,681,224

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2024

	Road Commission	Library System	Department of Water and Sewer	Drain Commission	Brownfield Redevelopment Authority	Bay County Landbank	Total
Change in net position							
Net (expense) revenue	\$ 10,073,815	\$ (5,138,347)	\$ 2,133,553	\$ (421,716)	\$ -	\$ 33,919	\$ 6,681,224
General revenues:							
Property taxes	-	5,767,102	-	(50,499)	-	-	5,716,603
Unrestricted investment appreciation	193,996	456,905	491,076	241,293	-	-	1,383,270
Other	302,488	-	1,353,388	142,481	-	-	1,798,357
Total general revenues	496,484	6,224,007	1,844,464	333,275	-	-	8,898,230
Change in net position	10,570,299	1,085,660	3,978,017	(88,441)	-	33,919	15,579,454
Net position, beginning of year, as restated	115,102,384	11,248,993	49,093,942	15,015,312	-	106,687	190,567,318
Net position, end of year	<u>\$ 125,672,683</u>	<u>\$ 12,334,653</u>	<u>\$ 53,071,959</u>	<u>\$ 14,926,871</u>	<u>\$ -</u>	<u>\$ 140,606</u>	<u>\$ 206,146,772</u>

concluded

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

This page intentionally left blank.

NOTES TO FINANCIAL STATEMENTS

BAY COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bay County, Michigan (the "County") was incorporated in 1857. The County operates under the unified form of government and provides services to its 102,651 residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

Brownfield Redevelopment Authority (the "Brownfield Authority") - The Brownfield Authority is an entity governed by a Board of Directors (Directors) which consists of not less than five (5) persons and not more than nine (9) persons in accordance with Act 381 of PA 1996. The Directors are appointed on the recommendation of the County Executive and concurrence of the Bay County Board of Commissioners. The Brownfield Authority was created to provide a means of financing remediation of brownfield (environmentally contaminated) sites within Bay County. No grant or loan shall be contracted on behalf of the Authority unless authorized by a resolution of the Brownfield Authority Board and approved by the Bay County Board of Commissioners. Separate financial statements are not prepared for the Brownfield Authority.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Fiduciary Component Units

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

Government-Wide and Fund Financial Statements

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

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

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The County reports the following major governmental funds:

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

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

The *Road Commission Bonds debt service fund* accounts for contributions from Bay County Road Commission, a discretely presented component unit, in order to pay the annual principal and semi-annual interest payments. These payments are necessary to retire the Michigan Transportation Fund Bonds, Series 2024.

The County reports the following major enterprise funds:

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Additionally, the County reports the following fund types:

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

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

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

Pension and Other Postemployment Benefits Trust Funds account for the activities of the Employees' Retirement Plan, a defined-benefit pension plan, and the Voluntary Employees' Beneficiary Association (VEBA) trust, which accumulate resources for retirement and other postemployment benefit payments to qualified employees.

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

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

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

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

Deposits and Investments

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

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

Receivable and Payables

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

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

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Inventory and Prepaids

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more (\$5,000 or more for federal grant purchased assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

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

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Leases

Lessee. The County is a lessee for several noncancellable leases of infrastructure. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$10,000 or more (\$5,000 or more for federal grant purchased assets).

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The County is a lessor for several noncancellable leases of buildings and land. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA)

The County has noncancellable subscription-based information technology arrangements. The County recognizes a subscription liability and an intangible right-to-use subscription asset in the financial statements. The County recognizes subscription liabilities with an initial, individual value of \$10,000 or more (\$5,000 or more for federal grant purchased assets).

At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the County determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

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

Unearned Revenue

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

Long-term Obligations

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

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

Compensated Absences

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Accumulated sick and vacation is accrued when incurred in governmental activities and the proprietary funds. A liability for these amounts is reported for leave that has not been used but is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash. The liability is measured using the employee's pay rate as of the date of the financial statements. Certain salary-related payments that are directly and incrementally associated with payments for leave are also included in the measurement of the liability.

Deferred Inflows of Resources

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Fund Balance

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

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

The County Board of Commissioners has formally established a budget stabilization arrangement under which it commits general fund balance up to 20 percent of the most recent general fund budget, as originally adopted, or 20 percent of the average of the County's five recent general fund budgets, as amended, whichever is less. The committed fund balance can be used to cover a general fund deficit; to prevent a reduction in the level of public services or in the number of employees at any time in a fiscal year when the budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses; to prevent a reduction in the level of public services or in the number of employees when in preparing the budget for the next fiscal year the estimate revenue does not appear sufficient to cover estimated expenses; and to cover expenses arising because of natural disaster. This commitment may be used if one of the several potential qualifying events occurs (as detailed in a Board of Commissioners resolution) and the Board of Commissioners, by 2/3 vote of members present, affirms the qualifying event. As of year end, the balance in the stabilization arrangement was \$7,344,397.

Interfund Transactions

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Pensions and Retiree Healthcare

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

Use of Estimates

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

2. BUDGETARY INFORMATION

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

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

3. EXCESS OF EXPENDITURES OVER BUDGET

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year, the County incurred expenditures in excess of amounts appropriated, as follows:

Fund	Appropriations	Actual Expenditures	Excess Expenditures over Appropriations
Nonmajor Governmental Funds:			
Law Library:			
Judicial	\$ 13,973	\$ 140,829	\$ 126,856

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

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

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 19,866,623	\$ 21,771,079	\$ 41,637,702
Investments	36,415,661	23,125,593	59,541,254
Restricted cash and cash equivalents	1,661,153	-	1,661,153
Restricted investments	5,063,143	-	5,063,143
Statement of Fiduciary Net Position			
Pension and other employee benefits trusts:			
Investments	530,328,492	-	530,328,492
Other fiduciary funds:			
Cash and cash equivalents	6,527,821	-	6,527,821
Investments	20,989,680	-	20,989,680
Total	\$ 620,852,573	\$ 44,896,672	\$ 665,749,245
Deposits and investments			
Bank deposits:			
Checking, savings, and money market			\$ 42,866,156
Investments:			
Equities:			
Domestic equities			304,264,093
LTD partnerships			38,254,629
Mutual funds			27,000,019
Commingled funds			50,478,649
Total equities			419,997,390
Fixed income:			
Domestic corporate bonds**			50,698,926
Foreign corporate bonds**			10,412,684
Commingled funds			7,396,802
U.S. treasury securities			17,350,492
Government bonds**			64,987,028
Municipal bonds**			37,909,889
Total fixed income			188,755,821

continued...

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	Primary Government	Component Units	Totals
Michigan CLASS investment pool			\$ 10,936,133
Money market funds and other similar investments			3,180,546
Total investments			<u>622,869,890</u>
Cash on hand			<u>13,199</u>
Total			<u><u>\$ 665,749,245</u></u>
			concluded

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

Domestic corporate bonds	\$ 20,344,458
Foreign corporate bonds	4,950,652
Government bonds	35,615,179
Municipal bonds	17,089,516

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

Investments by type are shown below:

	Investment Type				Total
	Equities	Fixed Income	Michigan CLASS Investment Pool	Money Market and Other Similar Investments	
Less than 1 year	\$ -	\$ 77,247,717	\$ 10,936,133	\$ 1,425,275	\$ 89,609,125
1 - 5 years	-	38,693,963	-	1,657,314	40,351,277
6 - 10 years	-	12,919,567	-	-	12,919,567
More than 10 years	-	51,051,381	-	-	51,051,381
No maturity	419,997,390	8,843,193	-	97,957	428,938,540
Total	<u>\$ 419,997,390</u>	<u>\$ 188,755,821</u>	<u>\$ 10,936,133</u>	<u>\$ 3,180,546</u>	<u>\$ 622,869,890</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	Investment Type				Total
	Equities	Fixed Income	Michigan CLASS Investment Pool	Money Market and Other Similar Investments	
AAA	\$ -	\$ 74,328,552	\$ -	\$ -	\$ 74,328,552
AAAm	-	-	10,936,133	-	10,936,133
AA	-	16,313,004	-	-	16,313,004
A	-	17,644,996	-	-	17,644,996
BAA	-	13,310,114	-	-	13,310,114
BA	-	1,944,520	-	-	1,944,520
Not rated	419,997,390	65,214,635	-	3,180,546	488,392,571
Total	\$ 419,997,390	\$ 188,755,821	\$ 10,936,133	\$ 3,180,546	\$ 622,869,890

Investment and Deposit Risk

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$47,149,552 of the County's bank balance of \$50,896,212 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Fair Value Measurement

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

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
Domestic equities	\$ 304,264,093	\$ -	\$ -	\$ 304,264,093
Mutual funds	27,000,019	-	-	27,000,019
Domestic corporate bonds	-	50,698,926	-	50,698,926
Foreign corporate bonds	-	10,412,684	-	10,412,684
U.S. treasury securities	17,350,492	-	-	17,350,492
Government bonds	4,972,676	60,014,352	-	64,987,028
Municipal bonds	-	37,909,889	-	37,909,889
	<u>\$ 353,587,280</u>	<u>\$ 159,035,851</u>	<u>\$ -</u>	<u>512,623,131</u>
Investments carried at amortized cost:				
Money market funds and other similar investments				3,180,546
Investments carried at NAV:				
LTD partnerships				38,254,629
Commingled funds - equity				50,478,649
Commingled funds - fixed income				7,396,802
Michigan CLASS investment pool				<u>10,936,133</u>
				<u>\$ 622,869,890</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Domestic equities, mutual funds, U.S. treasury securities, and certain government bonds are classified as Level 1 of the fair value hierarchy are valued based on quoted market prices in active markets.

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

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

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

At December 31, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
LTD partnerships	\$ 38,254,629	-	N/A	N/A
Commingled funds - equity	50,478,649	-	N/A	N/A
Commingled funds - fixed income	7,396,802	-	N/A	N/A
Michigan CLASS investment pool	10,936,133	-	N/A	N/A

BAY COUNTY, MICHIGAN

Notes to Financial Statements

ERS

LTD partnerships. PRISA is an open-end commingled United States core real estate fund which invests in operating and substantially leased institutional quality real estate properties located mainly in major markets. The fund primarily (>75%) invests in office, retail, industrial and multifamily properties and secondarily (<25%) invests in manufactured housing, single family rental, student housing, life science and medical office property types. Most assets are acquired on a direct basis.

Principal is an open-end commingled United States core-plus real estate fund which invests primarily in operating and substantially leased institutional quality real estate properties located 20 to 30 markets. The fund will only invest in office, retail, industrial, and multi-family properties. Most assets are acquired on a direct basis. Joint ventures with qualified partners are considered if the fund has majority equity economic interest and appropriate liquidity and control mechanisms.

Commingled funds - equity. The MFS International account is comprised of domestic (U.S.) securities consisting of US common stocks. MFS may also purchase foreign securities, including American Deposit Receipts (ADRs), traded on a U.S. exchange with a limit of 10% at the time of purchase. The total investments in foreign securities traded on U.S. exchanges or OTC market should never exceed 20% of the total portfolio, at market, under management.

VEBA

LTD partnerships. PRISA is an open-end commingled United States core real estate fund which invests in operating and substantially leased institutional quality real estate properties located mainly in major markets. The fund primarily (>75%) invests in office, retail, industrial and multifamily properties and secondarily (<25%) invests in manufactured housing, single family rental, student housing, life science and medical office property types. Most assets are acquired on a direct basis.

Commingled funds - fixed income. The Loomis Investment Grade Corporate Bond Trust for the VEBA account may include shares in mutual funds, closed-end funds, hedge funds, and commodity pools, public companies, private companies with at least \$50 million in shareholders' equity, and cash which may include bank deposits, certificates of deposit, bankers acceptances, and the net cash surrender value of an insurance policy.

County

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts:			
Current	\$ 2,683,371	\$ 2,155,572	\$ 286,315
Noncurrent	5,892,385	-	-
Property taxes	14,779,108	9,649,770	6,030,000
Special assessments:			
Current	-	-	517,566
Noncurrent	-	-	855,509
Installment sales agreement:			
Current	-	2,580,000	-
Noncurrent	-	37,930,110	-
Interest	264,857	867,801	195,504
Intergovernmental:			
Current	5,182,988	2,059,679	5,689,398
Noncurrent	-	-	1,292,823
Leases:			
Current	234,907	-	-
Noncurrent	217,524	-	-
Due from component units:			
Current	712,129	25,000	-
Noncurrent	6,172,913	-	-
Due from primary government	-	-	393,095
Less: allowance for uncollectible accounts	(928,976)	(47,000)	(7,000)
Total	\$ 35,211,206	\$ 55,220,932	\$ 15,253,210

BAY COUNTY, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

Primary government

Capital assets activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 2,747,853	\$ -	\$ (3,000)	\$ -	\$ 2,744,853
Construction in progress	27,870	1,489,495	-	(27,870)	1,489,495
	<u>2,775,723</u>	<u>1,489,495</u>	<u>(3,000)</u>	<u>(27,870)</u>	<u>4,234,348</u>
Capital assets, being depreciated/amortized:					
Land improvements	3,625,636	268,008	(478,920)	-	3,414,724
Buildings and improvements	68,493,138	51,024	(120,988)	-	68,423,174
Machinery and equipment	5,011,370	1,816,290	(32,799)	17,920	6,812,781
Office furniture and equipment	5,224,251	-	(99,893)	-	5,124,358
Vehicles	3,687,545	228,866	(116,719)	-	3,799,692
Leased building (Note 10)	22,323	-	(22,323)	-	-
Leased infrastructure (Note 10)	14,121	27,961	(14,145)	-	27,937
Subscription asset (Note 11)	57,603	522,260	-	9,950	589,813
	<u>86,135,987</u>	<u>2,914,409</u>	<u>(885,787)</u>	<u>27,870</u>	<u>88,192,479</u>

continued...

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Less accumulated depreciation/ amortization for:					
Land improvements	\$ (3,098,179)	\$ (27,686)	\$ 478,840	\$ -	\$ (2,647,025)
Buildings and improvements	(37,730,948)	(1,407,592)	115,681	-	(39,022,859)
Machinery and equipment	(3,491,824)	(333,890)	32,799	-	(3,792,915)
Office furniture and equipment	(4,031,976)	(327,519)	99,893	-	(4,259,602)
Vehicles	(2,672,297)	(430,579)	98,636	-	(3,004,240)
Leased building (Note 10)	(21,433)	(890)	22,323	-	-
Leased infrastructure (Note 10)	(10,585)	(5,400)	14,145	-	(1,840)
Subscription asset (Note 11)	(10,737)	(153,821)	-	-	(164,558)
	<u>(51,067,979)</u>	<u>(2,687,377)</u>	<u>862,317</u>	<u>-</u>	<u>(52,893,039)</u>
Total capital assets being depreciated/amortized, net	<u>35,068,008</u>	<u>227,032</u>	<u>(23,470)</u>	<u>27,870</u>	<u>35,299,440</u>
Governmental activities capital assets, net	<u>\$ 37,843,731</u>	<u>\$ 1,716,527</u>	<u>\$ (26,470)</u>	<u>\$ -</u>	<u>\$ 39,533,788</u>

concluded.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 167,021	\$ -	\$ -	\$ -	\$ 167,021
Construction in progress	5,275,915	5,517,133	-	-	10,793,048
	<u>5,442,936</u>	<u>5,517,133</u>	<u>-</u>	<u>-</u>	<u>10,960,069</u>
Capital assets, being depreciated/amortized:					
Land improvements	731,703	46,403	(346,917)	-	431,189
Buildings and improvements	28,150,589	17,956	-	-	28,168,545
Machinery and equipment	3,590,790	139,853	(14,595)	-	3,716,048
Office furniture and equipment	1,330,915	115,125	(10,550)	-	1,435,490
Vehicles	163,526	-	-	-	163,526
Subscription asset (Note 11)	132,164	-	-	-	132,164
	<u>34,099,687</u>	<u>319,337</u>	<u>(372,062)</u>	<u>-</u>	<u>34,046,962</u>
Less accumulated depreciation/ amortization for:					
Land improvements	(731,703)	(259)	346,917	-	(385,045)
Buildings and improvements	(14,511,798)	(1,295,528)	-	-	(15,807,326)
Machinery and equipment	(2,190,253)	(207,854)	14,595	-	(2,383,512)
Office furniture and equipment	(816,379)	(77,821)	10,550	-	(883,650)
Vehicles	(163,526)	-	-	-	(163,526)
Subscription asset (Note 11)	(19,825)	(26,433)	-	-	(46,258)
	<u>(18,433,484)</u>	<u>(1,607,895)</u>	<u>372,062</u>	<u>-</u>	<u>(19,669,317)</u>
Total capital assets being depreciated/amortized, net	<u>15,666,203</u>	<u>(1,288,558)</u>	<u>-</u>	<u>-</u>	<u>14,377,645</u>
Business-type activities capital assets, net	<u>\$ 21,109,139</u>	<u>\$ 4,228,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,337,714</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Depreciation/amortization of governmental activities by function

General government	\$ 1,515,071
Public safety	530,355
Health and welfare	456,380
Recreation and culture	90,779
Judicial	<u>94,792</u>
	<u>\$ 2,687,377</u>

Depreciation/amortization of business-type activities by function

Medical Care Facility	\$ 1,587,606
Golf Course	<u>20,289</u>
	<u>\$ 1,607,895</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Capital asset activity for the Road Commission for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 400,237	\$ -	\$ -	\$ -	\$ 400,237
Land improvements	36,239,007	-	-	-	36,239,007
Right of ways	349,661	-	-	-	349,661
Wetlands	360,000	-	-	-	360,000
Construction in progress	143,093	181,860	(143,093)	-	181,860
	<u>37,491,998</u>	<u>181,860</u>	<u>(143,093)</u>	<u>-</u>	<u>37,530,765</u>
Capital assets, being depreciated:					
Buildings and improvements	2,402,323	46,136	(17,396)	-	2,431,063
Road equipment	15,084,975	775,942	(25,249)	-	15,835,668
Office equipment	80,686	-	(34,386)	-	46,300
Engineering equipment	7,996	-	(7,996)	-	-
Yard and storage	1,208,252	33,906	(14,901)	-	1,227,257
Infrastructure:					
Roads	107,049,105	12,562,501	(6,430,985)	-	113,180,621
Bridges	25,559,728	2,527,559	-	-	28,087,287
Traffic signals	700,550	-	-	-	700,550
	<u>152,093,615</u>	<u>15,946,044</u>	<u>(6,530,913)</u>	<u>-</u>	<u>161,508,746</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,655,043)	(69,659)	17,396	-	(1,707,306)
Road equipment	(13,347,188)	(786,489)	24,679	-	(14,108,998)
Office equipment	(80,686)	-	34,386	-	(46,300)
Engineering equipment	(7,996)	-	7,996	-	-
Yard and storage	(1,208,252)	(3,939)	14,901	-	(1,197,290)
Infrastructure:					
Roads	(51,308,663)	(5,659,031)	6,430,985	-	(50,536,709)
Bridges	(13,771,107)	(551,961)	-	-	(14,323,068)
Traffic signals	(661,260)	(12,793)	-	-	(674,053)
	<u>(82,040,195)</u>	<u>(7,083,872)</u>	<u>6,530,343</u>	<u>-</u>	<u>(82,593,724)</u>
Total capital assets being depreciated, net	<u>70,053,420</u>	<u>8,862,172</u>	<u>(570)</u>	<u>-</u>	<u>78,915,022</u>
Road Commission capital assets, net	<u>\$ 107,545,418</u>	<u>\$ 9,044,032</u>	<u>\$ (143,663)</u>	<u>\$ -</u>	<u>\$ 116,445,787</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Capital asset activity for the Library System for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 107,487	\$ -	\$ -	\$ -	\$ 107,487
Capital assets, being depreciated:					
Land improvements	138,559	-	-	-	138,559
Buildings and improvements	1,281,744	-	-	-	1,281,744
Machinery and equipment	275,226	8,245	-	-	283,471
Office furniture and equipment	1,181,760	-	-	-	1,181,760
Books and a/v materials	2,484,691	415,404	(426,067)	-	2,474,028
Vehicles and other	237,499	-	-	-	237,499
	<u>5,599,479</u>	<u>423,649</u>	<u>(426,067)</u>	<u>-</u>	<u>5,597,061</u>
Less accumulated depreciation for:					
Land improvements	(94,407)	(2,366)	-	-	(96,773)
Buildings and improvements	(997,118)	(21,422)	-	-	(1,018,540)
Machinery and equipment	(189,893)	(10,671)	-	-	(200,564)
Office furniture and equipment	(1,039,074)	(20,471)	-	-	(1,059,545)
Books and a/v materials	(1,214,336)	(411,725)	426,067	-	(1,199,994)
Vehicles and other	(229,559)	(3,868)	-	-	(233,427)
	<u>(3,764,387)</u>	<u>(470,523)</u>	<u>426,067</u>	<u>-</u>	<u>(3,808,843)</u>
Total capital assets being depreciated, net	<u>1,835,092</u>	<u>(46,874)</u>	<u>-</u>	<u>-</u>	<u>1,788,218</u>
Library System					
capital assets, net	<u>\$ 1,942,579</u>	<u>\$ (46,874)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,895,705</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Capital asset activity for the Department of Water & Sewer for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 607,217	\$ -	\$ -	\$ -	\$ 607,217
Construction in progress	5,292,094	2,038,721	(3,017,519)	-	4,313,296
	<u>5,899,311</u>	<u>2,038,721</u>	<u>(3,017,519)</u>	<u>-</u>	<u>4,920,513</u>
Capital assets, being depreciated:					
Buildings and improvements	15,033,655	37,024	-	-	15,070,679
Improvements other than buildings	4,836,808	55,754	-	-	4,892,562
Machinery and equipment	20,739,098	311,807	(56,459)	-	20,994,446
Water system	61,135,499	761,308	-	-	61,896,807
Sewer system	30,466,045	3,382,314	-	-	33,848,359
	<u>132,211,105</u>	<u>4,548,207</u>	<u>(56,459)</u>	<u>-</u>	<u>136,702,853</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,894,530)	(333,105)	-	-	(12,227,635)
Improvements other than buildings	(4,040,187)	(593,303)	-	-	(4,633,490)
Machinery and equipment	(18,014,770)	(1,370,980)	18,695	-	(19,367,055)
Water system	(10,111,622)	(1,441,825)	-	-	(11,553,447)
Sewer system	(18,067,006)	(727,926)	-	-	(18,794,932)
	<u>(62,128,115)</u>	<u>(4,467,139)</u>	<u>18,695</u>	<u>-</u>	<u>(66,576,559)</u>
Total capital assets being depreciated, net	<u>70,082,990</u>	<u>81,068</u>	<u>(37,764)</u>	<u>-</u>	<u>70,126,294</u>
Department of Water & Sewer capital assets, net					
	<u>\$ 75,982,301</u>	<u>\$ 2,119,789</u>	<u>\$ (3,055,283)</u>	<u>\$ -</u>	<u>\$ 75,046,807</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Capital asset activity for the Drain Commission for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 333,173	\$ -	\$ -	\$ -	\$ 333,173
Construction in progress	5,780	-	-	(5,780)	-
	<u>338,953</u>	<u>-</u>	<u>-</u>	<u>(5,780)</u>	<u>333,173</u>
Capital assets, being depreciated:					
Land improvements (infrastructure)	12,109,955	-	-	5,780	12,115,735
Buildings	171,681	-	-	-	171,681
Machinery and equipment	858,343	16,890	-	-	875,233
Vehicles	317,363	89,600	(28,615)	-	378,348
	<u>13,457,342</u>	<u>106,490</u>	<u>(28,615)</u>	<u>5,780</u>	<u>13,540,997</u>
Less accumulated depreciation for:					
Land improvements (infrastructure)	(3,022,303)	(485,714)	-	-	(3,508,017)
Buildings	(171,681)	-	-	-	(171,681)
Machinery and equipment	(657,688)	(43,364)	-	-	(701,052)
Vehicles	(279,502)	(18,084)	28,615	-	(268,971)
	<u>(4,131,174)</u>	<u>(547,162)</u>	<u>28,615</u>	<u>-</u>	<u>(4,649,721)</u>
Total capital assets being depreciated, net	<u>9,326,168</u>	<u>(440,672)</u>	<u>-</u>	<u>5,780</u>	<u>8,891,276</u>
Drain Commission capital assets, net	<u>\$ 9,665,121</u>	<u>\$ (440,672)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,224,449</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

