Muskegon County Road Commission

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

September 30, 2020

Muskegon County Road Commission

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Muskegon County Road Commission
Muskegon, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Muskegon County Road Commission, a component unit of the County of Muskegon, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Muskegon County Road Commission, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 3 through 8 and 34 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Muskegon County Road Commission's basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Brickley DeLong, P.C.

Muskegon, Michigan
January 15, 2021

Our discussion and analysis of the Muskegon County Road Commission's financial performance provides an overview of the Road Commission's financial activities for the year ended September 30, 2020. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Road Commission and present a long-term view of the Road Commission's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Road Commission's operations in more detail than the government-wide financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information that presents the operating fund broken down between primary, local and county funds. The basic financial statements include two kinds of statements, government-wide financial statements and fund financial statements.

REPORTING THE ROAD COMMISSION AS A WHOLE

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

The two statements mentioned above, report the Road Commission's net position and how they changed. The reader can think of the Road Commission's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) as one way to measure the Road Commission's financial health or financial position. Over time, increases or decreases in the Road Commission's net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the Road Commission, additional non-financial factors, such as changes in the condition of the Road Commission's roads and changes in the law related to gas taxes and their distribution, need to be considered.

Fund Financial Statements
The Road Commission has only one fund, the General Operations Fund. All of the Road Commission's activities are accounted for in this fund. The General Operations Fund is a governmental fund type.

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

FINANCIAL ANALYSIS OF THE ROAD COMMISSION AS A WHOLE

The Road Commission's net position increased from $91,624,380 to $98,150,761 for the year ended September 30, 2020. The net position and change in net position are summarized below.

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

Total net position increased by $6,526,381 in 2020. The net investment in capital assets category of net position increased by $8,837,347 as current year capital additions exceeded depreciation. Restricted net position, which is restricted for County roads, decreased by $2,310,966.

Net position is as follows:

	2020	2019
Assets		
Current and other assets	$ 13,997,076	$ 18,427,113
Capital assets	88,871,966	80,034,619
Total assets	102,869,042	98,461,732
Deferred outflows of resources	3,272,027	3,397,442
Total assets and deferred outflows of resources	106,141,069	101,859,174
Liabilities		
Current liabilities	1,846,057	1,908,917
Noncurrent liabilities	5,325,499	7,848,612
Total liabilities	7,171,556	9,757,529
Deferred inflows of resources	818,752	477,265
Total liabilities and deferred inflows of resources	7,990,308	10,234,794
Net position		
Net investment in capital assets	88,871,966	80,034,619
Restricted	9,278,795	11,589,761
Total net position	**$ 98,150,761**	**$ 91,624,380**

Changes in Net Position

- **Federal Aid** – Federal Aid funding is awarded for special projects only and is not considered part of our routine operating funding. The availability of funding provided for in the Federal Transportation budget and the existence of projects that are eligible for such funding opportunities will fluctuate year to year in this classification. The Road Commission received a total of $2,510,356 in federal aid from STP or Surface Transportation Program for Primary Road projects. This represents an increase of $1,010,291 from the funds received in 2019. The 2020/2021 Budget includes $2.4 million of Federal Aid on Primary Road projects.

- **State Aid –** The main source of state aid for routine maintenance operations that the Road Commission receives comes from the Michigan Transportation Fund (MTF) as stipulated in P.A. 51. The State's Transportation Investment legislation that was passed in 2015 became effective January 1, 2017. The package is being phased in over a five-year period and is projected to provide a statewide annual increase to transportation funding of approximately $1.2 billion. The Road Commission's allotment in 2020 of $16,197,730 from MTF was an increase of 4.39% over the previous year.

- **Charges for Services –** The components of this category are the State Trunkline and work done for other entities. This category will fluctuate based on the State's budget to perform additional work on the trunkline system over and above routine maintenance that the Road Commission is contracted to do.

A summary of changes in net position is as follows:

	2020	2019
Revenues		
Program revenues		
Licenses and permits	$ 97,588	$ 70,194
Federal aid	2,510,356	1,500,065
State aid	17,285,509	17,776,851
Contributions from local units and private sources	1,669,225	1,542,326
Charges for services	3,282,112	3,304,627
Investment earnings	48,747	68,382
General revenues		
Gain on disposal of capital assets	11,283	30,578
Other	-	(30,061)
Total revenues	24,904,820	24,262,962
Expenses		
Primary road routine and preventative maintenance	7,592,567	6,778,214
Local road routine and preventative maintenance	5,181,265	6,009,940
State trunkline	2,782,312	2,867,218
Grant acquisition	1,776,583	-
Net administrative	671,351	552,395
Reimbursable services	374,361	428,788
Total expenses	18,378,439	16,636,555
Change in net position	6,526,381	7,626,407
Net position at beginning of year	91,624,380	83,997,973
Net position at end of year	**$ 98,150,761**	**$ 91,624,380**

The Road Commission's Fund

The Road Commission's General Operations Fund is used to control the expenditures of Michigan Transportation Fund (MTF) monies distributed to the county, which are earmarked by law for road and highway purposes. For the year ended September 30, 2020, the fund balance of the General Operations Fund decreased by $3,482,962, as compared to an increase of $1,171,048 in the prior year.