7. PAYABLES

Accounts payable and accrued liabilities are as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 2,081,683	\$ 1,976,339	\$ 1,700,310
Wages, fringe benefits and other accrued liabilities	2,120,124	820,336	881,183
Due to other governmental units	786,762	36,008	839,677
Due to component unit	249,636	-	-
Deposits	206,898	7,304	10,000
Due to primary government	-	-	194,027
Estimated insurance claims payable	1,474,874	137,762	-
Total	\$ 6,919,977	\$ 2,977,749	\$ 3,625,197

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of year end, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	\$ 1,807,410	\$ 2,329,665
Nonmajor governmental funds	-	12,964
Nonmajor enterprise funds	457,920	459,377
Internal service funds	536,676	-
Total	\$ 2,802,006	\$ 2,802,006

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

The general fund has a long-term advance of \$61,013 to the drain component unit to provide resources for the construction and maintenance of County drains. The drain component unit records this advance within long-term debt. See Note 9 for specific repayment terms.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Due to and from component unit

	Due to Primary Government	Due from Component Unit	Due from Primary Government	Due to Component Unit
General fund	\$ -	\$ 169,027	\$ -	\$ 249,636
Nonmajor enterprise funds	-	25,000	-	-
Custodial funds	-	-	-	143,459
Library System	-	-	129,831	-
Drain Commission	169,027	-	263,264	-
Bay County Landbank	25,000	-	-	-
	<u>\$ 194,027</u>	<u>\$ 194,027</u>	<u>\$ 393,095</u>	<u>\$ 393,095</u>

The due to primary government in the drain commission is the drain receivable for at large wages and fringes for the general fund. The \$25,000 from the County delinquent property tax fund is for the Landbank startup and the \$129,831 is the local community stabilization act payments received in February 2025 due to the Library.

For the year ended December 31, 2024, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
General fund	\$ 524,657	\$ 4,076,168	\$ 701,088	\$ 5,301,913
Nonmajor governmental funds	2,253,383	-	-	2,253,383
Nonmajor enterprise funds	1,761,088	-	-	1,761,088
Internal service funds	5,392	-	-	5,392
	<u>\$ 4,544,520</u>	<u>\$ 4,076,168</u>	<u>\$ 701,088</u>	<u>\$ 9,321,776</u>

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

9. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Primary Government					
Governmental activities:					
Direct borrowings:					
Installment purchase agreements payable	\$ 79,400	\$ -	\$ (79,400)	\$ -	\$ -
Michigan Transportation Bonds	-	6,035,000	-	6,035,000	475,000
Total installment debt	79,400	6,035,000	(79,400)	6,035,000	475,000
Bond premium	-	681,015	-	681,015	68,102
Lease payable (Note 10)	4,469	27,961	(6,270)	26,160	5,297
Subscription liability (Note 11)	41,313	451,795	(175,241)	317,867	155,037
Compensated absences	2,701,720	-	(456,513)	2,245,207	753,532
Total governmental activities	2,826,902	7,195,771	(717,424)	9,305,249	1,456,968
Business-type activities -					
Direct borrowings:					
Revenue bonds	28,165,000	-	(925,000)	27,240,000	930,000
DWRP loans	18,480,000	-	(1,620,000)	16,860,000	1,650,000
Financed purchase agreement - computers	-	91,574	-	91,574	27,613
Total installment debt	46,645,000	91,574	(2,545,000)	44,191,574	2,607,613
Subscription liability (Note 11)	115,537	-	(23,774)	91,763	25,747
Compensated absences	213,574	103,197	-	316,771	203,031
Total business-type activities	46,974,111	194,771	(2,568,774)	44,600,108	2,836,391
Total primary government	\$ 49,801,013	\$ 7,390,542	\$ (3,286,198)	\$ 53,905,357	\$ 4,293,359

The change in compensated absences reported above is the net change for the year.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Primary Government

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

	Governmental Activities	Business-type Activities
Michigan Transportation bonds	\$ 6,030,000	\$ -
Revenue bonds - A	-	28,925,000
DWRF loans	-	29,545,285
Financed purchase agreement	-	91,574

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

In 2024, the Medical Care Facility entered into a financed purchase agreement for computers which is due through December 17, 2027 in monthly installments of \$2,353 to \$2,926 with interest at 7.50%.

The loans and bonds payable are direct obligations and pledge the full faith and credit of the County. The Michigan Transportation Bonds, Series 2024 were issued by the County on behalf of the Road Commission. Revenue bonds are secured by the revenue generated by the local municipalities that participate in the Bay Area Water Treatment Plant. The bonds payable, revenue bonds, DWRF loans, and financed purchase agreement currently outstanding are as follows:

Obligation	Interest Rates	Amount
Governmental activities		
Michigan Transportation bonds issued on behalf of the Road Commission	5.00%	<u>\$ 6,035,000</u>
Business-type activities		
Revenue bonds - A	0.473-3.080%	\$ 27,240,000
DWRF loans	2.00 - 2.50%	16,860,000
Financed purchase agreement	7.50%	91,574
Total		<u>\$ 44,191,574</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 475,000	\$ 23,750	\$ 2,607,613	\$ 1,066,092
2026	500,000	25,000	2,665,428	1,014,051
2027	530,000	26,500	2,348,533	963,293
2028	560,000	28,000	2,365,000	914,275
2029	580,000	29,000	2,415,000	863,643
2030-2034	3,390,000	169,500	12,935,000	3,480,699
2035-2039	-	-	10,380,000	2,054,496
2040-2043	-	-	8,475,000	642,760
	<u>\$ 6,035,000</u>	<u>\$ 301,750</u>	<u>\$ 44,191,574</u>	<u>\$ 10,999,309</u>

Component Units

Road Commission

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Road Commission- Direct borrowings:					
Installment purchase agreements	\$ 971,656	\$ -	\$ (539,286)	\$ 432,370	\$ 318,085
Bonds payable	-	6,035,000	-	6,035,000	475,000
Total installment debt	971,656	6,035,000	(539,286)	6,467,370	793,085
Bond premium	-	681,015	-	681,015	68,102
Compensated absences	878,894	406,021	(511,570)	773,345	500,000
Total	<u>\$ 1,850,550</u>	<u>\$ 7,122,036</u>	<u>\$ (1,050,856)</u>	<u>\$ 7,921,730</u>	<u>\$ 1,361,187</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Direct obligations currently outstanding are as follows:

Obligation	Interest Rates	Amount
Michigan Transportation Fund (MTF) bonds payable for road projects (issued by Bay County)	5.00%	\$ 6,035,000
Installment purchase agreement - Tebo Erickson Drain	2.50%	203,800
Installment purchase agreement - Waldo Drain	3.50%	228,570
		<u>\$ 6,467,370</u>

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

Year Ended December 31,	Principal	Interest
2025	\$ 793,085	\$ 230,868
2026	614,285	197,398
2027	530,000	171,648
2028	560,000	144,398
2029	580,000	115,898
2030-2034	<u>3,390,000</u>	<u>100,495</u>
	<u>\$ 6,467,370</u>	<u>\$ 960,705</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Library System

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Library System - Compensated absences	\$ 173,166	\$ -	\$ (8,485)	\$ 164,681	\$ 16,468

Department of Water & Sewer

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Department of Water & Sewer- General obligation bonds	\$ 2,165,000	\$ -	\$ (270,000)	\$ 1,895,000	\$ 285,000
Direct borrowings: Installment purchase agreement - due to primary government	46,645,000	-	(2,545,000)	44,100,000	2,580,000
Total installment debt	48,810,000	-	(2,815,000)	45,995,000	2,865,000
Other postemployment benefits and pension payable (see below)	1,511,941	-	(219,118)	1,292,823	143,647
Compensated absences	451,366	26,782	-	478,148	71,722
Total	\$ 50,773,307	\$ 26,782	\$ (3,034,118)	\$ 47,765,971	\$ 3,080,369

Other Postemployment Benefits and Pension Payable: The Board of County Road Commissioners of Bay County entered into a cost sharing agreement for the water plant on behalf of the parties of the Water Supply Agreement. As part of this agreement the DWS will pay Bay City the sum of \$143,647 per annum as a partial reimbursement for Bay City's obligation of OPEB liabilities and \$75,471 per annum as a partial reimbursement for Bay City's obligation for Municipal Employees Retirement System (MERS) contributions for retirees and eligible retirees. These annual payments will continue until 2033 and are reported above as OPEB and pension payable. The final required MERS reimbursement payment under the agreement occurred in 2024.

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Obligation	Interest Rates	Amount
General obligation bonds	2.50 - 4.375%	\$ 1,895,000
Installment purchase agreement	2.00 - 5.25%	44,100,000
		<u>\$ 45,995,000</u>

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

Year Ended December 31,	General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	\$ 285,000	\$ 81,794	\$ 2,580,000	\$ 1,059,984
2026	295,000	69,681	2,635,000	1,010,212
2027	310,000	57,144	2,315,000	961,898
2028	320,000	43,969	2,365,000	914,275
2029	335,000	29,969	2,415,000	863,643
2030-2034	350,000	15,312	12,935,000	3,480,699
2035-2039	-	-	10,380,000	2,054,496
2040-2043	-	-	8,475,000	642,760
	<u>\$ 1,895,000</u>	<u>\$ 297,869</u>	<u>\$ 44,100,000</u>	<u>\$ 10,987,967</u>

Drain Commission

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Drain Commission- Direct borrowings:					
Advance from					
primary government	\$ 192,408	\$ -	\$ (131,395)	\$ 61,013	\$ 61,013
Bonds payable	3,206,896	-	(918,699)	2,288,197	918,699
Total installment debt	3,399,304	-	(1,050,094)	2,349,210	979,712
Compensated absences	50,367	-	(8,343)	42,024	15,852
Total	<u>\$ 3,449,671</u>	<u>\$ -</u>	<u>\$ (1,058,437)</u>	<u>\$ 2,391,234</u>	<u>\$ 995,564</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The change in compensated absences reported above for the component units is the net change for the year, other than for the Road Commission.

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

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

Obligation	Interest Rates	Amount
Advance from primary government	2.50% - 3.00%	\$ 61,013
Tebo Erickson drain bond payable	1.95%	664,997
Hoppler drain bond payable	2.21%	440,000
Waldo drain bond payable	2.00%-3.00%	1,183,200
		<u>\$ 2,349,210</u>

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

Year Ended December 31,	Direct Borrowings		Bonds Payable	
	Principal	Interest	Principal	Interest
2025	\$ 61,013	\$ 1,830	\$ 918,699	\$ 52,439
2026	-	-	478,699	33,208
2027	-	-	146,200	23,800
2028	-	-	57,800	21,471
2029	-	-	57,800	19,737
2030-2034	-	-	289,000	72,675
2035-2039	-	-	283,900	29,555
2040	-	-	56,099	842
	<u>\$ 61,013</u>	<u>\$ 1,830</u>	<u>\$ 2,288,197</u>	<u>\$ 253,727</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

10. LEASES

Lessee - The County is involved in multiple agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the County will not own the assets at the end of the contract term and the noncancellable term of the agreements surpass one year.

	Remaining Term of Agreements
Asset Type	
Infrastructure	5 years

The right-to-use assets and the related activity are included in Note 6, Capital Assets. The lease liability and related activity are presented in Note 9, Bonds, Notes and Other Long-Term Liabilities.

The net present value of future minimum payments as of December 31, 2024, were as follows:

Governmental Activities		
Year Ended December 31,	Principal	Interest
2025	\$ 5,297	\$ 724
2026	5,461	560
2027	5,630	391
2028	5,804	217
2029	3,968	46
Total	\$ 26,160	\$ 1,938

Lessor - The County is involved in multiple agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancellable term of the agreements surpass one year. Governmental activities total lease revenue for the year ended December 31, 2024 was \$243,262, consisting of \$5,995 of interest.

	Remaining Term of Agreements
Asset Type	
Buildings	2 years
Land	1 to 9 years

BAY COUNTY, MICHIGAN

Notes to Financial Statements

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT

The County is involved in several arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the County has the control of the right to use another party's IT software and the noncancellable term of the arrangements surpass one year. The present value is discounted using the County's incremental borrowing rate.

Remaining Term of Arrangement

Asset Type

Subscription assets 1 to 4 years

The right-to-use asset and the related activity are included in Note 6, Capital Assets. The subscription liability and related activity are presented in Note 9, Bonds, Notes and Other Long-term Liabilities.

The net present value of future minimum payments as of December 31, 2024, were as follows:

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 155,037	\$ 7,294	\$ 25,747	\$ 6,411
2026	54,602	4,263	27,884	4,274
2027	52,622	2,884	30,199	1,959
2028	55,606	1,481	7,933	106
Total	\$ 317,867	\$ 15,922	\$ 91,763	\$ 12,750

BAY COUNTY, MICHIGAN

Notes to Financial Statements

12. DEFINED BENEFIT PENSION PLAN

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

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

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

	Primary Government	Component Units	Total
Retirees and beneficiaries receiving benefits	748	191	939
Terminated plan members entitled to, but not yet receiving benefits	46	5	51
Active plan members	732	137	869
	<u>1,526</u>	<u>333</u>	<u>1,859</u>

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Funding Policy/Contributions - The Plan benefit provisions and contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners, who also administers the plan, in accordance with County policies, union contracts, and plan provisions. The County's policy is to fund normal costs which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The provisions of the Plan require the County to contribute at an actuarially determined rate. Plan members contribute at a rate of 3.54% to 4.57% of their annual salary. The Library portion of the plan is closed to new hires as of January 1, 2012 and therefore, the annual plan member contribution is fixed at \$34,802 for the year ended December 31, 2023. The employer contribution current rates, which were determined through an actuarial valuation are as follows:

General county	0.00%
Sheriff's department	0.00%
Department of water and sewer	14.31%
Medical care facility	0.00%
Road commission	11.15%
Library	0.00%

Amounts received from employer contributions for the year ended December 31, 2024 are as follows:

	Contributions
Primary government	\$ 215,463
Component units	1,094,821
	<u>\$ 1,310,284</u>

Actuarial Assumptions. The total pension liability was calculated as of December 31, 2023 from an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% to 8.25% including inflation
Investment rate of return	7.25%, net of investment and administrative expense including inflation
Mortality tables	Pub-2010 General and Safety Employee Pub-2010 General and Safety Healthy Annuitant Pub-2010 General and Safety Disabled Retiree

Rationale for the assumptions used was based on an experience study issued August 31, 2023.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Long-term Expected Real Rate of Return. The long-term expected rate of return on the Plan's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return at December 31, 2023 for each major asset class included in the Plan's target asset allocation as disclosed above are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	50.0%	7.5%
International equity	20.0%	8.5%
U.S. fixed income	23.0%	2.5%
Real estate	7.0%	4.5%
	<u>100.0%</u>	

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

	Primary Government and Component Units		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2022	\$ 283,704,472	\$ 312,427,177	\$ (28,722,705)
Changes for the year:			
Service cost	4,535,331	-	4,535,331
Interest on the total pension liability	20,054,763	-	20,054,763
Difference between expected and actual experience	2,612,503	-	2,612,503
Employer contributions	-	1,208,705	(1,208,705)
Employee contributions	-	1,667,014	(1,667,014)
Net investment income	-	37,341,265	(37,341,265)
Benefit payments and refunds	(18,709,435)	(18,709,435)	-
Administrative expenses	-	(392,982)	392,982
Net changes	8,493,162	21,114,567	(12,621,405)
Balance at December 31, 2023	\$ 292,197,634	\$ 333,541,744	\$ (41,344,110)

The net pension asset is allocated as follows:

Primary government	\$ 31,383,451
Pension Trust	60,005
Component units	8,821,565
Component unit fiduciary funds not included within this report	1,079,089
	<u>\$ 41,344,110</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	Primary Government/Pension Trust		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2022	<u>\$ 215,765,900</u>	<u>\$ 237,610,393</u>	<u>\$ (21,844,493)</u>
Changes for the year:			
Service cost	3,449,257	-	3,449,257
Interest on the total pension liability	15,252,259	-	15,252,259
Difference between expected and actual experience	1,986,888	-	1,986,888
Employer contributions	-	919,257	(919,257)
Employee contributions	-	1,267,815	(1,267,815)
Net investment income	-	28,399,170	(28,399,170)
Benefit payments and refunds	(14,229,096)	(14,229,096)	-
Administrative expenses	-	(298,875)	298,875
Net changes	<u>6,459,308</u>	<u>16,058,271</u>	<u>(9,598,963)</u>
Balance at December 31, 2023	<u><u>\$ 222,225,208</u></u>	<u><u>\$ 253,668,664</u></u>	<u><u>\$ (31,443,456)</u></u>
	Component Units		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2022	<u>\$ 67,938,572</u>	<u>\$ 74,816,784</u>	<u>\$ (6,878,212)</u>
Changes for the year:			
Service cost	1,086,074	-	1,086,074
Interest on the total pension liability	4,802,504	-	4,802,504
Difference between expected and actual experience	625,615	-	625,615
Employer contributions	-	289,448	(289,448)
Employee contributions	-	399,199	(399,199)
Net investment income	-	8,942,095	(8,942,095)
Benefit payments and refunds	(4,480,339)	(4,480,339)	-
Administrative expenses	-	(94,107)	94,107
Net changes	<u>2,033,854</u>	<u>5,056,296</u>	<u>(3,022,442)</u>
Balance at December 31, 2023	<u><u>\$ 69,972,426</u></u>	<u><u>\$ 79,873,080</u></u>	<u><u>\$ (9,900,654)</u></u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Primary government/pension trust	\$ (6,623,482)	\$ (31,443,456)	\$ (52,362,874)
Component units	(2,085,547)	(9,900,654)	(16,487,586)
Total net pension asset	\$ (8,709,029)	\$ (41,344,110)	\$ (68,850,460)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2024, the County recognized pension expense (benefit) of \$(1,662,009). At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government and Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 3,356,837	\$ 727,144	\$ 2,629,693
Changes in assumptions	4,866,686	-	4,866,686
Change in proportionate share	2,524,489	2,524,489	-
Net difference between projected and actual earnings on pension plan investments	24,044,172	-	24,044,172
Component unit fiduciary funds not included within this report	(1,384,216)	(36,730)	(1,347,486)
	33,407,968	3,214,903	30,193,065
Contributions subsequent to measurement date	1,310,284	-	1,310,284
Total	\$ 34,718,252	\$ 3,214,903	\$ 31,503,349

The deferred outflows of resources and deferred inflows of resources are allocated as follows:

Primary government	\$ 25,121,466	\$ 3,013,011	\$ 22,108,455
Pension Trust	47,103	6,319	40,784
Component units	9,549,683	195,573	9,354,110
	\$ 34,718,252	\$ 3,214,903	\$ 31,503,349

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Primary Government/Pension Trust	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 2,552,977	\$ 553,015	\$ 1,999,962
Changes in assumptions	3,701,264	-	3,701,264
Change in proportionate share	412,539	2,466,315	(2,053,776)
Net difference between projected and actual earnings on pension plan investments	18,286,326	-	18,286,326
	24,953,106	3,019,330	21,933,776
Contributions subsequent to measurement date	215,463	-	215,463
Total	\$ 25,168,569	\$ 3,019,330	\$ 22,149,239

Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 803,860	\$ 174,129	\$ 629,731
Changes in assumptions	1,165,422	-	1,165,422
Change in proportionate share	2,111,950	58,174	2,053,776
Net difference between projected and actual earnings on pension plan investments	5,757,846	-	5,757,846
Component unit fiduciary funds not included within this report	(1,384,216)	(36,730)	(1,347,486)
	8,454,862	195,573	8,259,289
Contributions subsequent to measurement date	1,094,821	-	1,094,821
Total	\$ 9,549,683	\$ 195,573	\$ 9,354,110

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total pension liability for the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Primary Government/ Pension Trust	Component Units	Total
2025	\$ 3,396,208	\$ 704,901	\$ 4,101,109
2026	7,832,933	3,249,036	11,081,969
2027	12,327,727	4,450,611	16,778,338
2028	(1,642,465)	(172,280)	(1,814,745)
2029	19,373	27,021	46,394
	<u>\$ 21,933,776</u>	<u>\$ 8,259,289</u>	<u>\$ 30,193,065</u>

Payable to the Pension Plan. As of year end, the County had outstanding contributions due to the plan in the amount of \$50,697.

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

13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

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

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

	Primary Government	Component Units	Total
Retired members and beneficiaries	637	-	637
Active plan members	336	131	467
	<u>973</u>	<u>131</u>	<u>1,104</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

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

Postemployment benefits are financed on a pay-as-you-go basis for certain groups. Per the amended VEBA Trust Agreement (eff. 9/20/2022), groups who reach a 60% funding level may request reimbursement for healthcare costs directly from the trust. Groups who reach a funding level of 120% are considered "super-funded" and are required to begin using their VEBA funds unless they can provide the VEBA Board with a compelling reason as to why they should not draw from the plan. Beginning January 1, 2024, eligible employer groups were able to make quarterly requests for reimbursement. Three employer groups – Bay-Arenac Behavioral Health, Bay Medical Care Facility, and Library – all received reimbursement in 2024. The amount of expenditures for the benefits is recognized during the period incurred. The premiums are paid by the County. Employees make no contribution directly to the County for their share of the premiums.

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

General county	\$ 398,442
Sheriff's department	203,374
Department of water and sewer	207,524
Medical care facility	-
Road commission	2,348,529
Library	-

Amounts received from employer contributions for the year ended December 31, 2024 are as follows:

	Contributions
Primary government	\$ 2,978,280
Component units	<u>1,972,455</u>
	<u>\$ 4,950,735</u>

Actuarial Assumptions. The total OPEB liability was calculated as of December 31, 2023 from an actuarial valuation as of the same date, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% to 8.50% including wage inflation
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Healthcare trend rates	8.25% trend, gradually decreasing to 3.50% in year 10
Mortality tables	The RP-2014 Employee Generational The RP-2014 Healthy Annuitant Generational The RP-2014 Disabled

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Long-term Expected Real Rate of Return. The long-term expected rate of return on the Plan's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return at December 31, 2023 for each major asset class included in the Plan's target asset allocation as disclosed above are summarized as follows:

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

	Primary Government and Component Units		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2022	<u>\$ 76,054,609</u>	<u>\$ 58,233,232</u>	<u>\$ 17,821,377</u>
Changes for the year:			
Service cost	972,626	-	972,626
Interest	5,189,956	-	5,189,956
Changes in benefits	(39,784)		
Difference between expected and actual experience	(8,052,316)	-	(8,052,316)
Changes of assumptions	4,399,555	-	4,399,555
Employer contributions	-	6,472,294	(6,472,294)
Net investment income	-	7,865,273	(7,865,273)
Benefit payments and refunds	(4,797,423)	(4,797,423)	-
Administrative expenses	-	(104,459)	104,459
Net changes	<u>(2,327,386)</u>	<u>9,435,685</u>	<u>(11,723,287)</u>
Balance at December 31, 2023	<u><u>\$ 73,727,223</u></u>	<u><u>\$ 67,668,917</u></u>	<u><u>\$ 6,058,306</u></u>

The net OPEB liability is allocated as follows:

Primary government	\$ 3,552,512
Component units	2,123,150
Component unit fiduciary funds not included within this report	<u>382,644</u>
	<u><u>\$ 6,058,306</u></u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	Primary Government		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2022	<u>\$ 44,597,475</u>	<u>\$ 34,147,242</u>	<u>\$ 10,450,233</u>
Changes for the year:			
Service cost	570,334	-	570,334
Interest	3,043,326	-	3,043,326
Changes in benefits	(23,329)	-	(23,329)
Difference between expected and actual experience	(4,721,778)	-	(4,721,778)
Changes of assumptions	2,579,844	-	2,579,844
Employer contributions	-	3,795,273	(3,795,273)
Net investment income	-	4,612,098	(4,612,098)
Benefit payments and refunds	(2,813,149)	(2,813,149)	-
Administrative expenses	-	(61,253)	61,253
Net changes	<u>(1,364,752)</u>	<u>5,532,969</u>	<u>(6,897,721)</u>
Balance at December 31, 2023	<u><u>\$ 43,232,723</u></u>	<u><u>\$ 39,680,211</u></u>	<u><u>\$ 3,552,512</u></u>
	Component Units		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2022	<u>\$ 31,457,134</u>	<u>\$ 24,085,990</u>	<u>\$ 7,371,144</u>
Changes for the year:			
Service cost	402,292	-	402,292
Interest	2,146,630	-	2,146,630
Changes in benefits	(16,455)	-	(16,455)
Difference between expected and actual experience	(3,330,538)	-	(3,330,538)
Changes of assumptions	1,819,711	-	1,819,711
Employer contributions	-	2,677,021	(2,677,021)
Net investment income	-	3,253,175	(3,253,175)
Benefit payments and refunds	(1,984,274)	(1,984,274)	-
Administrative expenses	-	(43,206)	43,206
Net changes	<u>(962,634)</u>	<u>3,902,716</u>	<u>(4,865,350)</u>
Balance at December 31, 2023	<u><u>\$ 30,494,500</u></u>	<u><u>\$ 27,988,706</u></u>	<u><u>\$ 2,505,794</u></u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Benefit changes in the December 31, 2023 actuarial valuations was due to the following: life insurance benefits for those retired on/after 1/1/2023 have been removed. Life insurance has been provided through the Hartford for DWS and the Road Commission, and through One America for General.

Assumptions changes in the December 31, 2023 actuarial valuations were due to adjustments to the healthcare cost trend rates.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Primary government	\$ 8,309,457	\$ 3,552,512	\$ (466,626)
Component units	5,861,146	2,505,794	(329,139)
Total net OPEB liability (asset)	\$ 14,170,603	\$ 6,058,306	\$ (795,765)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 8.25% decreasing to 3.50% in year 10, as well as what the County's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower or higher than the current rate:

	1% Decrease (7.25%)	Current Trend Rate (8.25%)	1% Increase (9.25%)
Primary government	\$ (655,754)	\$ 3,552,512	\$ 8,559,879
Component units	(462,541)	2,505,794	6,037,769
Total net OPEB liability (asset)	\$ (1,118,295)	\$ 6,058,306	\$ 14,597,648

BAY COUNTY, MICHIGAN

Notes to Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2024, the County recognized OPEB expense (benefit) of \$(11,284,492). At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Primary Government and Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 11,095	\$ 34,121,637	\$ (34,110,542)
Changes of assumptions	7,491,356	-	7,491,356
Change in proportionate share	6,674,579	6,674,579	-
Net difference between projected and actual earnings on pension plan investments	3,263,501	-	3,263,501
Component unit fiduciary funds not included within this report	(1,750,717)	(2,354,525)	603,808
	15,689,814	38,441,691	(22,751,877)
Contributions subsequent to measurement date	4,950,735	-	4,950,735
Total	\$ 20,640,549	\$ 38,441,691	\$ (17,801,142)

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 6,506	\$ 20,008,503	\$ (20,001,997)
Changes of assumptions	4,392,838	-	4,392,838
Change in proportionate share	3,163,635	5,132,067	(1,968,432)
Net difference between projected and actual earnings on pension plan investments	1,913,676	-	1,913,676
	9,476,655	25,140,570	(15,663,915)
Contributions subsequent to measurement date	2,978,280	-	2,978,280
Total	\$ 12,454,935	\$ 25,140,570	\$ (12,685,635)

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 4,589	\$ 14,113,134	\$ (14,108,545)
Changes of assumptions	3,098,518	-	3,098,518
Change in proportionate share	3,510,944	1,542,512	1,968,432
Net difference between projected and actual earnings on pension plan investments	1,349,825	-	1,349,825
Component unit fiduciary funds not included within this report	(1,750,717)	(2,354,525)	603,808
	6,213,159	13,301,121	(7,087,962)
Contributions subsequent to measurement date	1,972,455	-	1,972,455
	<u>\$ 8,185,614</u>	<u>\$ 13,301,121</u>	<u>\$ (5,115,507)</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Primary Government	Component Units	Total
2025	\$ (7,659,652)	\$ (3,667,691)	\$ (11,327,343)
2026	(6,203,494)	(3,158,482)	(9,361,976)
2027	(1,317,427)	23,482	(1,293,945)
2028	(483,342)	(285,271)	(768,613)
	<u>\$ (15,663,915)</u>	<u>\$ (7,087,962)</u>	<u>\$ (22,751,877)</u>

Payable to the OPEB Plan. As of year end, the County had outstanding contributions due to the Plan in the amount of \$71,175.

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

	Plan Net Position		
	Employees' Retirement System	VEBA Trust	Total
Assets			
Investments, at fair value:			
Equities	\$ 338,648,395	\$ 81,348,994	\$ 419,997,389
Fixed income	87,879,201	22,353,935	110,233,136
Money market	97,680	287	97,967
Total investments	<u>426,625,276</u>	<u>103,703,216</u>	<u>530,328,492</u>
Receivables:			
Contributions	83,193	71,175	154,368
Interest and dividends	1,014,540	169,988	1,184,528
Total receivables	<u>1,097,733</u>	<u>241,163</u>	<u>1,338,896</u>
Other current assets:			
Prepaid items and other assets	647	-	647
Net pension asset	60,005	-	60,005
Total other current assets	<u>60,652</u>	<u>-</u>	<u>60,652</u>
Total assets	<u>427,783,661</u>	<u>103,944,379</u>	<u>531,728,040</u>
Deferred outflows of resources - pension	<u>47,103</u>	<u>-</u>	<u>47,103</u>
Liabilities			
Accounts payable	1,029,471	829,662	1,859,133
Accrued liabilities	38,388	73,500	111,888
Accrued vacation and sick pay	8,427	-	8,427
Total liabilities	<u>1,076,286</u>	<u>903,162</u>	<u>1,979,448</u>
Deferred inflows of resources - pension	<u>6,319</u>	<u>-</u>	<u>6,319</u>
Net position			
Restricted for:			
Pension benefits	426,748,159	-	426,748,159
Postemployment healthcare benefits	-	103,041,217	103,041,217
Total net position	<u>\$ 426,748,159</u>	<u>\$ 103,041,217</u>	<u>\$ 529,789,376</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	Plan Changes in Net Position		
	Employees' Retirement System	VEBA Trust	Total
Additions			
Investment income:			
Net appreciation			
in fair value of investments	\$ 35,734,157	\$ 6,128,902	\$ 41,863,059
Interest and dividends	10,208,322	3,730,296	13,938,618
Less investment expense	(1,939,866)	(139,849)	(2,079,715)
Total investment income	44,002,613	9,719,349	53,721,962
Contributions:			
Employer	2,124,036	4,950,735	7,074,771
Plan members	2,465,003	-	2,465,003
Total contributions	4,589,039	4,950,735	9,539,774
Other revenue	26,043	-	26,043
Total additions	48,617,695	14,670,084	63,287,779
Deductions			
Participant benefits (including refunds of contributions)	23,436,622	4,864,677	28,301,299
Administrative expenses	526,091	99,515	625,606
Total deductions	23,962,713	4,964,192	28,926,905
Change in net position	24,654,982	9,705,892	34,360,874
Net position, beginning of year	402,093,177	93,335,325	495,428,502
Net position, end of year	<u>\$ 426,748,159</u>	<u>\$ 103,041,217</u>	<u>\$ 529,789,376</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

15. SELF-INSURANCE

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

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

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

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

General Liability

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

	2024	2023
Claims liability, beginning of year	\$ 342,329	\$ 136,079
Claims incurred, including changes in estimates	924,270	756,535
Claims payments and adjustments	<u>(586,203)</u>	<u>(550,285)</u>
Claims liability, end of year	<u>\$ 680,396</u>	<u>\$ 342,329</u>

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

	2024	2023
Claims liability, beginning of year	\$ 66,367	\$ 46,322
Claims incurred, including changes in estimates	71,902	74,542
Claims payments and adjustments	<u>(75,900)</u>	<u>(54,497)</u>
Claims liability, end of year	<u>\$ 62,369</u>	<u>\$ 66,367</u>

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

	2024	2023
Claims liability, beginning of year	\$ 614,492	\$ 858,301
Claims incurred, including changes in estimates	9,295,653	7,688,780
Claims payments and adjustments	<u>(9,115,667)</u>	<u>(7,932,589)</u>
Claims liability, end of year	<u>\$ 794,478</u>	<u>\$ 614,492</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The Medical Care Facility is self-insured for healthcare claims. The Medical Care Facility is covered by a stop-loss policy that covers individual claims over \$75,000. Changes in the estimated claims liabilities for healthcare claims of the Medical Care Facility are as follows for the years ended December 31:

	2024	2023
Claims liability, beginning of year	\$ 71,020	\$ 258,558
Claims incurred, including changes in estimates	3,009,262	2,801,509
Claims payments and adjustments	(3,005,807)	(2,989,047)
Claims liability, end of year	<u><u>\$ 74,475</u></u>	<u><u>\$ 71,020</u></u>

General Liability – Road Commission Component Unit

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

General Liability – Department of Water and Sewer Component Unit

The Department of Water and Sewer is self-insured for workers' compensation claims. This program is administered by an independent company which furnishes safety inspection, claims review, and claims processing services. The employers' liability maximum limit of indemnity per occurrence is \$1,000,000 and the self-insured retention per occurrence is \$500,000. Net cost for the current year was \$10,337.

The Department of Water and Sewer is further insured for general, automobile, and errors or omissions claims as a member of the Michigan County Road Commission Self-Insurance Pool and is insured for liabilities up to a limit of \$10,500,000 per occurrence, subject to a \$1,000 deductible. The Department of Water and Sewer would be responsible for losses in excess of the limit. Payments made for the current year were \$49,787.

The Department of Water and Sewer is further insured as a member of the Michigan County Road Commission Self-Insurance Pool for building, contents, off-road equipment and licensed vehicles claims and is insured for the lessor of the scheduled value of property or the cost of repairs or replacement, subject to a \$500 deductible. Payments made for the current year were \$306,051.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The Department of Water and Sewer became self-insured for healthcare claims effective February 1, 2006. Blue Cross Blue Shield of Michigan administers the claims and provides \$100,000 specific stop loss coverage in a combined contract with DWS and Bay County Road Commission. Payments made for the current year were \$1,267,765.

16. PROPERTY TAXES

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

Although the County's winter 2024 ad valorem tax is levied and collectible starting December 1, 2024, it is the County's policy for all funds to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations. The general fund tax is levied July 1 of each year and is recognized in the year of the levy.

The taxable value of real and personal property for the December 1, 2023 levy totaled \$3,326,014,620. The taxable value of real and personal property for the July 1, 2024 levy totaled \$3,539,466,538. The tax levy for fiscal year 2024 operations was based on the following rates:

General operating	5.7078 mills
Mosquito control	.0996 mills
Forest sustainability	.9969 mills
911 central dispatch	.0996 mills
County library	1.7445 mills
Senior citizens	.8500 mills
Soldiers' relief	.0948 mills
Historical society	.5482 mills
Animal services	.7000 mills
Medical care	1.7445 mills

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Tax Abatements

Industrial property tax abatements are granted by the State of Michigan under public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GAAP. Property taxes abated by the County in 2024 amounted to \$241,730, related to IFT exemptions.

The Brownfield Redevelopment Financing Act, 1996 PA 381, as amended (Act 381), authorizes Brownfield Redevelopment Authorities (BRAs) to facilitate the implementation of Brownfield Plans and associated Work Plans that promote the revitalization, redevelopment, and reuse of contaminated, blighted, functionally obsolete, or historic resources. Act 381 authorizes and permits the use of school and local tax increment financing to help reduce the burden of Brownfield related costs when redeveloping affected properties. Accordingly, such agreements meet the criteria of "tax abatements" under GAAP. Property taxes abated by the County in 2024 amount to \$750,004, related to brownfield exemptions.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

17. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Inventory	\$ 9,137	\$ -	\$ 9,137
Prepays	438,281	42,740	481,021
Long-term advance	61,013	-	61,013
Total nonspendable	508,431	42,740	551,171
Restricted for:			
General county services	154,489	-	154,489
911 services	-	2,733,403	2,733,403
Division on aging	-	1,204,469	1,204,469
Health department	-	3,757,963	3,757,963
Mosquito control	-	1,571,368	1,571,368
Friend of the court	-	450,180	450,180
Animal svc. adoption	-	2,640,526	2,640,526
Forest sustainability	-	173,793	173,793
Register of deeds	-	145,123	145,123
Concealed pistol licensing	-	149,018	149,018
Local C.F.O. training	-	61,502	61,502
Drug law enforcement	-	28,001	28,001
Home rehabilitation	-	1,787,353	1,787,353
Septic system replacement	-	106,893	106,893
Opioid remediation	-	1,701,279	1,701,279
Child care/social services	-	549,315	549,315
Community corrections	-	56,260	56,260
Soldiers' relief	-	782,004	782,004
Social welfare	-	24,813	24,813
Indigent defense	-	15,917	15,917
Historical preservation	-	280	280
Total restricted	154,489	17,939,460	18,093,949

continued...

BAY COUNTY, MICHIGAN

Notes to Financial Statements

	General Fund	Nonmajor Funds	Total
Committed for:			
Budget Stabilization	\$ 7,344,397	\$ -	\$ 7,344,397
Assigned for:			
General county services	3,902,624	-	3,902,624
911 services	-	646,318	646,318
Division on aging	-	508,786	508,786
Health department	-	1,101,628	1,101,628
Mosquito control	-	331,407	331,407
Forest sustainability	-	68,112	68,112
Register of deeds	-	7,516	7,516
Concealed pistol licensing	-	35,087	35,087
Local C.F.O. training	-	11,463	11,463
Home rehabilitation	-	4,500	4,500
Law library	-	7,473	7,473
Child care	-	155,215	155,215
Child care social/services	-	4,100	4,100
Social welfare	-	4,500	4,500
Total assigned	3,902,624	2,886,105	6,788,729
Unassigned	11,643,821	-	11,643,821
Total fund balances, governmental funds	\$ 23,553,762	\$ 20,868,305	\$ 44,422,067

concluded

BAY COUNTY, MICHIGAN

Notes to Financial Statements

18. NET POSITION

Restricted Net Position

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

	Governmental Activities	Business-type Activities	Component Units
Restricted for:			
Pension benefits	\$ 22,530,518	\$ 8,852,933	\$ 8,821,565
Insurance claims	5,390,037	-	-
Health and welfare	6,426,072	-	-
Home rehabilitation	1,787,353	-	-
Pest control	1,745,161	-	-
Public safety	5,671,039	-	-
Opioid remediation	6,315,474	-	-
Debt service	-	-	2,965,763
Other:			
Judicial	450,180	-	-
Register of deeds	145,123	-	-
Donor restrictions	155,367	-	-
Indigent defense	15,917	-	-
	<u>\$ 50,632,241</u>	<u>\$ 8,852,933</u>	<u>\$ 11,787,328</u>

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2024, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Assets not being depreciated/amortized	\$ 4,234,348	\$ 10,960,069	\$ 42,891,938
Assets being depreciated/amortized, net	35,299,440	14,377,645	159,720,810
	<u>39,533,788</u>	<u>25,337,714</u>	<u>202,612,748</u>
Related debt:			
Due within one year	1,456,968	2,836,391	5,453,588
Due in more than one year	7,848,281	41,763,717	52,790,028
Capital related payables and retainage	710,803	1,310,477	-
Less:			
Deferred charge on bond refunding	-	-	(2,055,572)
Non-capital debt	-	(44,100,000)	-
Compensated absences	(2,245,207)	(316,771)	(1,458,198)
Retiree benefit obligation	-	-	(1,292,823)
	<u>7,770,845</u>	<u>1,493,814</u>	<u>53,437,023</u>
Net investment in capital assets	<u><u>\$ 31,762,943</u></u>	<u><u>\$ 23,843,900</u></u>	<u><u>\$ 149,175,725</u></u>

19. COMMITMENTS, CONTINGENCIES, AND PENDING LITIGATION

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

The County is a defendant in litigation related to provisions of the Michigan General Property Tax Act and surplus proceeds generated through the auction of property tax-foreclosed properties under the statute, with similarly situated counties in the state. Proceedings are currently stayed while an appeal pending in the U.S. Circuit Court of Appeals is heard. The County may be required to repay in the future some portion of the surplus from previous years proceeds to former owners of property tax-foreclosed properties for the tax-foreclosed property dispositions. As of December 31, 2024, the County recorded an estimated potential liability in the amount of \$120,707 in the delinquent property tax foreclosure nonmajor enterprise fund and \$484,975 in the general fund.

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

BAY COUNTY, MICHIGAN

Notes to Financial Statements

As of December 31, 2024, the County's commitments on active projects with contractors are as follows:

	Spent to Date	Remaining Commitment
Otis Elevator replacement project	\$ 548,827	\$ 359,352
Health Services Center project	77,500	5,580,789
Animal Services Center	552,875	5,980,625
Total	\$ 1,179,202	\$ 11,920,766

As of December 31, 2024, the Medical Care Facility has a commitment balance of \$1,513,000 related to its renovation project.

20. OPIOID SETTLEMENT

The County is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 0.049% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$3,372,159 and \$777,319 from the Distributors and Janssen, respectively.