Total revenues were $24,904,820, an increase of $641,858 as compared to last year. The net increase in operating revenues is primarily due to fluctuations in special funding opportunities as noted above and an increase in federal aid.

Total expenditures for fiscal year 2020 were $28,387,782, an increase of $5,295,868 as compared to last year. Expenditures in Public Works increased by $4,243,298 in 2020. Expenditures like revenues will fluctuate from year to year depending on the number of special funding projects that we add to the mix along with the core routine maintenance operations we perform.

In 2020, net capital outlay was $1,112,359.

Total expenditures were more than revenues for 2020 resulting in a decrease to the Road Commission's fund balance of $3,482,962.

A summary of changes in the General Operations Fund are as follows:

	2020	2019
Revenues		
Licenses and permits	$ 97,588	$ 70,194
Federal aid	2,510,356	1,500,065
State aid	17,285,509	17,776,851
Contributions from local units	1,518,056	1,542,326
Charges for services	3,282,112	3,304,627
Investment earnings	48,747	68,382
Other revenue	162,452	517
Total revenues	24,904,820	24,262,962
Expenditures		
Public works	27,275,423	23,032,125
Capital outlay (net)	1,112,359	59,789
Total expenditures	28,387,782	23,091,914
Net change in fund balance	(3,482,962)	1,171,048
Fund balance at beginning of year	14,960,452	13,789,404
Fund balance at end of year	**$ 11,477,490**	**$ 14,960,452**

BUDGETARY HIGHLIGHTS

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

The Road Commission amended its annual budget to reflect status changes in preservation-structural improvements, State trunkline maintenance and capital outlay. The final revenue budget was $402,749 more than the original budget; the final expenditure budget was $1,389,144 more than the original budget for those same reasons. The actual revenues were $405,181 less than the amended budget or 1.6% under budget. The actual expenditures were $1,252,128 less than the amended budget or 4.3% under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	2020	2019
Capital assets, not being depreciated		
Land and improvements	$ 30,169,536	$ 28,760,041
Construction in progress	-	268,489
Total capital asset, not being depreciated	30,169,536	29,028,530
Capital assets being depreciated		
Land improvements	234,498	234,498
Buildings and improvements	5,971,114	4,739,758
Road equipment	16,236,661	16,048,114
Other equipment	3,081,407	3,115,091
Infrastructure and improvements	88,476,573	82,094,470
Total capital assets being depreciated	114,000,253	106,231,931
Less accumulated depreciation	(55,297,823)	(55,225,842)
Total capital assets, being depreciated, net	58,702,430	51,006,089
Total capital assets, net	**$ 88,871,966**	**$ 80,034,619**

Current year's major additions included the following:

Preservation and Bridge projects	$ 11,827,928
Trucks and Equipment Purchases	988,999
Building Improvements	1,104,985

Additional information on capital assets can be found in note D of the notes to financial statements.

Debt

As of September 30, 2020, the Road Commission had $314,668 in long-term debt outstanding. This is a decrease of $50,524. The long-term debt outstanding is comprised entirely of compensated absences.

Additional information on long-term debt can be found in note E of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our MTF activity should increase slightly for 2020/2021 due to fuel and license fees. The 2020/2021 budget has projects that will include resurfacing, culvert replacements, and safety and intersection improvements. Due to COVID19 in 2020 and the unknown long term effect on our revenue sources, we are going to carefully monitor changes in our allocated funding in case we have to modify any of our planned projects. In 2019/2020 besides having problems with contractor availability, we also had some problems with material shortages. The Road Commission, with proactive planning for 2020/2021 was able to secure competitive bids to help complete projected improvements.

There will be a few primary road projects utilizing federal aid and other funding sources for reconstructions. Approximately $2.4 million, which includes the completion of the 2019/2020 carryover of Ellis, Hostad, Sternberg Roads and Whitehall Road projects, will be coming from federal funding. The 2020/2021 budget also includes an additional $3,000,000 for various overlays if funding sources don't decrease.