Between 2022 and 2024, additional settlements with various pharmacies and manufacturers were announced. The term of the settlement varies by pharmacy and manufacturer; however, the County has received installment payments in 2024. The total amount of these settlements is expected to be \$3,314,712. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of December 31, 2024, any additional amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2025 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2024 is \$4,614,195.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

21. RESTATEMENT

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. The effects of the change in accounting principle are summarized below:

	Governmental Activities	Business-type Activities	Component Units
Net position, beginning of year, as previously reported	\$ 108,144,378	\$ 39,161,209	\$ 190,618,768
Restatement - GASB 101 implementation	<u>(479,626)</u>	<u>(17,950)</u>	<u>(51,450)</u>
Net position, as restated	<u>\$ 107,664,752</u>	<u>\$ 39,143,259</u>	<u>\$ 190,567,318</u>

■ ■ ■ ■ ■

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

BAY COUNTY, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Changes in Net Pension Asset and Related Ratios

	Plan Year Ended December 31,			
	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 4,535,331	\$ 4,470,985	\$ 4,521,825	\$ 4,597,456
Interest	20,054,763	19,021,510	18,604,429	18,354,165
Changes in benefits	-	-	-	-
Differences between expected and actual experience	2,612,503	1,577,006	596,999	(2,504,617)
Changes of assumptions	-	7,708,380	-	-
Benefit payments, including refunds of member contributions	(18,709,435)	(18,407,144)	(17,482,843)	(16,431,695)
Net change in total pension liability	<u>8,493,162</u>	<u>14,370,737</u>	<u>6,240,410</u>	<u>4,015,309</u>
Total pension liability, beginning of year	<u>283,704,472</u>	<u>269,333,735</u>	<u>263,093,325</u>	<u>259,078,016</u>
Total pension liability, end of year	<u>292,197,634</u>	<u>283,704,472</u>	<u>269,333,735</u>	<u>263,093,325</u>
Plan fiduciary net position				
Employer contributions	1,208,705	1,139,490	1,246,987	1,314,145
Employee contributions	1,667,014	1,805,416	1,770,369	1,740,809
Net investment income (loss)	37,341,265	(60,263,656)	52,888,859	48,521,218
Benefit payments, including refunds of member contributions	(18,709,435)	(18,407,144)	(17,482,843)	(16,431,695)
Administrative expenses	(392,982)	(264,122)	(160,636)	(194,354)
Net change in fiduciary net position	<u>21,114,567</u>	<u>(75,990,016)</u>	<u>38,262,736</u>	<u>34,950,123</u>
Fiduciary net position, beginning of year	<u>312,427,177</u>	<u>388,417,193</u>	<u>350,154,457</u>	<u>315,204,334</u>
Fiduciary net position, end of year	<u>333,541,744</u>	<u>312,427,177</u>	<u>388,417,193</u>	<u>350,154,457</u>
Net pension asset	<u>\$ (41,344,110)</u>	<u>\$ (28,722,705)</u>	<u>\$ (119,083,458)</u>	<u>\$ (87,061,132)</u>
Fiduciary net position as a percentage of total pension asset	114.15%	110.12%	144.21%	133.09%
Covered payroll	<u>\$ 42,602,674</u>	<u>\$ 40,746,029</u>	<u>\$ 39,231,596</u>	<u>\$ 39,492,417</u>
Net pension asset as a percentage of covered payroll	-97.05%	-70.49%	-303.54%	-220.45%

See notes to required supplementary information.

--

Plan Year Ended December 31,					
2019	2018	2017	2016	2015	2014
\$ 4,204,664	\$ 4,154,779	\$ 4,082,245	\$ 4,033,693	\$ 3,995,877	\$ 3,941,541
18,052,689	17,454,630	17,280,650	17,018,949	16,521,779	15,873,703
-	-	-	300,125	-	-
(2,138,494)	2,243,847	(3,927,946)	(3,434,251)	-	2,048,465
-	-	-	8,000,602	-	-
(15,882,249)	(15,375,944)	(14,767,057)	(14,250,784)	(13,564,472)	(12,935,261)
4,236,610	8,477,312	2,667,892	11,668,334	6,953,184	8,928,448
254,841,406	246,364,094	243,696,202	232,027,868	225,074,684	216,146,236
259,078,016	254,841,406	246,364,094	243,696,202	232,027,868	225,074,684
1,197,464	1,526,177	1,784,822	1,958,204	2,165,361	2,574,104
1,721,903	1,645,878	1,664,592	1,759,828	1,591,066	1,669,919
59,850,265	(17,819,901)	48,824,494	19,028,272	1,861,801	19,045,651
(15,882,249)	(15,375,944)	(14,767,057)	(14,250,784)	(13,564,472)	(12,935,261)
(212,320)	(162,313)	(278,665)	(287,391)	(248,428)	(193,343)
46,675,063	(30,186,103)	37,228,186	8,208,129	(8,194,672)	10,161,070
268,529,271	298,715,374	261,487,188	253,279,059	261,473,731	251,312,661
315,204,334	268,529,271	298,715,374	261,487,188	253,279,059	261,473,731
\$ (56,126,318)	\$ (13,687,865)	\$ (52,351,280)	\$ (17,790,986)	\$ (21,251,191)	\$ (36,399,047)
121.66%	105.37%	121.25%	107.30%	109.16%	116.17%
\$ 38,040,191	\$ 37,281,066	\$ 37,891,976	\$ 37,854,795	\$ 37,463,853	\$ 36,274,550
-147.54%	-36.72%	-138.16%	-47.00%	-56.72%	-100.34%

BAY COUNTY, MICHIGAN

Required Supplementary Information

Employees' Retirement System Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2015	\$ 1,784,822	\$ 2,165,361	\$ (380,539)	\$ 37,463,853	5.78%
2016	1,306,845	1,958,204	(651,359)	37,854,795	4.71%
2017	1,072,462	1,784,822	(712,360)	37,891,976	4.71%
2018	1,621,479	1,526,177	95,302	37,281,066	4.09%
2019	1,152,393	1,208,705	(56,312)	38,040,191	5.43%
2020	1,278,469	1,320,589	(42,120)	39,492,417	3.34%
2021	1,246,043	1,248,537	(2,494)	39,231,596	3.18%
2022	980,443	1,141,042	(160,599)	40,746,029	2.80%
2023	799,393	1,210,243	(410,850)	42,602,674	2.84%
2024	925,904	1,310,284	(384,380)	44,382,953	2.95%

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

Employees' Retirement System

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar amount for Library Level percentage of payroll for all other groups
Remaining amortization period	19 years closed for groups that are underfunded 20 years open for groups that are overfunded
Asset valuation method	5-year smoothed market
Wage inflation	3.00%
Price inflation	2.50%
Salary Increases	3.50% to 8.25% including inflation
Investment rate of return	7.25%
Mortality	Pub-2010 General and Safety Employee Pub-2010 General and Safety Healthy Pub-2010 General and Safety Disabled

Assumption Changes

For the actuarial valuation dated December 31, 2022, the Plan had the following significant assumption changes: (1) wage inflation was lowered from 3.25% to 3.00%; (2) retirement rate increased for DWS and Library and decreased for Sheriff's Department and Road Commission; (3) the turnover rate increased for Medical Care Facility service-based withdrawals, decreased for DWS service-based withdrawals and decreased for General and Medical Care Facility age-based withdrawals; (4) the rates of mortality were updated to a version of the Pub-2010 fully generational tables, including the use of the MP-2021 mortality improvement scale; (5) the FAC loading factor was applied to normal, early, deferred, and disability retirement and was lowered from 3.50% to 3.25% for General, 7.00% to 6.00% for DWS, 5.00% to 4.00% for Medical Care Facility, 5.00% to 4.50% for Sheriff's Department, and 8.50% to 7.75% for Road Commission; and (6) the administrative expense was lowered from 0.50% to 0.45%.

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

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

Employees' Retirement System

Benefit Changes

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

This page intentionally left blank.

BAY COUNTY, MICHIGAN

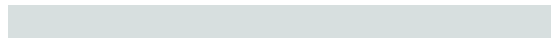
Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

	Plan Year Ended December 31,			
	2023	2022	2021	2020
Total OPEB liability				
Service cost	\$ 972,626	\$ 997,040	\$ 1,212,619	\$ 1,209,908
Interest	5,189,956	4,912,485	6,758,743	9,124,656
Changes in benefits	(39,784)	(4,778)	(154,575)	-
Changes of assumptions	4,399,555	2,848,646	1,849,909	4,603,779
Differences between expected and actual experience	(8,052,316)	17,282	(31,116,527)	(44,095,297)
Benefit payments, including refunds of member contributions	(4,797,423)	(4,791,799)	(4,843,200)	(4,443,102)
Net change in total OPEB liability	<u>(2,327,386)</u>	<u>3,978,876</u>	<u>(26,293,031)</u>	<u>(33,600,056)</u>
Total OPEB liability, beginning of year	<u>76,054,609</u>	<u>72,075,733</u>	<u>98,368,764</u>	<u>131,968,820</u>
Total OPEB liability, end of year	<u>73,727,223</u>	<u>76,054,609</u>	<u>72,075,733</u>	<u>98,368,764</u>
Plan fiduciary net position				
Employer contributions	6,472,294	6,398,201	7,443,808	6,688,257
Net investment income (loss)	7,865,273	(9,531,424)	7,340,731	8,085,778
Benefit payments, including refunds of member contributions	(4,797,423)	(4,791,799)	(4,843,200)	(4,443,102)
Administrative expenses	(104,459)	(34,755)	(56,669)	(74,644)
Net change in fiduciary net position	<u>9,435,685</u>	<u>(7,959,777)</u>	<u>9,884,670</u>	<u>10,256,289</u>
Fiduciary net position, beginning of year	<u>58,233,232</u>	<u>66,193,009</u>	<u>56,308,339</u>	<u>46,052,050</u>
Fiduciary net position, end of year	<u>67,668,917</u>	<u>58,233,232</u>	<u>66,193,009</u>	<u>56,308,339</u>
Net OPEB liability	<u>\$ 6,058,306</u>	<u>\$ 17,821,377</u>	<u>\$ 5,882,724</u>	<u>\$ 42,060,425</u>
Fiduciary net position as a percentage of total OPEB liability	91.78%	76.57%	91.84%	57.24%
Covered-employee payroll	<u>\$ 20,404,150</u>	<u>\$ 21,684,239</u>	<u>\$ 22,060,519</u>	<u>\$ 23,365,490</u>
Net OPEB liability as a percentage of covered-employee payroll	29.69%	82.19%	26.67%	180.01%

See notes to required supplementary information.



Plan Year Ended December 31,		
2019	2018	2017
\$ 1,686,202	\$ 1,725,898	\$ 2,116,686
8,878,469	8,660,778	8,409,809
-	-	60,188
-	(575,231)	-
(2,187,790)	(1,733,529)	(2,007,823)
(4,800,459)	(5,095,943)	(4,500,449)
3,576,422	2,981,973	4,078,411
128,392,398	125,410,425	121,332,014
131,968,820	128,392,398	125,410,425
6,855,355	8,324,269	4,798,896
7,641,774	(1,741,165)	3,932,499
(4,800,459)	(5,095,943)	(4,500,449)
(59,788)	(11,767)	(43,437)
9,636,882	1,475,394	4,187,509
36,415,168	34,939,774	30,752,265
46,052,050	36,415,168	34,939,774
\$ 85,916,770	\$ 91,977,230	\$ 90,470,651
34.90%	28.36%	27.86%
\$ 24,361,461	\$ 25,293,502	\$ 25,746,633
352.67%	363.64%	351.39%

BAY COUNTY, MICHIGAN

Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan
Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Actual Contribution as Percentage of Covered- Employee Payroll
2018	\$ 9,966,040	\$ 8,324,269	\$ 1,641,771	\$ 25,293,502	32.91%
2019	9,913,517	6,855,355	3,058,162	24,361,461	26.26%
2020	11,278,791	6,542,923	4,735,868	23,365,490	28.00%
2021	11,222,650	6,988,914	4,233,736	22,060,519	31.68%
2022	7,596,516	6,241,031	1,355,485	21,684,239	28.78%
2023	7,534,478	6,038,878	1,495,600	20,404,150	29.60%
2024	3,157,869	4,950,735	(1,792,866)	20,575,186	24.06%

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

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

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

Notes to Schedule of Contributions

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent-of-payroll for the department of water and sewer
	Level dollar amount for all other groups
Remaining amortization period	8 years closed for the road commission
	16 years closed for medical care facility
	18 years closed for all other groups
Asset valuation method	Fair value of assets
Price inflation	2.50%
Wage inflation	3.25%
Salary increases	3.75% to 8.50%, including wage inflation
Investment rate of return	7.00%, net of plan investment expenses
Mortality	RP-2014 Employee Generational Mortality Tables
	RP-2014 Healthy Annuitant Generational Mortality Tables
	RP-2014 Disabled Generational Mortality Tables
Healthcare trend rates	7.50% trend, gradually decreasing to 3.50% in year 12
Excise tax	No load was applied in connection with the "Cadillac" tax.

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

Benefit changes in the December 31, 2023 actuarial valuations were as follows:

- Life insurance benefits for those retired on/after 1/1/2023 have been removed.
- Life insurance has been provided through the Hartford for DWS and the Road Commission, and through One America for General.

Benefit changes in the December 31, 2022 actuarial valuations were as follows:

- DWS Life Insurance has been reported as provided through The Hartford.
- Life insurance benefits for DWS Salaried Members retired on/after 1/1/2023 have been removed.

Benefit changes in the December 31, 2021 actuarial valuations were as follows:

- General County members retiring after January 1, 2023 were no longer eligible for life insurance in retirement

Assumptions changes in the December 31, 2023 actuarial valuations were as follows:

- Adjustments to the health care cost trend rates

Assumptions changes in the December 31, 2022 actuarial valuations were as follows:

- Mortality tables were updated to the Pub-2010 General and Safety Amount Weighted, Fully Generational Mortality Tables, with future mortality improvements assumed each year using scale MP- 2021 with a base year of 2010.

Assumptions changes in the December 31, 2021 actuarial valuations were as follows:

- Adjustment to healthcare cost trend rate.

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

The ***Animal Svc. Adoption Fund*** is used to account for revenues received from property taxes, charges for services, contributions, and grants for the continued operation of and capital improvements to the Bay County Animal Services and Adoption Center, including construction of an addition or new building.

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

The ***Mosquito Control Fund*** is used to account for revenues received from property taxes to provide countywide mosquito pest control services.

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

The ***911 Service Fund*** is used to account for revenues received from property taxes and grants to provide countywide central dispatching services for police, fire, and other emergency situations.

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

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

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

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

The ***Community Center Pool Fund*** is for the purpose of constructing, equipping, furnishing, maintaining and operating a new outdoor Community Center pool area for public use which may include, but is not limited to, a multi-purpose pool that may be used for education, recreation and competition, a splash pad, locker rooms, lounging and deck areas.

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (concluded)

The ***Department on Aging Fund*** is used to account for revenues received from property taxes, federal and state grants, and contributions to provide services and programs for County residents 60 years of age and older.

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

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

The ***Opioid Settlements Fund*** is used to account for revenues received from the National Prescription Opiate Litigation to fund opioid abatement, education, treatment, and prevention strategies in Bay County.

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
December 31, 2024

	Special Revenue Funds					
	Friend of the Court	Health Department / District Health	Animal Svc. Adoption	Forest Sustainability	Mosquito Control	Register of Deeds Automation
Assets						
Cash and cash equivalents	\$ 191,344	\$ 5,616,597	\$ 871,336	\$ 74,956	\$ 539,793	\$ 79,428
Investments	258,836	-	2,247,677	175,998	1,401,334	75,302
Accounts receivable, net	-	868	-	-	-	-
Property taxes receivable, net	-	-	2,306,695	328,446	1,813,966	-
Interest receivable	-	-	16,494	1,450	11,060	552
Due from other governmental units	-	523,786	51,622	7,345	40,428	-
Prepaid items and other assets	-	-	-	-	-	-
Total assets	\$ 450,180	\$ 6,141,251	\$ 5,493,824	\$ 588,195	\$ 3,806,581	\$ 155,282
Liabilities						
Accounts payable	\$ -	\$ 107,410	\$ 371,017	\$ 211	\$ 7,946	\$ 2,643
Accrued liabilities	-	155,487	21,486	5,682	16,241	-
Due to other funds	-	3,823	563	140	402	-
Due to other governmental units	-	692,503	-	-	-	-
Unearned revenue	-	322,437	70,476	-	-	-
Total liabilities	-	1,281,660	463,542	6,033	24,589	2,643
Deferred inflows of resources						
Unavailable revenue - property taxes	-	-	2,329	559	3,381	-
Unavailable revenue - long-term receivables	-	-	-	-	-	-
Taxes levied for a subsequent period	-	-	2,387,427	339,698	1,875,836	-
Total deferred inflows of resources	-	-	2,389,756	340,257	1,879,217	-
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	450,180	3,757,963	2,640,526	173,793	1,571,368	145,123
Assigned	-	1,101,628	-	68,112	331,407	7,516
Total fund balances	450,180	4,859,591	2,640,526	241,905	1,902,775	152,639
Total liabilities, deferred inflows of resources and fund balances	\$ 450,180	\$ 6,141,251	\$ 5,493,824	\$ 588,195	\$ 3,806,581	\$ 155,282

Special Revenue Funds								
911 Service	Concealed Pistol Licensing	Local C.F.O. Training	Drug Law Enforcement	Law Library	Community Center Pool	Community Corrections	Department on Aging	Home Rehabilitation
\$ 943,965	\$ 51,456	\$ 72,146	\$ 28,001	\$ 13,584	\$ 39,748	\$ 42,106	\$ 627,444	\$ 43,102
2,495,629	133,881	-	-	-	-	-	1,222,539	-
21	960	819	-	-	-	-	25,365	1,748,751
3,462,131	-	-	-	-	1,153,965	-	2,802,717	-
20,102	-	-	-	-	-	-	11,752	-
145,103	-	-	-	-	-	27,503	151,492	-
42,740	-	-	-	-	-	-	-	-
<u>\$ 7,109,691</u>	<u>\$ 186,297</u>	<u>\$ 72,965</u>	<u>\$ 28,001</u>	<u>\$ 13,584</u>	<u>\$ 1,193,713</u>	<u>\$ 69,609</u>	<u>\$ 4,841,309</u>	<u>\$ 1,791,853</u>
\$ 26,183	\$ 79	\$ -	\$ -	\$ 6,111	\$ -	\$ 10,993	\$ 73,889	\$ -
72,523	2,083	-	-	-	-	2,284	91,516	-
1,796	30	-	-	-	-	72	2,221	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	56,850	-
<u>100,502</u>	<u>2,192</u>	<u>-</u>	<u>-</u>	<u>6,111</u>	<u>-</u>	<u>13,349</u>	<u>224,476</u>	<u>-</u>
5,587	-	-	-	-	-	-	4,559	-
-	-	-	-	-	-	-	-	-
<u>3,581,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,193,713</u>	<u>-</u>	<u>2,899,019</u>	<u>-</u>
<u>3,586,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,193,713</u>	<u>-</u>	<u>2,903,578</u>	<u>-</u>
42,740	-	-	-	-	-	-	-	-
2,733,403	149,018	61,502	28,001	-	-	56,260	1,204,469	1,787,353
646,318	35,087	11,463	-	7,473	-	-	508,786	4,500
<u>3,422,461</u>	<u>184,105</u>	<u>72,965</u>	<u>28,001</u>	<u>7,473</u>	<u>-</u>	<u>56,260</u>	<u>1,713,255</u>	<u>1,791,853</u>
<u>\$ 7,109,691</u>	<u>\$ 186,297</u>	<u>\$ 72,965</u>	<u>\$ 28,001</u>	<u>\$ 13,584</u>	<u>\$ 1,193,713</u>	<u>\$ 69,609</u>	<u>\$ 4,841,309</u>	<u>\$ 1,791,853</u>

continued...

BAY COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
December 31, 2024

	Special Revenue Funds					
	Septic System Replacement Revolving Loan	Opioid Settlements	Social Welfare	Child Care	Child Care / Social Services	Soldiers' Relief
Assets						
Cash and cash equivalents	\$ 5,223	\$ 418,200	\$ 27,112	\$ 338,275	\$ 16,258	\$ 206,765
Investments	-	1,283,079	2,312	-	-	590,918
Accounts receivable, net	101,670	4,614,195	-	22	-	-
Property taxes receivable, net	-	-	-	-	-	328,502
Interest receivable	-	-	-	-	-	4,384
Due from other governmental units	-	-	-	749,935	-	51,637
Prepaid items and other assets	-	-	-	-	-	-
Total assets	<u>\$ 106,893</u>	<u>\$ 6,315,474</u>	<u>\$ 29,424</u>	<u>\$ 1,088,232</u>	<u>\$ 16,258</u>	<u>\$ 1,182,206</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 111	\$ 278,840	\$ -	\$ 9,729
Accrued liabilities	-	-	-	112,993	-	4,457
Due to other funds	-	-	-	2,777	-	104
Due to other governmental units	-	-	-	-	-	-
Unearned revenue	-	-	-	1,250	-	45,599
Total liabilities	<u>-</u>	<u>-</u>	<u>111</u>	<u>395,860</u>	<u>-</u>	<u>59,889</u>
Deferred inflows of resources						
Unavailable revenue - property taxes	-	-	-	-	-	615
Unavailable revenue - long-term receivables	-	4,614,195	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-	339,698
Total deferred inflows of resources	<u>-</u>	<u>4,614,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,313</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	106,893	1,701,279	24,813	537,157	12,158	782,004
Assigned	-	-	4,500	155,215	4,100	-
Total fund balances	<u>106,893</u>	<u>1,701,279</u>	<u>29,313</u>	<u>692,372</u>	<u>16,258</u>	<u>782,004</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 106,893</u>	<u>\$ 6,315,474</u>	<u>\$ 29,424</u>	<u>\$ 1,088,232</u>	<u>\$ 16,258</u>	<u>\$ 1,182,206</u>

Special Revenue Funds		
Historical Preservation	Indigent Defense	Total Nonmajor Governmental Funds
\$ 11,521	\$ 119,175	\$ 10,377,535
-	-	9,887,505
-	-	6,492,671
312,684	-	12,509,106
-	-	65,794
6,991	98,587	1,854,429
-	-	42,740
<u>\$ 331,196</u>	<u>\$ 217,762</u>	<u>\$ 41,229,780</u>
\$ 6,991	\$ 159,439	\$ 1,061,592
-	41,370	526,122
-	1,036	12,964
-	-	692,503
-	-	496,612
<u>6,991</u>	<u>201,845</u>	<u>2,789,793</u>
598	-	17,628
-	-	4,614,195
<u>323,327</u>	<u>-</u>	<u>12,939,859</u>
<u>323,925</u>	<u>-</u>	<u>17,571,682</u>
-	-	42,740
280	15,917	17,939,460
-	-	2,886,105
<u>280</u>	<u>15,917</u>	<u>20,868,305</u>
<u>\$ 331,196</u>	<u>\$ 217,762</u>	<u>\$ 41,229,780</u>

concluded

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2024

	Special Revenue Funds					
	Friend of the Court	Health Department / District Health	Animal Svc. Adoption	Forest Sustainability	Mosquito Control	Register of Deeds Automation
Revenues						
Property taxes	\$ -	\$ -	\$ 2,254,213	\$ 321,257	\$ 1,769,343	\$ -
Licenses and permits	-	259,071	-	-	-	-
Federal	97,546	1,259,857	-	-	-	-
State	33,710	1,342,211	136,208	19,380	106,670	-
Investment appreciation, rents and royalties	-	-	46,077	12,076	89,546	6,627
Charges for services	34,460	20,113	20,495	-	896	-
Fines and forfeits	-	-	-	-	-	-
Reimbursements, refunds, and other	-	1,304,116	45,262	-	4,272	-
Total revenues	<u>165,716</u>	<u>4,185,368</u>	<u>2,502,255</u>	<u>352,713</u>	<u>1,970,727</u>	<u>6,627</u>
Expenditures						
Current:						
General government	-	-	-	-	-	73,826
Public safety	-	-	1,360,115	-	-	-
Health and welfare	-	4,981,436	-	271,246	1,519,626	-
Judicial	109,269	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Debt service:						
Principal	-	32,493	-	-	-	-
Interest and other fiscal charges	-	521	-	-	-	-
Total expenditures	<u>109,269</u>	<u>5,014,450</u>	<u>1,360,115</u>	<u>271,246</u>	<u>1,519,626</u>	<u>73,826</u>
Revenues over (under) expenditures	<u>56,447</u>	<u>(829,082)</u>	<u>1,142,140</u>	<u>81,467</u>	<u>451,101</u>	<u>(67,199)</u>
Other financing sources (uses)						
Issuance of bonds, notes and other long-term liabilities	-	174,479	-	-	-	-
Transfers in	-	1,207,897	-	-	-	74,775
Transfers out	-	(641,199)	-	(49,477)	(205,937)	-
Total other financing sources (uses)	<u>-</u>	<u>741,177</u>	<u>-</u>	<u>(49,477)</u>	<u>(205,937)</u>	<u>74,775</u>
Net change in fund balances	<u>56,447</u>	<u>(87,905)</u>	<u>1,142,140</u>	<u>31,990</u>	<u>245,164</u>	<u>7,576</u>
Fund balances, beginning of year	<u>393,733</u>	<u>4,947,496</u>	<u>1,498,386</u>	<u>209,915</u>	<u>1,657,611</u>	<u>145,063</u>
Fund balances, end of year	<u>\$ 450,180</u>	<u>\$ 4,859,591</u>	<u>\$ 2,640,526</u>	<u>\$ 241,905</u>	<u>\$ 1,902,775</u>	<u>\$ 152,639</u>

Special Revenue Funds								
911 Service	Concealed Pistol Licensing	Local C.F.O. Training	Drug Law Enforcement	Law Library	Community Center Pool	Community Corrections	Department on Aging	Home Rehabilitation
\$ 3,389,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,743,537	\$ -
-	65,288	-	-	-	-	-	-	-
-	-	-	-	-	-	-	826,301	-
482,507	-	-	-	-	-	143,691	197,109	-
121,510	8,082	-	-	-	-	-	112,952	-
-	-	13,148	-	-	-	-	32,354	-
-	-	-	112	6,500	-	-	-	-
20,403	-	-	-	-	-	600	276,162	-
<u>4,013,553</u>	<u>73,370</u>	<u>13,148</u>	<u>112</u>	<u>6,500</u>	<u>-</u>	<u>144,291</u>	<u>4,188,415</u>	<u>-</u>
-	59,067	-	-	-	-	-	-	-
2,581,611	-	4,102	-	-	-	229,656	-	-
-	-	-	-	-	-	-	3,724,718	23,387
-	-	-	-	140,829	-	-	-	-
-	-	-	-	-	-	-	-	-
46,583	-	-	-	65,664	-	-	-	-
1,398	-	-	-	2,363	-	-	-	-
<u>2,629,592</u>	<u>59,067</u>	<u>4,102</u>	<u>-</u>	<u>208,856</u>	<u>-</u>	<u>229,656</u>	<u>3,724,718</u>	<u>23,387</u>
<u>1,383,961</u>	<u>14,303</u>	<u>9,046</u>	<u>112</u>	<u>(202,356)</u>	<u>-</u>	<u>(85,365)</u>	<u>463,697</u>	<u>(23,387)</u>
89,770	-	-	-	132,749	-	-	-	-
-	-	-	-	75,500	-	132,709	6,200	-
(368,929)	(13,161)	-	-	-	-	-	(427,434)	-
<u>(279,159)</u>	<u>(13,161)</u>	<u>-</u>	<u>-</u>	<u>208,249</u>	<u>-</u>	<u>132,709</u>	<u>(421,234)</u>	<u>-</u>
1,104,802	1,142	9,046	112	5,893	-	47,344	42,463	(23,387)
<u>2,317,659</u>	<u>182,963</u>	<u>63,919</u>	<u>27,889</u>	<u>1,580</u>	<u>-</u>	<u>8,916</u>	<u>1,670,792</u>	<u>1,815,240</u>
<u>\$ 3,422,461</u>	<u>\$ 184,105</u>	<u>\$ 72,965</u>	<u>\$ 28,001</u>	<u>\$ 7,473</u>	<u>\$ -</u>	<u>\$ 56,260</u>	<u>\$ 1,713,255</u>	<u>\$ 1,791,853</u>

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2024

	Special Revenue Funds					
	Septic System Replacement Revolving Loan	Opioid Settlements	Social Welfare	Child Care	Child Care / Social Services	Soldiers' Relief
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,257
Licenses and permits	-	-	-	-	-	-
Federal	-	-	-	39,375	-	-
State	-	-	-	471,726	-	95,325
Investment appreciation, rents and royalties	-	-	-	-	-	31,553
Charges for services	472	1,238,067	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Reimbursements, refunds, and other	-	-	-	1,801,903	-	660
Total revenues	<u>472</u>	<u>1,238,067</u>	<u>-</u>	<u>2,313,004</u>	<u>-</u>	<u>448,795</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	76,403	3,795,648	-	227,405
Judicial	-	-	-	-	-	-
Recreation and culture	-	-	-	387,463	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>76,403</u>	<u>4,183,111</u>	<u>-</u>	<u>227,405</u>
Revenues over (under) expenditures	<u>472</u>	<u>1,238,067</u>	<u>(76,403)</u>	<u>(1,870,107)</u>	<u>-</u>	<u>221,390</u>
Other financing sources (uses)						
Issuance of bonds, notes and other long-term liabilities	-	-	-	-	-	-
Transfers in	-	-	74,350	1,893,793	-	-
Transfers out	-	(185,710)	-	(195,343)	-	(54,896)
Total other financing sources (uses)	<u>-</u>	<u>(185,710)</u>	<u>74,350</u>	<u>1,698,450</u>	<u>-</u>	<u>(54,896)</u>
Net change in fund balances	<u>472</u>	<u>1,052,357</u>	<u>(2,053)</u>	<u>(171,657)</u>	<u>-</u>	<u>166,494</u>
Fund balances, beginning of year	<u>106,421</u>	<u>648,922</u>	<u>31,366</u>	<u>864,029</u>	<u>16,258</u>	<u>615,510</u>
Fund balances, end of year	<u>\$ 106,893</u>	<u>\$ 1,701,279</u>	<u>\$ 29,313</u>	<u>\$ 692,372</u>	<u>\$ 16,258</u>	<u>\$ 782,004</u>

Special Revenue Funds		
Historical Preservation	Indigent Defense	Total Nonmajor Governmental Funds
\$ 304,914	\$ -	\$ 11,103,654
-	-	324,359
-	-	2,223,079
18,446	1,388,061	4,435,044
5	-	428,428
-	-	1,360,005
-	-	6,612
-	-	3,453,378
<u>323,365</u>	<u>1,388,061</u>	<u>23,334,559</u>
-	1,890,707	2,023,600
-	-	4,175,484
-	-	14,619,869
-	-	250,098
323,087	-	710,550
-	-	144,740
-	-	4,282
<u>323,087</u>	<u>1,890,707</u>	<u>21,928,623</u>
<u>278</u>	<u>(502,646)</u>	<u>1,405,936</u>
-	-	396,998
-	610,944	4,076,168
-	(111,297)	(2,253,383)
-	499,647	2,219,783
278	(2,999)	3,625,719
<u>2</u>	<u>18,916</u>	<u>17,242,586</u>
<u>\$ 280</u>	<u>\$ 15,917</u>	<u>\$ 20,868,305</u>

concluded

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Friend of the Court

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ 98,638	\$ 98,638	\$ 97,546	\$ (1,092)
State	30,000	30,000	33,710	3,710
Charges for services	45,580	45,580	34,460	(11,120)
Total revenues	174,218	174,218	165,716	(8,502)
Expenditures				
Current:				
Judicial	237,607	237,607	109,269	(128,338)
Net change in fund balance	(63,389)	(63,389)	56,447	119,836
Fund balance, beginning of year	393,733	393,733	393,733	-
Fund balance, end of year	<u>\$ 330,344</u>	<u>\$ 330,344</u>	<u>\$ 450,180</u>	<u>\$ 119,836</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Health Department/District Health
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 272,000	\$ 272,000	\$ 259,071	\$ (12,929)
Federal	1,949,463	3,040,953	1,259,857	(1,781,096)
State	774,609	1,088,743	1,342,211	253,468
Charges for services	30,150	30,150	20,113	(10,037)
Reimbursements, refunds, and other	1,199,724	1,233,974	1,304,116	70,142
Total revenues	<u>4,225,946</u>	<u>5,665,820</u>	<u>4,185,368</u>	<u>(1,480,452)</u>
Expenditures				
Current:				
Health and welfare	5,868,741	7,605,741	4,981,436	(2,624,305)
Debt service:				
Principal	-	32,493	32,493	-
Interest and other fiscal charges	-	521	521	-
Total expenditures	<u>5,868,741</u>	<u>7,638,755</u>	<u>5,014,450</u>	<u>(2,624,305)</u>
Revenues over (under) expenditures	<u>(1,642,795)</u>	<u>(1,972,935)</u>	<u>(829,082)</u>	<u>1,143,853</u>
Other financing sources (uses)				
Issuance of bonds, notes and other long-term liabilities	-	-	174,479	174,479
Transfers in	1,159,372	1,309,372	1,207,897	(101,475)
Transfers out	(642,475)	(642,475)	(641,199)	(1,276)
Total other financing sources (uses)	<u>516,897</u>	<u>666,897</u>	<u>741,177</u>	<u>74,280</u>
Net change in fund balance	<u>(1,125,898)</u>	<u>(1,306,038)</u>	<u>(87,905)</u>	<u>1,218,133</u>
Fund balance, beginning of year	<u>4,947,496</u>	<u>4,947,496</u>	<u>4,947,496</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,821,598</u>	<u>\$ 3,641,458</u>	<u>\$ 4,859,591</u>	<u>\$ 1,218,133</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Animal Svc. Adoption

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,256,861	\$ 2,256,861	\$ 2,254,213	\$ (2,648)
State	-	-	136,208	136,208
Investment appreciation, rents and royalties	-	-	46,077	46,077
Charges for services	24,100	24,100	20,495	(3,605)
Reimbursements, refunds, and other	29,200	29,200	45,262	16,062
Total revenues	2,310,161	2,310,161	2,502,255	192,094
Expenditures				
Current:				
Public safety	2,310,161	2,019,869	1,360,115	(659,754)
Net change in fund balance	-	290,292	1,142,140	851,848
Fund balance, beginning of year	1,498,386	1,498,386	1,498,386	-
Fund balance, end of year	<u>\$ 1,498,386</u>	<u>\$ 1,788,678</u>	<u>\$ 2,640,526</u>	<u>\$ 851,848</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Forest Sustainability

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 321,120	\$ 321,120	\$ 321,257	\$ 137
State	11,030	11,030	19,380	8,350
Investment appreciation, rents and royalties	8,309	8,309	12,076	3,767
Total revenues	340,459	340,459	352,713	12,254
Expenditures				
Current:				
Health and welfare	421,264	421,264	271,246	(150,018)
Revenues over (under) expenditures	(80,805)	(80,805)	81,467	162,272
Other financing uses				
Transfers out	(49,477)	(49,477)	(49,477)	-
Net change in fund balance	(130,282)	(130,282)	31,990	162,272
Fund balance, beginning of year	209,915	209,915	209,915	-
Fund balance, end of year	\$ 79,633	\$ 79,633	\$ 241,905	\$ 162,272

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Mosquito Control
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,770,944	\$ 1,770,944	\$ 1,769,343	\$ (1,601)
State	60,667	60,667	106,670	46,003
Investment appreciation, rents and royalties	12,000	12,000	89,546	77,546
Charges for services	-	-	896	896
Reimbursements, refunds, and other	-	-	4,272	4,272
Total revenues	1,843,611	1,843,611	1,970,727	127,116
Expenditures				
Current:				
Health and welfare	1,839,776	1,840,807	1,519,626	(321,181)
Revenues over (under) expenditures	3,835	2,804	451,101	448,297
Other financing uses				
Transfers out	(205,937)	(205,937)	(205,937)	-
Net change in fund balance	(202,102)	(203,133)	245,164	448,297
Fund balance, beginning of year	1,657,611	1,657,611	1,657,611	-
Fund balance, end of year	\$ 1,455,509	\$ 1,454,478	\$ 1,902,775	\$ 448,297

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Register of Deeds Automation

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment appreciation, rents and royalties	\$ 2,000	\$ 2,000	\$ 6,627	\$ 4,627
Expenditures				
Current:				
General government	122,516	135,200	73,826	(61,374)
Revenues over (under) expenditures	(120,516)	(133,200)	(67,199)	66,001
Other financing sources				
Transfers in	110,000	110,000	74,775	(35,225)
Net change in fund balance	(10,516)	(23,200)	7,576	30,776
Fund balance, beginning of year	145,063	145,063	145,063	-
Fund balance, end of year	<u>\$ 134,547</u>	<u>\$ 121,863</u>	<u>\$ 152,639</u>	<u>\$ 30,776</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 911 Service

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,389,291	\$ 3,389,291	\$ 3,389,133	\$ (158)
State	374,112	374,112	482,507	108,395
Investment appreciation, rents and royalties	30,100	30,100	121,510	91,410
Reimbursements, refunds, and other	23,104	23,104	20,403	(2,701)
Total revenues	<u>3,816,607</u>	<u>3,816,607</u>	<u>4,013,553</u>	<u>196,946</u>
Expenditures				
Current:				
Public safety	3,407,476	3,405,283	2,581,611	(823,672)
Debt service:				
Principal	6,000	55,584	46,583	(9,001)
Interest and other fiscal charges	200	200	1,398	1,198
Total expenditures	<u>3,413,676</u>	<u>3,461,067</u>	<u>2,629,592</u>	<u>(831,475)</u>
Revenues over (under) expenditures	<u>402,931</u>	<u>355,540</u>	<u>1,383,961</u>	<u>1,028,421</u>
Other financing sources (uses)				
Issuance of bonds, notes and other long-term liabilities	-	-	89,770	89,770
Transfers out	(368,929)	(368,929)	(368,929)	-
Total other financing sources (uses)	<u>(368,929)</u>	<u>(368,929)</u>	<u>(279,159)</u>	<u>89,770</u>
Net change in fund balance	<u>34,002</u>	<u>(13,389)</u>	<u>1,104,802</u>	<u>1,118,191</u>
Fund balance, beginning of year	<u>2,317,659</u>	<u>2,317,659</u>	<u>2,317,659</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,351,661</u>	<u>\$ 2,304,270</u>	<u>\$ 3,422,461</u>	<u>\$ 1,118,191</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Concealed Pistol Licensing

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 60,000	\$ 60,000	\$ 65,288	\$ 5,288
Investment appreciation, rents and royalties	-	-	8,082	8,082
Total revenues	60,000	60,000	73,370	13,370
Expenditures				
Current:				
General government	74,607	74,607	59,067	(15,540)
Revenues over (under) expenditures	(14,607)	(14,607)	14,303	28,910
Other financing uses				
Transfers out	(13,161)	(13,161)	(13,161)	-
Net change in fund balance	(27,768)	(27,768)	1,142	28,910
Fund balance, beginning of year	182,963	182,963	182,963	-
Fund balance, end of year	<u>\$ 155,195</u>	<u>\$ 155,195</u>	<u>\$ 184,105</u>	<u>\$ 28,910</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local C.F.O. Training

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 20,000	\$ 20,000	\$ 13,148	\$ (6,852)
Expenditures				
Current:				
Public safety	31,463	31,463	4,102	(27,361)
Net change in fund balance	(11,463)	(11,463)	9,046	20,509
Fund balance, beginning of year	63,919	63,919	63,919	-
Fund balance, end of year	<u>\$ 52,456</u>	<u>\$ 52,456</u>	<u>\$ 72,965</u>	<u>\$ 20,509</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drug Law Enforcement

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeits	\$ 1,575	\$ 1,575	\$ 112	\$ (1,463)
Expenditures				
Current:				
Public safety	1,575	1,575	-	(1,575)
Net change in fund balance	-	-	112	112
Fund balance, beginning of year	27,889	27,889	27,889	-
Fund balance, end of year	<u>\$ 27,889</u>	<u>\$ 27,889</u>	<u>\$ 28,001</u>	<u>\$ 112</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Law Library

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeits	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Expenditures				
Current:				
Judicial	50,000	13,973	140,829	126,856
Debt service:				
Principal	-	65,664	65,664	-
Interest and other fiscal charges	-	2,363	2,363	-
Total expenditures	50,000	82,000	208,856	126,856
Revenues over (under) expenditures	(43,500)	(75,500)	(202,356)	(126,856)
Other financing sources				
Issuance of bonds, notes and other long-term liabilities	-	-	132,749	132,749
Transfers in	43,500	75,500	75,500	-
Total other financing sources	43,500	75,500	208,249	132,749
Net change in fund balance	-	-	5,893	5,893
Fund balance, beginning of year	1,580	1,580	1,580	-
Fund balance, end of year	\$ 1,580	\$ 1,580	\$ 7,473	\$ 5,893

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Community Center Pool
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ -	\$ 100,000	\$ -	\$ (100,000)
Expenditures				
Current:				
Recreation and culture	-	100,000	-	(100,000)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Corrections

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State	\$ 166,264	\$ 166,264	\$ 143,691	\$ (22,573)
Reimbursements, refunds, and other	1,550	1,550	600	(950)
Total revenues	167,814	167,814	144,291	(23,523)
Expenditures				
Current:				
Public safety	300,523	300,523	229,656	(70,867)
Revenues over (under) expenditures	(132,709)	(132,709)	(85,365)	47,344
Other financing sources				
Transfers in	132,709	132,709	132,709	-
Net change in fund balance	-	-	47,344	47,344
Fund balance, beginning of year	8,916	8,916	8,916	-
Fund balance, end of year	\$ 8,916	\$ 8,916	\$ 56,260	\$ 47,344

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Department on Aging
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,743,975	\$ 2,743,975	\$ 2,743,537	\$ (438)
Federal	886,431	909,907	826,301	(83,606)
State	124,822	124,822	197,109	72,287
Investment appreciation, rents and royalties	50,000	50,000	112,952	62,952
Charges for services	81,500	81,500	32,354	(49,146)
Reimbursements, refunds, and other	467,131	472,131	276,162	(195,969)
Total revenues	4,353,859	4,382,335	4,188,415	(193,920)
Expenditures				
Current:				
Health and welfare	4,129,864	4,768,314	3,724,718	(1,043,596)
Revenues over (under) expenditures	223,995	(385,979)	463,697	849,676
Other financing sources (uses)				
Transfers in	6,200	6,200	6,200	-
Transfers out	(427,434)	(427,434)	(427,434)	-
Total other financing sources (uses)	(421,234)	(421,234)	(421,234)	-
Net change in fund balance	(197,239)	(807,213)	42,463	849,676
Fund balance, beginning of year	1,670,792	1,670,792	1,670,792	-
Fund balance, end of year	<u>\$ 1,473,553</u>	<u>\$ 863,579</u>	<u>\$ 1,713,255</u>	<u>\$ 849,676</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Home Rehabilitation

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
Health and welfare	\$ 40,000	\$ 40,000	\$ 23,387	\$ (16,613)
Fund balance, beginning of year	1,815,240	1,815,240	1,815,240	-
Fund balance, end of year	<u>\$ 1,775,240</u>	<u>\$ 1,775,240</u>	<u>\$ 1,791,853</u>	<u>\$ 16,613</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Septic System Replacement Revolving Loan

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 472	\$ 472
Expenditures				
Current:				
Health and welfare	8,850	16,570	-	(16,570)
Net change in fund balance	(8,850)	(16,570)	472	17,042
Fund balance, beginning of year	106,421	106,421	106,421	-
Fund balance, end of year	<u>\$ 97,571</u>	<u>\$ 89,851</u>	<u>\$ 106,893</u>	<u>\$ 17,042</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Opioid Settlements

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 86,500	\$ 1,225,000	\$ 1,238,067	\$ 13,067
Expenditures				
Current:				
Health and welfare	22,707	861,207	-	(861,207)
Revenues over (under) expenditures	63,793	363,793	1,238,067	874,274
Other financing uses				
Transfers out	(63,793)	(363,793)	(185,710)	(178,083)
Net change in fund balance	-	-	1,052,357	1,052,357
Fund balance, beginning of year	648,922	648,922	648,922	-
Fund balance, end of year	<u>\$ 648,922</u>	<u>\$ 648,922</u>	<u>\$ 1,701,279</u>	<u>\$ 1,052,357</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Social Welfare