Chip sealing continues to be an integral treatment function in our preservation plans. The local budget provides for 21 miles of chip sealing with township participation. With local participation, will also be replacing several culverts. In addition, as in past years, staff will be prepared to work with townships on any projects that might arise. We are working with several of the townships on multiyear plans and hope to engage others in that process as well.

CONTACTING THE ROAD COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the motoring public, citizens and other interested parties a general overview of the Road Commission's finances and to show the Road Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department at the Muskegon County Road Commission administrative offices at 7700 East Apple Avenue, Muskegon, Michigan 49442.

Muskegon County Road Commission
STATEMENT OF NET POSITION
September 30, 2020

ASSETS	
Current assets	
Cash and investments	$ 5,495,793
Accounts receivable	
State trunkline maintenance	97,695
State Department of Transportation	
Michigan Transportation Fund	2,994,240
Other	281,785
Due on county road agreements	1,326,511
Other	38,835
Inventories	
Road materials	2,079,734
Equipment materials and parts	551,479
Prepaid items	1,049,280
Total current assets	13,915,352
Noncurrent assets	
Capital assets, net	
Nondepreciable	30,169,536
Depreciable	58,702,430
Net other postemployment benefits asset	81,724
Total noncurrent assets	88,953,690
Total assets	102,869,042
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	2,527,796
Related to other postemployment benefits	744,231
Total deferred outflows of resources	3,272,027
Total assets and deferred outflows of resources	106,141,069
LIABILITIES	
Current liabilities	
Accounts payable	1,465,001
Accrued liabilities	111,101
Due to other governmental units	70,455
Compensated absences - due within one year	199,500
Total current liabilities	1,846,057
Noncurrent liabilities	
Advances	
State trunkline	
Equipment purchase	516,558
Maintenance	221,033
Unearned revenues	
Forest roads	53,714
Compensated absences - less amounts due within one year	115,168
Net pension liability	4,419,026
Total noncurrent liabilities	5,325,499
Total liabilities	7,171,556
DEFERRED INFLOWS OF RESOURCES	
Related to pension	269,312
Related to other postemployment benefits	549,440
Total deferred inflows of resources	818,752
Total liabilities and deferred inflows of resources	7,990,308
NET POSITION	
Net investment in capital assets	88,871,966
Restricted for county roads	9,278,795
Total net position	**$ 98,150,761**

The accompanying notes are an integral part of this statement.

Muskegon County Road Commission
STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

Program expenses	
Primary road routine and preventative maintenance	$ 7,592,567
Local road routine and preventative maintenance	5,181,265
State trunkline	2,782,312
Grant acquisition	1,776,583
Net administrative	671,351
Reimbursable services	374,361
Total program expenses	18,378,439
Program revenues	
Charges for services	
Licenses and permits	97,588
Charges for services	3,282,112
Operating grants and contributions	
Michigan Transportation Funds	16,197,730
Investment earnings	48,747
Capital grants and contributions	
Federal grants	2,510,356
State grants	1,087,779
Local units	1,518,056
Contributions from private sources	151,169
Total program revenues	24,893,537
Net program revenues	6,515,098
General revenues (expenses)	
Gain (loss) on disposal of capital assets	11,283
Change in net position	6,526,381
Net position at beginning of year	91,624,380
Net position at end of year	**$ 98,150,761**

The accompanying notes are an integral part of this statement.

Muskegon County Road Commission
BALANCE SHEET
September 30, 2020

	General Operations Fund
ASSETS	
Cash and investments	$ 5,495,793
Receivables	
State trunkline maintenance	97,695
State Department of Transportation	
Michigan Transportation Fund	2,994,240
Other	281,785
Due on county road agreements	1,326,511
Other	38,835
Inventories	
Road materials	2,079,734
Equipment materials and parts	551,479
Prepaid items	1,049,280
Total assets	**$ 13,915,352**
LIABILITIES	
Accounts payable	$ 1,465,001
Accrued liabilities	111,101
Due to other governmental units	70,455
Advances	
State trunkline	
Equipment purchase	516,558
Maintenance	221,033
Unearned revenues	
Forest roads	53,714
Total liabilities	2,437,862
FUND BALANCE	
Nonspendable	
Inventories	2,631,213
Prepaid items	1,049,280
Restricted for county roads	7,796,997
Total fund balance	11,477,490
Total liabilities and fund balance	**$ 13,915,352**

The accompanying notes are an integral part of this statement.

Muskegon County Road Commission
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2020

Total fund balance—governmental funds		$ 11,477,490
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Cost of capital assets	$ 144,169,789	
Accumulated depreciation	(55,297,823)	88,871,966
Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences	(314,668)	
Net pension liability and related deferred outflows/inflows of resources	(2,160,542)	
Other postemployment benefits liability and related deferred outflows/inflows of resources	276,515	(2,198,695)
Net position of governmental activities		**$ 98,150,761**

The accompanying notes are an integral part of this statement.