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
Health and welfare	\$ 68,225	\$ 82,575	\$ 76,403	\$ (6,172)
Other financing sources				
Transfers in	60,000	74,350	74,350	-
Net change in fund balance	(8,225)	(8,225)	(2,053)	6,172
Fund balance, beginning of year	35,900	35,900	31,366	(4,534)
Fund balance, end of year	<u>\$ 27,675</u>	<u>\$ 27,675</u>	<u>\$ 29,313</u>	<u>\$ 1,638</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ 31,440	\$ 41,163	\$ 39,375	\$ (1,788)
State	292,277	345,170	471,726	126,556
Reimbursements, refunds, and other	1,751,181	1,830,165	1,801,903	(28,262)
Total revenues	<u>2,074,898</u>	<u>2,216,498</u>	<u>2,313,004</u>	<u>96,506</u>
Expenditures				
Current:				
Health and welfare	3,445,665	3,795,648	3,795,648	-
Recreation and culture	380,258	387,463	387,463	-
Total expenditures	<u>3,825,923</u>	<u>4,183,111</u>	<u>4,183,111</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,751,025)</u>	<u>(1,966,613)</u>	<u>(1,870,107)</u>	<u>96,506</u>
Other financing sources (uses)				
Transfers in	2,070,806	2,091,384	1,893,793	(197,591)
Transfers out	(319,781)	(273,683)	(195,343)	(78,340)
Total other financing sources (uses)	<u>1,751,025</u>	<u>1,817,701</u>	<u>1,698,450</u>	<u>(119,251)</u>
Net change in fund balance	-	(148,912)	(171,657)	(22,745)
Fund balance, beginning of year	<u>864,029</u>	<u>864,029</u>	<u>864,029</u>	<u>-</u>
Fund balance, end of year	<u>\$ 864,029</u>	<u>\$ 715,117</u>	<u>\$ 692,372</u>	<u>\$ (22,745)</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care/Social Services

For the Year Ended December 31, 2024

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

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Soldiers' Relief

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 321,120	\$ 321,120	\$ 321,257	\$ 137
State	94,874	94,874	95,325	451
Investment appreciation, rents and royalties	3,500	3,500	31,553	28,053
Reimbursements, refunds, and other	-	-	660	660
Total revenues	419,494	419,494	448,795	29,301
Expenditures				
Current:				
Health and welfare	338,833	338,833	227,405	(111,428)
Revenues over (under) expenditures	80,661	80,661	221,390	140,729
Other financing uses				
Transfers out	(54,896)	(54,896)	(54,896)	-
Net change in fund balance	25,765	25,765	166,494	140,729
Fund balance, beginning of year	615,510	615,510	615,510	-
Fund balance, end of year	\$ 641,275	\$ 641,275	\$ 782,004	\$ 140,729

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Historical Preservation

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 311,245	\$ 311,245	\$ 304,914	\$ (6,331)
State	40,000	40,000	18,446	(21,554)
Investment appreciation, rents and royalties	75	75	5	(70)
Total revenues	351,320	351,320	323,365	(27,955)
Expenditures				
Current:				
Recreation and culture	351,320	351,320	323,087	(28,233)
Net change in fund balance	-	-	278	278
Fund balance, beginning of year	2	2	2	-
Fund balance, end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 280</u>	<u>\$ 278</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Indigent Defense

For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State	\$ 1,601,911	\$ 1,601,911	\$ 1,388,061	\$ (213,850)
Expenditures				
Current:				
General government	2,088,410	2,088,410	1,890,707	(197,703)
Revenues over (under) expenditures	(486,499)	(486,499)	(502,646)	(16,147)
Other financing sources (uses)				
Transfers in	610,944	610,944	610,944	-
Transfers out	(124,445)	(124,445)	(111,297)	(13,148)
Other financing sources (uses)	486,499	486,499	499,647	13,148
Net change in fund balance	-	-	(2,999)	(2,999)
Fund balance, beginning of year	18,916	18,916	18,916	-
Fund balance, end of year	<u>\$ 18,916</u>	<u>\$ 18,916</u>	<u>\$ 15,917</u>	<u>\$ (2,999)</u>

This page intentionally left blank.

NONMAJOR ENTERPRISE FUNDS

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

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

The **100% Tax Fund** was established to account advances by the County to other local operating units and County funds for delinquent property taxes. Advances are repaid from collections of delinquent taxes, including interest and collection fees.

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

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

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2024

	Golf Course	100% Tax Payment	Delinquent Property Tax Foreclosure	Commissary	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 31,013	\$ 1,366,854	\$ 251,716	\$ 31,449	\$ 1,681,032
Investments	117,698	2,850,264	522,190	81,094	3,571,246
Accounts receivable, net	-	167,886	-	-	167,886
Property taxes receivable	-	3,906,964	-	-	3,906,964
Accrued interest receivable	921	594,397	2,079	602	597,999
Inventories	14,057	-	-	-	14,057
Due from other funds	-	-	457,920	-	457,920
Due from component units	-	-	25,000	-	25,000
Due from other governmental units	-	41,096	-	-	41,096
Prepaid items and other assets	-	-	14,902	-	14,902
Total current assets	163,689	8,927,461	1,273,807	113,145	10,478,102
Noncurrent assets:					
Net pension asset	70,722	55,722	-	-	126,444
Capital assets not being depreciated	136,933	-	-	-	136,933
Capital assets being depreciated, net	220,463	-	-	-	220,463
Total noncurrent assets	428,118	55,722	-	-	483,840
Total assets	591,807	8,983,183	1,273,807	113,145	10,961,942
Deferred outflows of resources					
Deferred pension amounts	55,519	43,744	-	-	99,263
Liabilities					
Current liabilities:					
Accounts payable	8,344	795	145,261	-	154,400
Accrued liabilities	5,457	4,902	-	-	10,359
Due to other funds	135	459,242	-	-	459,377
Due to other governmental units	-	36,008	-	-	36,008
Unearned revenue	7,411	-	-	-	7,411
Current portion of compensated absences	6,984	255	-	-	7,239
Total current liabilities	28,331	501,202	145,261	-	674,794
Noncurrent liabilities:					
Compensated absences, net of current portion	10,976	1,902	-	-	12,878
Total liabilities	39,307	503,104	145,261	-	687,672
Deferred inflows of resources					
Deferred pension amounts	7,448	5,867	-	-	13,315
Net position					
Investment in capital assets	357,396	-	-	-	357,396
Restricted for pension benefits	70,722	55,722	-	-	126,444
Unrestricted	172,453	8,462,234	1,128,546	113,145	9,876,378
Total net position	\$ 600,571	\$ 8,517,956	\$ 1,128,546	\$ 113,145	\$ 10,360,218

BAY COUNTY, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended December 31, 2024

	Golf Course	100% Tax Payment	Delinquent Property Tax Foreclosure	Commissary	Total
Operating revenues					
Charges for services	\$ 772,302	\$ 1,119,013	\$ 501,072	\$ 178,261	\$ 2,570,648
Other	2,507	-	10,313	-	12,820
Total operating revenues	<u>774,809</u>	<u>1,119,013</u>	<u>511,385</u>	<u>178,261</u>	<u>2,583,468</u>
Operating expenses					
Personnel services	337,063	145,706	-	-	482,769
Supplies	100,202	9,146	763	-	110,111
Other services	135,850	6,827	169,260	125,262	437,199
Depreciation/amortization	20,289	-	-	-	20,289
Total operating expenses	<u>593,404</u>	<u>161,679</u>	<u>170,023</u>	<u>125,262</u>	<u>1,050,368</u>
Operating income (loss)	181,405	957,334	341,362	52,999	1,533,100
Nonoperating revenues					
Investment appreciation	3,806	177,448	48,191	5,440	234,885
Income (loss) before transfers	<u>185,211</u>	<u>1,134,782</u>	<u>389,553</u>	<u>58,439</u>	<u>1,767,985</u>
Transfers					
Transfers in	-	701,088	-	-	701,088
Transfers out	-	(1,000,000)	(701,088)	(60,000)	(1,761,088)
Net transfers	<u>-</u>	<u>(298,912)</u>	<u>(701,088)</u>	<u>(60,000)</u>	<u>(1,060,000)</u>
Change in net position	185,211	835,870	(311,535)	(1,561)	707,985
Net position, beginning of year	<u>415,360</u>	<u>7,682,086</u>	<u>1,440,081</u>	<u>114,706</u>	<u>9,652,233</u>
Net position, end of year	<u>\$ 600,571</u>	<u>\$ 8,517,956</u>	<u>\$ 1,128,546</u>	<u>\$ 113,145</u>	<u>\$ 10,360,218</u>

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2024

	Golf Course	100% Tax Payment	Delinquent Property Tax Foreclosure	Commissary	Total
Cash flows from operating activities					
Cash received from customers	\$ 776,572	\$ 665,583	\$ 565,184	\$ 178,261	\$ 2,185,600
Cash payments to suppliers for goods and services	(240,059)	(15,973)	(170,747)	(125,262)	(552,041)
Cash payments to employees and related taxes and insurance	(344,888)	(133,520)	-	-	(478,408)
Net cash provided by (used in) operating activities	<u>191,625</u>	<u>516,090</u>	<u>394,437</u>	<u>52,999</u>	<u>1,155,151</u>
Cash flows from noncapital financing activities					
Transfers in	-	701,088	-	-	701,088
Transfers out	-	(1,000,000)	(701,088)	(60,000)	(1,761,088)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(298,912)</u>	<u>(701,088)</u>	<u>(60,000)</u>	<u>(1,060,000)</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(165,661)	-	-	-	(165,661)
Cash flows from investing activities					
Proceeds from sale of investments	-	-	146,947	-	146,947
Purchase of investments	(43,196)	(398,097)	-	(4,077)	(445,370)
Income on investments	3,316	107,237	50,405	5,331	166,289
Net cash provided by (used in) investing activities	<u>(39,880)</u>	<u>(290,860)</u>	<u>197,352</u>	<u>1,254</u>	<u>(132,134)</u>
Net change in cash and cash equivalents	<u>(13,916)</u>	<u>(73,682)</u>	<u>(109,299)</u>	<u>(5,747)</u>	<u>(202,644)</u>
Cash and cash equivalents, beginning of year	44,929	1,440,536	361,015	37,196	1,883,676
Cash and cash equivalents, end of year	<u>\$ 31,013</u>	<u>\$ 1,366,854</u>	<u>\$ 251,716</u>	<u>\$ 31,449</u>	<u>\$ 1,681,032</u>

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2024

	Golf Course	100% Tax Payment	Delinquent Property Tax Foreclosure	Commissary	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 181,405	\$ 957,334	\$ 341,362	\$ 52,999	\$ 1,533,100
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation/amortization	20,289	-	-	-	20,289
Changes in assets and liabilities that provided (used) cash:					
Accounts receivable, net	6	(21,078)	-	-	(21,072)
Property taxes receivable	-	(484,833)	-	-	(484,833)
Inventories	(4,052)	-	-	-	(4,052)
Due from other funds	-	40	(16,306)	-	(16,266)
Due from other governmental units	-	16,195	-	-	16,195
Prepaid items and other assets	-	-	(724)	-	(724)
Accounts payable	3,411	629	70,105	-	74,145
Accrued liabilities	1,130	1,089	-	-	2,219
Due to other funds	45	16,408	-	-	16,453
Due to other governmental units	-	19,209	-	-	19,209
Unearned revenue	(1,654)	-	-	-	(1,654)
Net pension asset	(21,701)	(8,194)	-	-	(29,895)
Deferred outflows - pension	18,252	27,779	-	-	46,031
Deferred inflows - pension	(2,056)	(3,346)	-	-	(5,402)
Compensated absences	(3,450)	(5,142)	-	-	(8,592)
Net cash provided by (used in) operating activities	<u>\$ 191,625</u>	<u>\$ 516,090</u>	<u>\$ 394,437</u>	<u>\$ 52,999</u>	<u>\$ 1,155,151</u>

concluded

This page intentionally left blank.

INTERNAL SERVICES FUNDS

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

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

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

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2024

	Self Insurance	Healthcare Self Insurance	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 150,404	\$ 4,520,745	\$ 4,671,149
Investments	1,134,844	-	1,134,844
Accounts receivable, net	3,150	2,585	5,735
Accrued interest receivable	8,051	-	8,051
Due from other funds	36,676	500,000	536,676
Prepaid items and other assets	69,514	477,061	546,575
Total current assets	1,402,639	5,500,391	6,903,030
Noncurrent assets:			
Net pension asset	8,567	-	8,567
Total assets	1,411,206	5,500,391	6,911,597
Deferred outflows of resources			
Deferred pension amounts	6,727	-	6,727
Liabilities			
Current liabilities:			
Accounts payable	10,512	676	11,188
Accrued liabilities	32,757	-	32,757
Estimated insurance claims payable	680,396	794,478	1,474,874
Total liabilities	723,665	795,154	1,518,819
Deferred inflows of resources			
Deferred pension amounts	901	-	901
Net position			
Restricted for:			
Pension benefits	8,567	-	8,567
Insurance claims	684,800	4,705,237	5,390,037
Total net position	\$ 693,367	\$ 4,705,237	\$ 5,398,604

BAY COUNTY, MICHIGAN

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

Internal Service Funds

For the Year Ended December 31, 2024

	Self Insurance	Healthcare Self Insurance	Total
Operating revenues			
Charges for services	\$ 618,500	\$ 11,081,283	\$ 11,699,783
Operating expenses			
Personnel services	1,045,786	10,569,978	11,615,764
Operating income (loss)	(427,286)	511,305	84,019
Nonoperating revenues			
Investment appreciation	64,986	-	64,986
Income (loss) before transfers	(362,300)	511,305	149,005
Transfers			
Transfers out	-	(5,392)	(5,392)
Change in net position	(362,300)	505,913	143,613
Net position, beginning of year	1,055,667	4,199,324	5,254,991
Net position, end of year	<u>\$ 693,367</u>	<u>\$ 4,705,237</u>	<u>\$ 5,398,604</u>

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2024

	Self Insurance	Healthcare Self Insurance	Total
Cash flows from operating activities			
Cash received from interfund services provided	\$ 955,255	\$ 13,091,086	\$ 14,046,341
Cash payments to employees and related taxes and insurance	(1,018,048)	(10,569,978)	(11,588,026)
Net cash provided by (used in) operating activities	(62,793)	2,521,108	2,458,315
Cash flows from noncapital financing activities			
Transfers out	-	(5,392)	(5,392)
Cash flows from investing activities			
Purchase of investments	(144,094)	-	(144,094)
Income on investments	63,292	-	63,292
Net cash provided by (used in) investing activities	(80,802)	-	(80,802)
Net change in cash and cash equivalents	(143,595)	2,515,716	2,372,121
Cash and cash equivalents, beginning of year	293,999	2,005,029	2,299,028
Cash and cash equivalents, end of year	<u>\$ 150,404</u>	<u>\$ 4,520,745</u>	<u>\$ 4,671,149</u>

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2024

	Self Insurance	Healthcare Self Insurance	Total
Reconciliation of operating income (loss)			
to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (427,286)	\$ 511,305	\$ 84,019
Adjustments to reconcile operating income (loss)			
to net cash provided by (used in) operating activities:			
Changes in assets and liabilities			
that provided (used) cash:			
Accounts receivable, net	(35)	(926)	(961)
Due from other funds	(13,743)	1,957,236	1,943,493
Prepaid items and other assets	2,088	(126,493)	(124,405)
Accounts payable	10,378	-	10,378
Accrued liabilities	31,465	-	31,465
Estimated claims payable	338,067	179,986	518,053
Net pension asset	(2,627)	-	(2,627)
Deferred outflows - pension	2,214	-	2,214
Deferred inflows - pension	(250)	-	(250)
Compensated absences	(3,064)	-	(3,064)
Net cash provided by (used in) operating activities	\$ (62,793)	\$ 2,521,108	\$ 2,458,315

concluded

This page intentionally left blank.

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

BAY COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

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

December 31, 2024

	Employees' Retirement System	VEBA Trust	Total
Assets			
Investments at fair value:			
Equities	\$ 338,648,395	\$ 81,348,994	\$ 419,997,389
Fixed income	87,879,201	22,353,935	110,233,136
Money market	97,680	287	97,967
Total investments	<u>426,625,276</u>	<u>103,703,216</u>	<u>530,328,492</u>
Receivables:			
Contributions	83,193	71,175	154,368
Interest and dividends	<u>1,014,540</u>	<u>169,988</u>	<u>1,184,528</u>
Total receivables	<u>1,097,733</u>	<u>241,163</u>	<u>1,338,896</u>
Other current assets:			
Prepaid items and other assets	647	-	647
Net pension asset	<u>60,005</u>	<u>-</u>	<u>60,005</u>
Total other current assets	<u>60,652</u>	<u>-</u>	<u>60,652</u>
Total assets	<u>427,783,661</u>	<u>103,944,379</u>	<u>531,728,040</u>
Deferred outflows of resources - pension	<u>47,103</u>	<u>-</u>	<u>47,103</u>
Liabilities			
Accounts payable	1,029,471	829,662	1,859,133
Accrued liabilities	38,388	73,500	111,888
Accrued vacation and sick pay	<u>8,427</u>	<u>-</u>	<u>8,427</u>
Total liabilities	<u>1,076,286</u>	<u>903,162</u>	<u>1,979,448</u>
Deferred inflows of resources - pension	<u>6,319</u>	<u>-</u>	<u>6,319</u>
Net position			
Restricted for:			
Pension benefits	426,748,159	-	426,748,159
Postemployment healthcare benefits	<u>-</u>	<u>103,041,217</u>	<u>103,041,217</u>
Total net position	<u>\$ 426,748,159</u>	<u>\$ 103,041,217</u>	<u>\$ 529,789,376</u>

BAY COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

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

For the Year Ended December 31, 2024

	Employees' Retirement System	VEBA Trust	Total
Additions			
Investment income:			
Net appreciation in fair value of investments	\$ 35,734,157	\$ 6,128,902	\$ 41,863,059
Interest and dividends	10,208,322	3,730,296	13,938,618
Total investment income	45,942,479	9,859,198	55,801,677
Investment expense	(1,939,866)	(139,849)	(2,079,715)
Net investment income	44,002,613	9,719,349	53,721,962
Contributions:			
Employer	2,124,036	4,950,735	7,074,771
Plan members	2,465,003	-	2,465,003
Total contributions	4,589,039	4,950,735	9,539,774
Other revenue	26,043	-	26,043
Total additions	48,617,695	14,670,084	63,287,779
Deductions			
Participant benefits (including refunds of contributions)	23,436,622	4,864,677	28,301,299
Administrative expenses	526,091	99,515	625,606
Total deductions	23,962,713	4,964,192	28,926,905
Change in net position	24,654,982	9,705,892	34,360,874
Net position, beginning of year	402,093,177	93,335,325	495,428,502
Net position, end of year	<u>\$ 426,748,159</u>	<u>\$ 103,041,217</u>	<u>\$ 529,789,376</u>

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds
December 31, 2024

	General Custodial	Current Tax Collections	Library Penal Fine
Assets			
Cash and cash equivalents	\$ 5,898,529	\$ 417,091	\$ 32
Investments	20,989,680	-	-
Due from other governmental units	133	-	-
Due from other custodial funds	-	-	15,229
	<u>26,888,342</u>	<u>417,091</u>	<u>15,261</u>
Total assets	<u>26,888,342</u>	<u>417,091</u>	<u>15,261</u>
Liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Due to component units	-	143,459	-
Due to other governmental units	26,870,635	273,632	15,261
Due to other custodial funds	-	-	-
Deposits	17,707	-	-
	<u>26,888,342</u>	<u>417,091</u>	<u>15,261</u>
Total liabilities	<u>26,888,342</u>	<u>417,091</u>	<u>15,261</u>
Net position			
Restricted for:			
Inmates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



District Court	Probate Court	Trial Court	Inmates	Total
\$ 70,664	\$ 23,627	\$ 100,882	\$ 16,996	\$ 6,527,821
-	-	-	-	20,989,680
-	-	-	-	133
-	-	-	-	15,229
70,664	23,627	100,882	16,996	27,532,863
-	-	-	13,022	13,022
-	11,012	-	2,730	13,742
-	-	-	-	143,459
55,435	12,615	69,293	-	27,296,871
15,229	-	-	-	15,229
-	-	31,589	-	49,296
70,664	23,627	100,882	15,752	27,531,619
\$ -	\$ -	\$ -	\$ 1,244	\$ 1,244

BAY COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2024

	General Custodial	Current Tax Collections	Library Penal Fine
Additions			
State education tax collected for other governments	\$ -	\$ 19,785,409	\$ -
Real estate transfer tax collected for other governments	2,787,360	-	-
Fees and fines collected on behalf of other governments	150,467	-	393,966
Collections from or on behalf of inmates	-	-	-
Other taxes collected for other governments	42,683	-	-
Total additions	<u>2,980,510</u>	<u>19,785,409</u>	<u>393,966</u>
Deductions			
Payments of state education tax to other governments	-	19,785,409	-
Payments of real estate transfer tax to other governments	2,787,360	-	-
Fees and fines remitted to other governments	150,467	-	393,966
Payments to or on behalf of inmates	-	-	-
Payments of other taxes to other governments	42,683	-	-
Total deductions	<u>2,980,510</u>	<u>19,785,409</u>	<u>393,966</u>
Change in net position	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



District Court	Probate Court	Trial Court	Inmates	Total
\$ -	\$ -	\$ -	\$ -	\$ 19,785,409
-	-	-	-	2,787,360
547,740	107,408	143,211	-	1,342,792
-	-	-	773,261	773,261
-	-	-	-	42,683
547,740	107,408	143,211	773,261	24,731,505
-	-	-	-	19,785,409
-	-	-	-	2,787,360
547,740	107,408	143,211	-	1,342,792
-	-	-	773,197	773,197
-	-	-	-	42,683
547,740	107,408	143,211	773,197	24,731,441
-	-	-	64	64
-	-	-	1,180	1,180
\$ -	\$ -	\$ -	\$ 1,244	\$ 1,244

This page intentionally left blank.

COMPONENT UNITS

LIBRARY SYSTEM

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

DRAIN COMMISSION

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

BAY COUNTY, MICHIGAN

Statement of Net Position and Balance Sheet

Library System Component Unit

December 31, 2024

	Library System	Adjustments	Statement of Net Position
Assets			
Current assets:			
Cash and cash equivalents	\$ 231,729	\$ -	\$ 231,729
Investments	7,526,846	-	7,526,846
Receivables:			
Accounts, net	23,404	-	23,404
Property taxes, net	6,030,000	-	6,030,000
Interest	46,826	-	46,826
Due from primary government	129,831	-	129,831
Prepaid items and other assets	346,292	-	346,292
Total current assets	14,334,928	-	14,334,928
Noncurrent assets:			
Net pension asset	-	1,673,460	1,673,460
Capital assets not being depreciated	-	107,487	107,487
Capital assets being depreciated, net	-	1,788,218	1,788,218
Total noncurrent assets	-	3,569,165	3,569,165
Total assets	\$ 14,334,928	3,569,165	17,904,093
Deferred outflows of resources			
Deferred pension amounts		1,566,442	1,566,442
Deferred OPEB amounts		1,040,360	1,040,360
Total deferred outflows of resources		2,606,802	2,606,802
Liabilities			
Current liabilities:			
Accounts payable	\$ 50,635	-	50,635
Accrued liabilities	144,149	-	144,149
Current portion of compensated absences	-	16,468	16,468
Total current liabilities	194,784	16,468	211,252
Noncurrent liabilities:			
Compensated absences, net of current portion	-	148,213	148,213
Net OPEB liability	-	224,388	224,388
Total noncurrent liabilities	-	372,601	372,601
Total liabilities	194,784	389,069	583,853
Deferred inflows of resources			
Deferred pension amounts	-	34,867	34,867
Deferred OPEB amounts	-	1,527,522	1,527,522
Unavailable revenue - state revenue	129,831	(129,831)	-
Taxes levied for a subsequent period	6,030,000	-	6,030,000
Total deferred inflows of resources	6,159,831	1,432,558	7,592,389

continued...

BAY COUNTY, MICHIGAN

Statement of Net Position and Balance Sheet

Library System Component Unit

December 31, 2024

	Library System	Adjustments	Statement of Net Position
Fund balances			
Nonspendable	\$ 346,292	\$ (346,292)	\$ -
Assigned - library events	100,456	(100,456)	-
Assigned - capital outlay	344,451	(344,451)	-
Unassigned	7,189,114	(7,189,114)	-
Total fund balances	<u>7,980,313</u>	<u>(7,980,313)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,334,928</u>		
Net position			
Investment in capital assets		1,895,705	1,895,705
Restricted for:			
Pension benefits		1,673,460	1,673,460
Unrestricted		8,765,488	8,765,488
Total net position		<u>\$ 12,334,653</u>	<u>\$ 12,334,653</u>

concluded

BAY COUNTY, MICHIGAN

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

Library System Component Unit

For the Year Ended December 31, 2024

	Library System	Adjustments	Statement of Activities
Revenues			
Property and other taxes	\$ 5,767,102	\$ -	\$ 5,767,102
Federal grants	12,687	-	12,687
State grants	441,299	5,301	446,600
Investment appreciation	456,905	-	456,905
Charges for services	31,629	-	31,629
Donations	42,036	-	42,036
Penal fines	390,048	-	390,048
Reimbursements, refunds, and other	93,867	-	93,867
Total revenues	<u>7,235,573</u>	<u>5,301</u>	<u>7,240,874</u>
Expenditures / expenses			
Current:			
Recreation and culture	6,459,623	(779,216)	5,680,407
Depreciation	-	470,523	470,523
Contributions to other units	4,284	-	4,284
Total expenditures / expenses	<u>6,463,907</u>	<u>(308,693)</u>	<u>6,155,214</u>
Net change in fund balance / net position	771,666	313,994	1,085,660
Fund balance / net position, beginning of year, as restated	<u>7,208,647</u>	<u>4,040,346</u>	<u>11,248,993</u>
Fund balance / net position, end of year	<u>\$ 7,980,313</u>	<u>\$ 4,354,340</u>	<u>\$ 12,334,653</u>

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Combining Statement of Net Position and Balance Sheet

Drain Commission Component Unit

December 31, 2024

	Drain Debt Service Funds	Drain Operations and Maintenance	Drain Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 899,001	\$ 927,648	\$ 1,016,447
Investments	654	1,081,965	1,460,237
Special assessments	1,285,544	3,140	84,391
Accrued interest receivable	4	7,539	10,486
Due from other funds	-	90,785	3,528
Due from other governmental units	262	600,000	3,608
Due from primary government	133,472	98,851	30,941
Restricted cash held by others	663,631	-	-
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total assets	<u>\$ 2,982,568</u>	<u>\$ 2,809,928</u>	<u>\$ 2,609,638</u>
Liabilities			
Accounts payable	\$ -	\$ 842	\$ 24,791
Accrued liabilities	-	2,700	-
Due to other funds	-	8,052	116,337
Due to primary government	-	78,908	60,043
Bonds, notes and other long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	<u>-</u>	<u>90,502</u>	<u>201,171</u>
Deferred inflows of resources			
Unavailable revenue - long-term receivables	<u>1,419,280</u>	<u>701,991</u>	<u>118,939</u>
Fund balances			
Restricted - debt service	1,563,288	-	-
Assigned	-	2,017,435	2,289,528
Total fund balances	<u>1,563,288</u>	<u>2,017,435</u>	<u>2,289,528</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,982,568</u>	<u>\$ 2,809,928</u>	<u>\$ 2,609,638</u>
Net position			
Net investment in capital assets			
Restricted for:			
Debt service			
Unrestricted (deficit)			
Total net position			



Revolving Drain	Total Governmental Funds	Adjustments	Statement of Net Position
\$ -	\$ 2,843,096	\$ -	\$ 2,843,096
-	2,542,856	-	2,542,856
-	1,373,075	-	1,373,075
-	18,029	-	18,029
30,076	124,389	(124,389)	-
-	603,870	-	603,870
-	263,264	-	263,264
-	663,631	-	663,631
-	-	333,173	333,173
-	-	8,891,276	8,891,276
<u>\$ 30,076</u>	<u>\$ 8,432,210</u>	<u>9,100,060</u>	<u>17,532,270</u>
\$ -	\$ 25,633	-	25,633
-	2,700	16,805	19,505
-	124,389	(124,389)	-
30,076	169,027	-	169,027
-	-	995,564	995,564
-	-	1,395,670	1,395,670
<u>30,076</u>	<u>321,749</u>	<u>2,283,650</u>	<u>2,605,399</u>
<u>-</u>	<u>2,240,210</u>	<u>(2,240,210)</u>	<u>-</u>
-	1,563,288	(1,563,288)	-
-	4,306,963	(4,306,963)	-
<u>-</u>	<u>5,870,251</u>	<u>(5,870,251)</u>	<u>-</u>
<u>\$ 30,076</u>	<u>\$ 8,432,210</u>		
		6,875,239	6,875,239
		2,965,763	2,965,763
		<u>5,085,869</u>	<u>5,085,869</u>
		<u>\$ 14,926,871</u>	<u>\$ 14,926,871</u>

BAY COUNTY, MICHIGAN

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

Fund Balances - Drain Commission Component Unit

For the Year Ended December 31, 2024

	Drain Debt Service Funds	Drains Operations and Maintenance	Drain Capital Projects Fund
Revenues			
Property and other taxes	\$ 1,079,945	\$ 22,038	\$ 73,779
Licenses and permits	-	900	39,153
Investment appreciation, rents and royalties	28	151,612	89,653
Reimbursements, refunds and other revenue	40,757	82,176	19,548
Contributions from local units	89,913	660,088	14,453
Total revenues	<u>1,210,643</u>	<u>916,814</u>	<u>236,586</u>
Expenditures / expenses			
Public works:			
Contractual services	-	415,205	313,891
Depreciation	-	-	-
Debt service:			
Principal	1,050,094	-	-
Interest and fiscal charges	77,003	-	-
Total expenditures / expenses	<u>1,127,097</u>	<u>415,205</u>	<u>313,891</u>
Revenues over (under) expenditures / expenses	<u>83,546</u>	<u>501,609</u>	<u>(77,305)</u>
Other financing sources (uses)			
Transfers in	6,300	-	56,373
Transfers out	(22,098)	(34,275)	(6,300)
Total other financing sources (uses)	<u>(15,798)</u>	<u>(34,275)</u>	<u>50,073</u>
Net change in fund balances / net position	<u>67,748</u>	<u>467,334</u>	<u>(27,232)</u>
Fund balances / net position, beginning of year, as restated	<u>1,495,540</u>	<u>1,550,101</u>	<u>2,316,760</u>
Fund balances / net position, end of year	<u>\$ 1,563,288</u>	<u>\$ 2,017,435</u>	<u>\$ 2,289,528</u>



Revolving Drain	Total Governmental Funds	Adjustments	Statement of Net Position
\$ -	\$ 1,175,762	\$ (1,226,261)	\$ (50,499)
-	40,053	-	40,053
-	241,293	-	241,293
-	142,481	-	142,481
-	764,454	-	764,454
-	2,364,043	(1,226,261)	1,137,782
-	729,096	(114,832)	614,264
-	-	547,162	547,162
-	1,050,094	(1,050,094)	-
-	77,003	(12,206)	64,797
-	1,856,193	(629,970)	1,226,223
-	507,850	(596,291)	(88,441)
-	62,673	(62,673)	-
-	(62,673)	62,673	-
-	-	-	-
-	507,850	(596,291)	(88,441)
-	5,362,401	9,652,911	15,015,312
\$ -	\$ 5,870,251	\$ 9,056,620	\$ 14,926,871

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Statistical Section Table of Contents

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

		<u>Page</u>
Financial Trends Tables 1-4	These schedules contain trend information to help the reader understand and evaluate how the County's financial condition, performance and well-being have changed over time.	210
Revenue Capacity Tables 5-9	These schedules contain information to help the reader assess the County's ability to generate its most significant local revenue source, the property tax.	220
Debt Capacity Tables 10-14	These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future.	226
Demographic and Economic Information Tables 15-16	These schedules present various demographic and economic indicators to help the reader understand the environment within which the County operates and how they affect the County's financial activities.	235
Operating Information Tables 17-19	These schedules contain information about the County's operations and resources to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	238

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

BAY COUNTY, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 45,941	\$ 46,547	\$ 47,382	\$ 39,366
Restricted	22,222	23,861	26,348	26,904
Unrestricted (deficit)	(4,557)	(8,895)	(8,701)	(17,543)
Total governmental activities net position	63,606	61,513	65,029	48,727
Business-type activities				
Net investment in capital assets	7,906	8,893	10,476	16,907
Restricted	10,265	7,969	8,308	8,802
Unrestricted (deficit)	12,539	11,894	11,388	(4,265)
Total business-type activities net position	30,710	28,756	30,172	21,444
Primary government				
Net investment in capital assets	53,847	55,440	57,858	56,273
Restricted	32,487	31,830	34,656	35,706
Unrestricted (deficit)	7,982	2,999	2,687	(21,808)
Total primary government activities net position	\$ 94,316	\$ 90,269	\$ 95,201	\$ 70,171

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

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

Note 3: The County implemented GASB 75 in 2018. Prior years were not restated.

Note 4: Beginning net position of governmental and business-type activities were restated in 2024 for implementation of GASB 101, *Compensated Absences*.

Table 1
Unaudited

2019	2020	2021	2022	2023	2024
\$ 39,191	\$ 38,915	\$ 36,924	\$ 35,856	\$ 37,744	\$ 31,763
25,193	31,244	39,242	83,598	40,804	50,632
(12,993)	(13,665)	(7,931)	(31,460)	29,597	39,863
51,391	56,494	68,235	87,994	108,145	122,258
22,756	23,074	20,823	19,974	20,994	23,844
7,460	7,503	10,302	26,396	6,193	8,853
(12,463)	(13,052)	(1,481)	(9,207)	11,974	13,695
17,753	17,525	29,644	37,163	39,161	46,392
61,947	61,989	57,747	55,830	58,738	55,607
32,653	38,747	49,544	109,994	46,997	59,485
(25,456)	(26,717)	(9,412)	(40,667)	41,571	53,558
\$ 69,144	\$ 74,019	\$ 97,879	\$ 125,157	\$ 147,306	\$ 168,650

BAY COUNTY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 13,287	\$ 13,952	\$ 13,985	\$ 11,877
Public safety	11,721	12,194	12,488	10,768
Community and economic development	208	245	233	239
Health and welfare	11,205	12,318	12,232	13,051
Public works	1,911	3,798	3,277	9,497
Judicial	7,085	7,504	7,746	6,854
Legislative	357	375	421	1,848
Recreation and culture	1,859	1,567	1,929	1,796
Interest on long-term debt	244	175	81	49
Total governmental activities expenses	47,877	52,128	52,392	55,979
Business-type activities:				
Medical Care Facility	23,114	25,661	26,174	25,335
100% Tax Payment	147	232	187	156
Golf Course	540	486	559	520
Delinquent Property Tax Foreclosure	185	169	200	222
Commissary	111	111	196	150
Water plant	-	-	-	2,624
Housing	688	702	735	678
Total business-type activities expenses	24,785	27,361	28,051	29,685
Total primary government expenses	72,662	79,489	80,443	85,664
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,045	3,221	3,151	3,087
Public safety	2,030	1,992	2,132	2,126
Community and economic development	44	207	66	174
Health and welfare	2,777	3,041	2,852	3,249
Public works	3	3,887	3,983	2
Judicial	2,040	1,751	1,767	1,954
Legislative	-	-	-	-
Recreation and culture	814	845	848	886
Operating grants and contributions	9,957	9,836	10,250	10,708
Capital grants and contributions	16	26	26	253
Total governmental activities program revenues	\$ 20,726	\$ 24,806	\$ 25,075	\$ 22,439

Table 2
Unaudited

2019	2020	2021	2022	2023	2024
\$ 13,592	\$ 12,665	\$ 11,404	\$ 9,435	\$ 12,425	\$ 20,014
12,631	11,097	7,756	5,107	10,989	10,660
277	154	250	4,049	5,417	1,589
13,033	12,726	11,305	9,760	10,288	13,639
1	1	1	678	669	709
7,434	6,729	5,532	6,198	8,077	8,305
401	381	366	497	589	490
1,810	1,355	1,452	1,471	2,331	2,369
100	46	-	-	1	3
49,279	45,154	38,066	37,195	50,786	57,778
29,610	27,538	19,653	14,360	20,314	18,858
166	154	198	184	156	162
554	482	559	696	657	593
238	190	176	201	199	170
171	139	199	176	147	125
2,042	1,989	2,137	1,347	1,264	1,202
807	747	232	-	-	-
33,588	31,239	23,154	16,964	22,737	21,110
82,867	76,393	61,220	54,159	73,523	78,888
3,206	3,396	1,980	679	827	1,021
2,197	1,751	1,837	1,910	2,095	1,900
88	164	68	1,109	911	1,137
3,311	2,658	2,934	2,494	4,519	5,008
8	-	10	262	275	322
2,086	1,509	1,571	1,495	1,463	1,473
-	-	-	-	-	1
930	537	895	1,007	1,011	1,007
15,404	13,972	15,577	16,892	17,529	17,884
9	23	40	183	257	713
\$ 27,239	\$ 24,010	\$ 24,912	\$ 26,031	\$ 28,887	\$ 30,466

continued...

BAY COUNTY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2015	2016	2017	2018
Business-type activities:				
Charges for services:				
Medical Care Facility	\$ 23,487	\$ 21,547	\$ 23,103	\$ 23,631
100% Tax Payment	1,300	1,138	1,123	1,097
Golf Course	457	491	443	444
Water plant	-	-	-	-
Delinquent Property Tax Foreclosure	406	289	297	322
Commissary	151	150	271	217
Housing	276	284	271	274
Operating grants and contributions	159	158	243	290
Capital grants and contributions	36	-	89	-
Total business-type activities program revenues	26,272	24,057	25,840	26,275
Total primary government program revenues	46,998	48,863	50,915	48,714
Net (expense)/revenue				
Governmental activities	(27,151)	(27,322)	(27,317)	(33,540)
Business-type activities	1,487	(3,304)	(2,211)	(3,410)
Total primary government net expense	(25,664)	(30,626)	(29,528)	(36,950)
General revenues and other changes in net position				
Governmental activities:				
Property taxes	22,461	22,882	23,430	22,742
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings (loss)	203	491	656	475
Other revenue	2,830	597	277	257
Transfers - internal activities	1,243	1,260	1,945	1,349
Total governmental activities	26,737	25,230	26,308	24,823
Business-type activities:				
Property taxes	2,115	2,109	2,323	2,034
Unrestricted investment earnings (loss)	398	265	434	2,979
Other revenue	638	236	981	301
Transfers - internal activities	(1,243)	(1,260)	(1,945)	(1,349)
Total business-type activities	1,908	1,350	1,793	3,965
Total primary government	28,645	26,580	28,101	28,788
Change in Net Position				
Governmental activities	(414)	(2,092)	(1,009)	(8,717)
Business-type activities	3,395	(1,954)	(418)	555
Total primary government	\$ 2,981	\$ (4,046)	\$ (1,427)	\$ (8,162)

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

Table 2
Unaudited

2019	2020	2021	2022	2023	2024
\$ 22,986	\$ 21,864	\$ 15,873	\$ 15,306	\$ 14,611	\$ 17,108
1,087	1,019	1,082	1,015	1,056	1,120
415	523	630	676	691	775
-	-	-	-	1,156	1,097
469	644	440	560	480	511
249	197	287	258	213	178
282	279	62	-	-	-
328	3,078	11,473	2,591	912	1,111
-	-	146	-	-	-
25,816	27,604	29,993	20,406	19,119	21,900
53,055	51,614	54,905	46,437	48,006	52,366
(22,040)	(21,144)	(13,154)	(11,164)	(21,899)	(27,312)
(7,772)	(3,635)	6,839	3,442	(3,618)	790
(29,812)	(24,779)	(6,315)	(7,722)	(25,517)	(26,522)
21,927	22,430	22,879	23,731	29,022	30,775
-	-	-	5,224	6,710	1,415
1,120	701	(40)	(2,638)	2,715	2,315
378	1,935	877	3,446	2,441	6,341
1,280	1,180	1,180	1,160	1,160	1,060
24,705	26,246	24,896	30,923	42,048	41,906
2,086	2,101	5,031	5,129	5,339	5,631
2,650	2,143	2,224	(516)	767	1,060
625	344	416	624	671	828
(1,280)	(1,180)	(1,180)	(1,160)	(1,160)	(1,060)
4,081	3,408	6,491	4,077	5,617	6,459
28,786	29,654	31,387	35,000	47,665	48,365
2,665	5,102	11,742	19,759	20,149	14,594
(3,691)	(227)	13,330	7,519	1,999	7,249
\$ (1,026)	\$ 4,875	\$ 25,072	\$ 27,278	\$ 22,148	\$ 21,843

concluded

BAY COUNTY, MICHIGAN

Fund Balances of Governmental Funds

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

	2015	2016	2017	2018
General fund				
Nonspendable	\$ 1,622	\$ 1,650	\$ 1,510	\$ 1,243
Restricted	174	198	171	161
Committed	5,148	6,779	6,824	6,824
Assigned	547	1,167	4,317	1,130
Unassigned	6,064	4,184	2,496	3,891
Total general fund	<u>\$ 13,555</u>	<u>\$ 13,978</u>	<u>\$ 15,318</u>	<u>\$ 13,249</u>
All other governmental funds				
Nonspendable	\$ 1,918	\$ 60	\$ 27	\$ 29
Restricted	11,666	13,946	11,885	7,409
Assigned	1,601	711	2,921	2,547
Total all other governmental funds	<u>\$ 15,185</u>	<u>\$ 14,717</u>	<u>\$ 14,833</u>	<u>\$ 9,985</u>

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

Table 3
Unaudited

2019	2020	2021	2022	2023	2024
\$ 1,091	\$ 936	\$ 938	\$ 747	\$ 712	\$ 508
136	151	149	152	149	154
6,824	7,143	7,216	7,344	7,344	7,344
875	375	2,184	4,297	4,549	3,903
5,129	9,134	8,946	4,900	9,904	11,644
<u>\$ 14,055</u>	<u>\$ 17,739</u>	<u>\$ 19,433</u>	<u>\$ 17,440</u>	<u>\$ 22,658</u>	<u>\$ 23,553</u>
\$ 61	\$ 57	\$ 74	\$ 55	\$ 57	\$ 43
6,643	10,127	9,978	12,050	14,587	17,939
6,297	2,759	2,487	584	2,598	2,886
<u>\$ 13,001</u>	<u>\$ 12,943</u>	<u>\$ 12,539</u>	<u>\$ 12,689</u>	<u>\$ 17,242</u>	<u>\$ 20,868</u>

BAY COUNTY, MICHIGAN

Changes in Fund Balances of Governmental Funds

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

	2015	2016	2017	2018
Revenues				
Property taxes	\$ 22,481	\$ 22,894	\$ 23,441	\$ 22,731
Special assessments (1)	-	3,885	3,980	-
Licenses and permits	468	464	511	540
Federal	3,853	3,940	4,036	4,013
State	5,223	5,172	5,282	5,484
Interest, rents and royalties	1,087	1,248	1,398	1,243
Charges for services	2,941	2,761	2,946	3,082
Fines and forfeits	639	532	587	662
Reimbursements, refunds and other revenue (1)	9,704	8,007	7,397	8,277
Total revenues	<u>46,396</u>	<u>48,903</u>	<u>49,578</u>	<u>46,032</u>
Expenditures				
General government	10,331	10,360	10,640	10,840
Public safety	10,540	10,830	11,371	13,702
Community and economic development	173	223	231	208
Health and welfare	11,064	11,319	11,403	12,070
Public works	2	955	780	1
Judicial	6,259	6,198	6,432	6,539
Legislative	354	371	413	1,842
Recreation and culture	1,825	1,944	1,827	1,781
Other functions	1,697	1,656	1,559	1,529
Capital outlay	17,951	431	40	-
Debt service:				
Principal	2,030	3,240	2,755	1,290
Interest and other fees	2,280	2,697	2,665	160
Contribution to component unit	-	-	-	4,375
Total expenditures	<u>64,506</u>	<u>50,224</u>	<u>50,116</u>	<u>54,337</u>
Revenues over (under) expenditures	<u>(18,110)</u>	<u>(1,321)</u>	<u>(538)</u>	<u>(8,305)</u>
Other financing sources (uses)				
Transfers in	6,144	6,338	6,876	6,386
Insurance recoveries/proceeds	11	-	38	31
Proceeds from sale of capital assets	-	-	-	-
Issuance of bonds, notes and other long-term liabilities	7,963	-	-	-
Bond premium (discount)	-	-	-	-
Transfers (out)	(4,885)	(5,063)	(4,920)	(5,030)
Total other financing sources (uses)	<u>9,233</u>	<u>1,275</u>	<u>1,994</u>	<u>1,387</u>
Net change in fund balances	<u>\$ (8,877)</u>	<u>\$ (46)</u>	<u>\$ 1,456</u>	<u>\$ (6,918)</u>
Debt service as a percentage of noncapital expenditures	9.54%	12.03%	11.03%	2.74%