Muskegon County Road Commission
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended September 30, 2020

	General Operations Fund
REVENUES	
Licenses and permits	$ 97,588
Federal aid	2,510,356
State aid	17,285,509
Contributions from local units	1,518,056
Charges for services	3,282,112
Investment earnings	48,747
Other revenue	162,452
Total revenues	24,904,820
EXPENDITURES	
Current	
Public works	27,275,423
Capital outlay (net)	1,112,359
Total expenditures	28,387,782
Net change in fund balance	(3,482,962)
Fund balance at beginning of year	14,960,452
Fund balance at end of year	**$ 11,477,490**

The accompanying notes are an integral part of this statement.

Muskegon County Road Commission

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2020

Net change in fund balance—total governmental funds		$ (3,482,962)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense	$ (5,084,464)	
Capital outlay	13,921,912	8,837,448
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the remaining undepreciated cost of the capital assets sold.		(101)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences	50,524	
Change in net pension liabilty and related deferred outflows/inflows of resources	1,105,559	
Change in net other postemployment benefits liabilty and related deferred outflows/inflows of resources	15,913	1,171,996
Change in net position of governmental activities		**$ 6,526,381**

The accompanying notes are an integral part of this statement.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Generally accepted accounting principles require that if an entity is considered to be financially accountable for other organizations, those organizations should be included as component units in the entity's financial statements. Based on the above criteria, these financial statements present the Muskegon County Road Commission, a discretely presented component unit of the County of Muskegon. No organizations meet this criterion for the Road Commission and therefore none are included in the financial statements.

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

Basis of Presentation—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 nonfiduciary activities of the activities of the Road Commission. Governmental activities, which are normally supported by intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for external customers for support. The Road Commission does not have any business-type activities.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds columns.

The fund financial statements provide information about the Road Commission's governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Since the Road Commission only has one fund, no separate columns have been provided.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 Road Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Road Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Road Commission are reported at fair value (generally based on quoted market prices).

The Road Commission has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Road Commission to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Inventories and Prepaid Items

All inventories are priced at cost as determined on the average unit cost method. The cost of such inventories is charged to road construction and maintenance, equipment repairs, and operations when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Road Commission as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of two years. Road equipment, which are charged to projects based on the State-approved rental rate structure, have no minimum capitalization cost.

In the case of the initial capitalization of general infrastructure assets, the Road Commission chose to include all such items regardless of their acquisition date or amount. The Road Commission was able to obtain the historical cost of the initial reporting of these assets by recording the actual costs incurred by the Road Commission.

As the Road Commission constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other assets over the following estimated useful lives:

Capital Asset Classes	Years
Land improvements	10 - 20
Buildings and improvements	25 - 50
Road equipment	5 - 8
Other equipment	4 - 20
Infrastructure and improvements - roads	8 - 20
Infrastructure and improvements - bridges	20 - 50

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Defined Benefit Plan
The Commission offers a defined benefit pension plan to its employees through Municipal Employees Retirement System (MERS). The Commission records a net pension liability for the difference between the total pension liability calculated by the actuary and the Plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs
The Commission offers a defined benefit retiree healthcare benefits to retirees. The Commission records a net other postemployment benefit (OPEB) liability for the difference between the total OPEB liability calculated by the actuary and the OPEB Plan's fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB 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.

Deferred Outflows/Inflows of Resources
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption
Sometime the Road Commission will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Road Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

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

Fund Balance Flow Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Road Commission itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the Road Commission for specific purposes but do not meet the criteria to be classified as committed. The Board of County Road Commissioners has by resolution authorized the managing director to assign fund balance. The Board of County Road Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues
Amounts reported as programs 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

Compensated Absences
Road Commission employees are granted vacation and sick leave in varying amounts based on length of service and employee group. Unused vacation and sick leave days are paid to employees upon termination under limits that vary by employee group. The liability for these compensated absences is accrued when incurred in the government-wide financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgetary procedures are established pursuant to Act 621 PA 1978, as amended, (MCL 141.421) which requires the commissioners to approve a budget for the General Operations Fund. Pursuant to the Act, the Road Commission follows these procedures in establishing the budgetary information provided in the financial statements:

a. The director of financial services submits to the Board of Commissioners, a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

b. A public hearing is conducted at the Road Commission to obtain public comments.

c. Prior to September 30, the budget and annual appropriations are legally adopted by the Board of Commissioners.

d. Formal budget integration is employed as a management control device during the year for the General Operations Fund.

e. Budgets as presented are prepared on the modified accrual basis of accounting.

f. Budgetary control is exercised at the category level.

g. The budgetary information presented can be amended during the year by an official action of the Board of Commissioners.

h. All budget appropriations lapse at year end.