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

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

Table 4
Unaudited

2019	2020	2021	2022	2023	2024
\$ 21,946	\$ 22,420	\$ 22,914	\$ 23,672	\$ 28,990	\$ 30,721
-	-	-	-	-	-
528	502	553	390	529	586
3,901	6,464	5,278	10,167	11,531	6,436
9,609	6,910	8,536	10,564	11,787	12,189
1,823	1,180	703	(1,917)	3,105	2,764
3,322	2,822	3,196	3,177	4,250	4,537
616	324	370	313	353	356
8,360	8,824	6,685	6,672	7,446	7,905
50,105	49,446	48,235	53,038	67,991	65,494
12,269	12,050	12,007	12,201	12,605	14,813
11,797	12,083	12,476	13,698	13,825	15,953
268	218	267	4,124	5,485	1,607
12,415	12,693	13,073	13,533	14,669	15,511
1	1	1	726	697	749
7,185	7,364	8,167	8,901	8,972	9,515
399	381	366	525	592	496
1,799	1,369	1,736	2,317	2,558	3,489
-	-	-	-	-	-
-	-	-	-	-	-
1,350	1,449	79	95	148	261
109	55	-	-	1	162
-	-	-	-	-	6,689
47,592	47,663	48,172	56,120	59,552	69,245
2,513	1,783	63	(3,082)	8,439	(3,751)
6,827	6,851	5,728	6,805	8,454	8,621
24	32	40	35	-	5
-	234	-	-	-	6
-	397	-	36	165	6,515
-	-	-	-	-	681
(5,541)	(5,669)	(4,543)	(5,637)	(7,286)	(7,555)
1,310	1,845	1,225	1,239	1,333	8,273
\$ 3,823	\$ 3,628	\$ 1,288	\$ (1,843)	\$ 9,772	\$ 4,522
3.11%	3.22%	0.16%	0.17%	0.27%	0.65%

Governmental Activities Tax Revenue By Year

Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax
2015	\$ 22,461,189
2016	22,882,462
2017	23,431,134
2018	22,741,235
2019	21,927,262
2020	22,430,445
2021	22,878,841
2022	23,730,881
2023	29,021,366
2024	30,774,286

BAY COUNTY, MICHIGAN

Table 6
Unaudited

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended December 31,	Real Property		Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial					
2015	\$ 1,879,325	\$ 371,950	\$ 294,062	\$ 2,545,337	11.4638	\$ 5,090,674	50.00%
2016	1,940,345	370,281	245,516	2,556,142	11.6138	5,112,284	50.00%
2017	1,969,223	388,729	219,610	2,577,562	11.2138	5,155,124	50.00%
2018	1,994,688	399,121	215,701	2,609,510	11.2138	5,219,020	50.00%
2019	2,069,894	438,386	221,147	2,729,427	11.3138	5,458,854	50.00%
2020	2,202,365	501,486	278,470	2,982,321	12.0685	5,964,642	50.00%
2021	2,349,814	512,979	260,064	3,122,857	12.2984	6,245,714	50.00%
2022	2,513,080	526,054	279,616	3,318,750	13.6359	6,637,500	50.00%
2023	2,833,220	613,489	284,867	3,731,576	13.6359	7,463,152	50.00%
2024	3,232,477	604,426	294,050	4,130,953	12.9908	8,261,906	50.00%

Source: Bay County Equalization Department

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

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

BAY COUNTY, MICHIGAN

Property Tax Rates

Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year (1) (2)	Bay County				Overlapping Rates		
	Operating Millage	Special Millage	Debt Millage	Total County Millage	SET Schools (3)	Inter- mediate Schools	Community College
2015	5.7257	5.7381	0.0000	11.4638	6.0000	0.1891	2.0427
2016	5.7257	5.8881	0.0000	11.6138	6.0000	0.1891	2.0427
2017	5.7257	5.4881	0.0000	11.2138	6.0000	0.1891	2.0427
2018	5.7257	5.4881	0.0000	11.2138	6.0000	0.1891	2.0427
2019	5.7257	5.5881	0.0000	11.3138	6.0000	0.1891	2.0427
2020	5.7257	6.3428	0.0000	12.0685	6.0000	0.1891	2.0427
2021	5.7153	6.5831	0.0000	12.2984	6.0000	0.1887	2.0427
2022	5.7078	7.9281	0.0000	13.6359	6.0000	0.1883	2.0427
2023	5.7078	7.9281	0.0000	13.6359	6.0000	0.1883	2.0427
2024	5.7078	7.2830	0.0000	12.9908	6.0000	0.1883	2.0563

Source: Bay County Equalization Department

- (1) Rates reduced to comply with the Headlee Amendment.
- (2) This is the year in which the tax is levied. 2015 refers to the 2016 tax collection, 2016 refers to the 2017 tax collection, and so on.
- (3) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax with the exception of 2003 which was reduced to 5 mills.

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

Table 7
Unaudited

Overlapping Rates							
Townships	Cities					Total Direct & Overlapping Rates	
	Auburn	Bay City	Essexville	Pinconning	Midland		
1.3500	12.0000	21.3365 *	21.4172 *	14.6736	15.0000 *	105.4729	
1.3500	12.0000	21.1865 *	23.8431 *	14.6736	15.0000 *	107.8988	
1.3500	13.5000	21.4085 *	16.1431 *	14.6736	15.1385 *	101.6593	
1.3500	15.5000	21.4615 *	17.4031 *	14.6736	15.1385 *	104.9723	
1.3500	15.5000	20.7115 *	17.4031 *	14.6736	15.1385 *	104.3223	
1.3500	15.4986	20.7115 *	17.4031 *	14.6736	15.1385 *	105.0756	
1.3500	17.4852	16.9615 *	17.4031 *	14.6295	15.1385 *	103.4976	
1.3500	15.5000	16.9615 *	17.4031 *	14.6295	15.1385 *	102.8495	
1.3500	15.5000	16.9615 *	17.4031 *	14.6295	15.1385 *	102.8495	
1.3500	15.5000	16.9615 *	16.1431 *	14.2067	15.1385 *	100.5352	

BAY COUNTY, MICHIGAN

Table 8
Unaudited

Principal Property Taxpayers

December 31, 2024 and Nine Years Ago

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 152,851,126	1	4.10%	\$ 209,046,670	1	7.34%
Dow Corning Corporation	40,825,576	2	1.10%	78,942,127	2	2.77%
Michigan Electric Transmission	34,882,771	3	0.94%	25,348,790	5	0.89%
Enbridge Energy	28,153,228	4	0.76%	12,526,049	6	0.44%
SSP Development LLC	27,367,255	5	0.73%	11,649,534	7	0.41%
SK Siltron CSS, LLC	16,087,785	6	0.43%			
Meijer/Good Will Co, Inc	9,949,741	7	0.27%			
Monitor/ Michigan Sugar	8,772,414	8	0.24%	33,131,731	4	1.17%
Charter Communications	8,307,570	9	0.22%			
S C Johnson	7,012,673	10	0.19%	40,151,158	3	1.41%
Mersen USA				11,461,744	8	0.40%
General Motors/Delphi				10,620,003	9	0.37%
Northern Michigan Land				7,767,500	10	0.27%
Totals	<u>\$ 334,210,139</u>		<u>8.98%</u>	<u>\$ 440,645,306</u>		<u>15.47%</u>

Source: Bay County Equalization Department

BAY COUNTY, MICHIGAN

Table 9
Unaudited

Property Tax Levies and Collections - General Fund

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2015	\$ 15,887	\$ 15,274	95.99%	\$ 599	\$ 13	\$ 15,886	99.99%
2016	15,579	14,984	93.06%	583	11	15,575	99.97%
2017	15,469	14,868	96.11%	582	17	15,464	99.97%
2018	15,673	15,067	96.14%	591	15	15,666	99.96%
2019	16,044	15,462	96.37%	571	8	16,041	99.98%
2020	16,423	15,825	96.36%	584	7	16,414	99.95%
2021	16,739	16,176	96.63%	554	4	16,729	99.94%
2022	17,441	16,818	96.43%	608	9	17,427	99.92%
2023	18,388	17,744	96.50%	629	1	18,373	99.92%
2024	19,578	18,866	96.36%	680	*	19,545	99.83%

Source: Bay County Treasurer

* This information is not yet available.

BAY COUNTY, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Governmental Activities				
	General Obligation Bonds	Unamortized Bond Prem/ Discount	Installment Purchase Agreement	Leases (4)	SBITA (5)
2015	\$ 7,020,000	\$ 576,349	\$ -	\$ -	\$ -
2016	5,255,000	446,320	-	-	-
2017	4,010,000	334,740	-	-	-
2018	2,720,000	223,360	-	-	-
2019	1,370,000	111,580	-	-	-
2020	-	-	317,600	-	-
2021	-	-	238,200	-	-
2022	-	-	158,800	20,525	-
2023	-	-	79,400	4,469	41,313
2024	6,035,000	681,015	-	26,160	317,867

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

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

(2) This information is not yet available.

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

(4) The County implemented GASB 87, *Leases*, in 2022.

(5) The County implemented GASB 96, *Subscription-Based Information Technology Arrangements*, in 2023.

Table 10
Unaudited

Business-Type Activities (3)					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
DWRF Loans	Revenue Bonds	Unamortized Bond Prem/ Discount	Installment Purchase Agreement	SBITA (5)			
\$ 26,535,285	\$ 30,000,000	\$ (38,423)	\$ -	\$ -	\$ 64,093,211	16.01%	607
25,485,000	29,575,000	(37,000)	-	-	60,724,320	14.71%	580
24,415,000	29,135,000	(35,577)	-	-	57,859,163	13.53%	555
26,025,000	28,675,000	(34,153)	-	-	57,609,207	13.29%	554
24,585,000	28,200,000	(32,730)	-	-	54,233,850	12.05%	526
23,115,000	27,705,000	(31,307)	-	-	51,106,293	10.45%	499
21,605,000	30,020,000	-	-	-	51,863,200	9.53%	480
20,060,000	29,060,000	-	-	-	49,299,325	9.20%	457
18,480,000	28,165,000	-	-	115,537	46,885,719	8.71%	458
16,860,000	27,240,000	-	91,574	91,763	51,343,379	(2)	(2)

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Unamortized Bond Prem/Discount	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Taxable Value of Property (1)	Per Capita (2)
2015	\$ 7,020,000	\$ 576,349	\$ 116,548	\$ 7,479,801	0.26%	\$ 71
2016	5,255,000	446,320	133,085	5,568,235	0.20%	53
2017	4,010,000	334,740	21,824	4,287,339	0.15%	41
2018	2,720,000	223,360	45,049	2,898,311	0.11%	28
2019	1,370,000	111,580	70,110	1,411,470	0.05%	14
2020 (3)	-	-	-	-	0.00%	-
2021 (3)	-	-	-	-	0.00%	-
2022 (3)	-	-	-	-	0.00%	-
2023 (3)	-	-	-	-	0.00%	-
2024 (3)	-	-	-	-	0.00%	-

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

(1) Estimated taxable value data is the consolidation of the SEV and taxable values provided by the equalization department.

(2) See Statistical Table Number 15 for population data. Changed in 2015 to reflect estimated population 2011 forward.

(3) All General Obligation Debt was paid off as of 12/31/2020.

BAY COUNTY, MICHIGAN

Table 12
Unaudited

Direct and Overlapping Governmental Activities Debt

As of December 31, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt repaid with property taxes: County	\$ 176,358,219	69.87%	\$ 123,224,219
Bay County direct debt			<u>344,027</u>
Total direct and overlapping debt			<u><u>\$ 123,568,246</u></u>

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

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

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

BAY COUNTY, MICHIGAN

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	2015	2016	2017	2018
Debt limit	\$ 321,730	\$ 324,088	\$ 326,989	\$ 331,557
Total net debt applicable to limit	<u>67,627</u>	<u>65,167</u>	<u>61,872</u>	<u>61,169</u>
Legal debt margin	<u>\$ 254,103</u>	<u>\$ 258,921</u>	<u>\$ 265,117</u>	<u>\$ 270,388</u>
Total net debt applicable to the limit as a percentage of debt limit	21.02%	20.11%	18.92%	18.45%

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

(1) Includes primary government and component units.

Table 13
Unaudited

2019	2020	2021	2022	2023	2024
\$ 340,808	\$ 364,184	\$ 376,933	\$ 397,205	\$ 443,772	\$ 488,303
57,429	54,021	52,158	49,431	46,958	44,899
<u>\$ 283,379</u>	<u>\$ 310,163</u>	<u>\$ 324,775</u>	<u>\$ 347,774</u>	<u>\$ 396,814</u>	<u>\$ 443,404</u>
16.85%	14.83%	13.84%	12.44%	10.58%	9.19%

Legal Debt Margin Calculation for Current Fiscal Year

State equalized value of real property	\$ 4,588,982
State equalized value of personal property	294,050
Total state equalized value	<u>4,883,032</u>
Debt limit (10% of total state equalized value)	488,303
Debt applicable to limit: (1)	\$ 53,964
Less:	
Assets in debt service funds available for payment of principal	\$ -
Debt not subject to legal debt limit:	
Conduit debt	6,716
Special assessment debt	<u>2,349</u>
Total deductions	<u>9,065</u>
Total amount of debt applicable to debt limit	<u>44,899</u>
Legal debt margin	<u>\$ 443,404</u>

BAY COUNTY, MICHIGAN

Pledged-Revenue Coverage

Last Ten Fiscal Years

				Debt Service (4)	
Fiscal Year	Operating Revenue (2)	Operating Expenses (3)	Net Available Revenue	Principal	Interest
Water Supply System No. 1 Revenue Bonds (1)					
2015 (5) (6)	\$ 5,885,223	\$ 4,185,567	\$ 1,699,656	\$ 200,000	\$ 1,676,969
2016 (5) (6)	11,360,745	5,645,889	5,714,856	630,000	1,671,969
2017 (5) (6)	11,810,699	5,674,620	6,136,079	650,000	1,648,819
2018 (5) (6)	11,678,711	6,082,982	5,595,729	675,000	1,623,869
2019 (5) (6)	11,998,511	6,855,007	5,143,504	700,000	1,597,944
2020 (5) (6)	12,631,841	7,516,568	5,115,273	730,000	1,569,944
2021 (5) (6)	14,037,563	6,357,068	7,680,495	755,000	1,540,744
2022 (5) (6)	13,792,109	6,171,547	7,620,562	1,210,000	762,452
2023 (5) (6)	13,629,386	6,353,035	7,276,351	1,155,000	819,045
2024 (5) (6)	13,432,783	6,606,550	6,826,233	1,195,000	778,893

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

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

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

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

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

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

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

Table 14
Unaudited

--

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

\$	1,876,969	0.91
	2,301,969	2.48
	2,298,819	2.67
	2,298,869	2.43
	2,297,944	2.24
	2,299,944	2.22
	2,295,744	3.35
	1,972,452	3.86
	1,974,045	3.69
	1,973,893	3.46

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Table 15
Unaudited

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (1) (expressed in thousands)	Per Capita Personal Income (1)	School Enrollment (2)	Unemployment Rate (3)
2015	105,659	\$ 4,002,825	\$ 37,884	13,442	5.50%
2016	104,747	4,127,462	39,404	13,513	5.20%
2017	104,239	4,276,348	41,024	13,462	5.60%
2018	103,923	4,335,883	41,722	13,029	5.80%
2019	103,126	4,502,212	43,657	12,932	4.70%
2020	103,856	4,892,672	47,786	12,231	9.20%
2021	102,985	5,190,073	50,396	12,162	6.10%
2022	102,821	5,106,814	49,667	11,865	5.20%
2023	102,500	5,389,312	52,579	11,752	4.40%
2024	102,651	(4)	(4)	11,519	5.60%

Data Sources:

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

BAY COUNTY, MICHIGAN

Principal Employers

2024 and Nine Years Ago

Employer	2024 (4)		Percentage of Total County Employment
	Employees	Rank	
McLaren - Bay Region (1)	1,399	1	2.95%
The Dow Chemical Corporation	1,100	2	2.32%
Michigan Sugar Company (3)	1,000	3	2.11%
Bay City Public Schools (2)	762	4	1.61%
Delta College	745	5	1.57%
Bay County	617	6	1.30%
Meijer Inc.	550	7	1.16%
SC Johnson	450	8	0.95%
General Motors Powertrain	425	9	0.90%
Bay Arenac ISD	350	10	0.74%
Consumers Energy			
Totals	<u>7,398</u>		<u>15.61%</u>

Source:

Bay Future

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

(2) Excludes substitute teachers.

(3) Figure represents peak manufacturing/industry seasons.

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

Table 16
Unaudited

--

2015 (4)		
Employees	Rank	Percentage of Total County Employment
2,016	1	4.23%
1,245	2	2.61%
900	4	1.89%
900	5	1.89%
1,029	3	2.16%
520	7	1.09%
564	6	1.18%
385	9	0.81%
350	10	0.73%
465	8	0.97%
<u>8,374</u>		<u>17.56%</u>

BAY COUNTY, MICHIGAN

Full-time Equivalent Government Employees by Function/Program

Last Ten Fiscal Years

	2015	2016	2017	2018
Function				
Public safety	109	101	115	118
Public works	-	-	-	-
Community and economic development	2	2	1	2
Health and welfare	71	70	70	73
General government	84	90	93	97
Judicial	77	77	75	72
Legislative	-	-	-	-
Recreation and culture	9	11	11	10
100% tax payment	2	2	2	2
Golf course	1	2	2	2
Total	355	355	369	376

Source: Bay County Payroll Department

Note: Full-time equivalent positions are not listed for Medical Care Facility.

Full-time equivalent positions are not calculated on temporary and seasonal employees.

Table 17
Unaudited

2019	2020	2021	2022	2023	2024
118	118	117	109	107	112
-	-	-	6	6	6
2	2	2	2	3	2
73	84	86	101	101	96
98	99	101	101	106	97
72	72	71	72	72	70
-	-	-	1	2	1
13	10	9	11	11	11
2	2	2	2	2	2
2	2	2	2	2	2
380	389	390	407	412	399

BAY COUNTY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2015	2016	2017	2018
Function				
Public safety				
Number of incarcerated offenders	4,350	4,205	4,298	4,420
Health and welfare				
Department on aging				
Meal site meals served	36,644	35,687	39,987	37,875
Home delivered meals served	146,632	146,109	141,358	176,781
Public works				
Number of parking spaces leased (4)	101	69	91	60
Judicial				
Circuit court total caseload	3,121	3,241	3,175	3,093
District court total caseload	25,641	21,452	23,832	23,523
Probate court total caseload	960	823	879	862
Recreation and culture				
Swimming pool admissions (1) (2) (5)	4,100	4,460	3,786	6,401
Medical care facility				
Patient days	64,497	100,287	88,648	64,343
Patient admits	132	139	115	97
Golf course				
Memberships	118	105	104	102
Housing				
Number of lease days (3)	36,067	36,221	35,983	35,468

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

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

(1) This information contains some approximate values.

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

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

(4) Parking space agreement ended in 2022.

(5) Swimming pool was closed in 2023.

Table 18
Unaudited

2019	2020	2021	2022	2023	2024
4,079	1,909	1,231	2,397	2,383	2,340
42,348	22,925	28,195	36,162	29,657	22,356
197,506	216,596	214,430	204,535	220,984	230,306
93	5	75	75	-	-
2,907	2,318	2,773	2,701	2,732	2,762
21,957	13,938	15,883	13,035	14,678	15,795
859	872	952	846	818	774
3,723	-	2,898	1,530	-	-
84,281	59,175	51,882	42,965	42,128	28,272
100	64	45	45	20	41
103	72	98	121	164	126
35,114	35,289	8,378	-	-	-

BAY COUNTY, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	2015	2016	2017	2018
Function				
Public safety				
Sheriff				
Stations	1	1	1	1
Vehicles	34	32	33	33
Boats	3	3	2	3
Animal control				
Vehicles	5	4	3	3
Community and economic development				
Streets (miles)	1,574	1,575	1,574	1,574
Traffic signals	108	107	107	107
Health and welfare				
Department on aging				
Meal sites	5	5	5	5
Mosquito control				
Vehicles	33	32	33	32
Public works				
Pere Marquette/Madison Avenues				
Parking spaces available for lease	264	264	264	264
Recreation and culture				
Parks	5	5	5	5
Medical care facility				
Beds	206	206	206	206
Golf course				
Golf carts	53	53	53	53
Housing				
Apartments (1)	100	100	100	100

Sources: County departments

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

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

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

Table 19
Unaudited

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
36	40	41	46	46	49
3	3	3	4	3	4
3	3	3	4	4	4
1,574	1,588	1,588	1,588	1,588	1,588
107	107	107	107	107	107
5	5	5	5	5	5
32	33	31	35	34	33
264	264	264	264	264	264
5	5	5	5	5	5
206	206	206	206	206	206
53	53	55	59	64	64
100	100	100	-	-	-

This page intentionally left blank.