Excess of Expenditures over Appropriations

During the year ended September 30, 2020, actual expenditures exceeded appropriations for primary road – routine and preventative maintenance by $51,173, State trunkline – maintenance by $34,922, State trunkline nonmaintenance by $79,346, and federal aid purchases by $376,583. These overexpenditures were funded with available fund balance.

NOTE C—DEPOSITS AND INVESTMENTS

Deposit and Investment Risks

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The Road Commission has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Road Commission does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the Road Commission investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTE C—DEPOSITS AND INVESTMENTS—CONTINUED

Deposit and Investment Risks—Continued

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the Road Commission's deposits may not be returned to it. As of September 30, 2020, $6,546,852 of the Road Commission's bank balance of $6,796,852 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments
The Road Commission does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the Road Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
Capital assets, not being depreciated:				
Land and improvements	$ 28,760,041	$ 1,409,495	$ -	$ 30,169,536
Construction in progress	268,489	-	268,489	-
Total capital assets, not being depreciated	29,028,530	1,409,495	268,489	30,169,536
Capital assets, being depreciated:				
Land improvements	234,498	-	-	234,498
Buildings and improvements	4,739,758	1,373,474	142,118	5,971,114
Road equipment	16,048,114	939,916	751,369	16,236,661
Other equipment	3,115,091	49,083	82,767	3,081,407
Infrastructure and improvements	82,094,470	10,418,433	4,036,330	88,476,573
Total capital assets, being depreciated	106,231,931	12,780,906	5,012,584	114,000,253
Less accumulated depreciation:				
Land improvements	73,732	9,524	-	83,256
Buildings and improvements	3,715,624	112,749	142,118	3,686,255
Road equipment	13,615,358	886,929	751,268	13,751,019
Other equipment	2,186,980	118,414	82,767	2,222,627
Infrastructure and improvements	35,634,148	3,956,848	4,036,330	35,554,666
Total accumulated depreciation	55,225,842	5,084,464	5,012,483	55,297,823
Total capital assets, being depreciated, net	51,006,089	7,696,442	101	58,702,430
Capital assets, net	**$ 80,034,619**	**$ 9,105,937**	**$ 268,590**	**$ 88,871,966**

NOTE D—CAPITAL ASSETS—CONTINUED

Depreciation

Depreciation expense has been charged to programs of the Road Commission as follows:

Governmental activities:

Primary road	$ 3,479,875
Local road	1,338,764
State trunkline	204,787
Administrative	61,038
	$ 5,084,464

NOTE E—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the Road Commission for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Compensated absences	**$ 365,192**	**$ 486,348**	**$ 536,872**	**$ 314,668**	**$ 199,500**

NOTE F—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

Plan Description

The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

The Road Commission's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The Plan covers all full-time employees.

NOTE F—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Benefits Provided—Continued
Benefits provided are based on the following by employee division:

	Multiplier	Vesting Period	Normal Retirement Age	Early Retirement	Reduced Early Retirement	Final Average Compensation
General SEIU	2.00%	10 years	60	55/25	50/25 or 55/15	5 years
Teamsters 214	2.00%	10 years	60	55/25	50/25 or 55/15	5 years
Supervisors	2.00%	10 years	60	55/25	50/25 or 55/15	3 years
Department Heads	2.25%	10 years	60	55/25	50/25 or 55/15	3 years
Managers, Directors	2.50%	6 years	60	55/15	50/25	3 years
Commissioners	2.50%	6 years	60	55/15	50/25	3 years

The Departments Heads Division and Managers, Directors Division are closed to new employees effective September 1, 2017 with employees that would have otherwise been in these divisions now being included in the Supervisors Division. The Commissioners Division is also closed to new hires.

Employees Covered by Benefit Terms
At December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	16
Active employees	76
Total employees covered by MERS	**188**

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

For the year ended September 30, 2020, the Road Commission contributions ranged from 18.55 to 30.58 percent of annual covered payroll for open divisions. No contribution is required from employees.

Net Pension Liability
The Road Commission's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

NOTE F—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions
The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent changed to 3.0 percent in the long-term effective with the December 31, 2019 valuation
Investment rate of return	7.75 percent changed to 7.35 percent, net of administrative and investment expenses effective with the December 31, 2019 valuation

Although no specific price inflation assumptions are needed for the valuation, the 2.5 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50 percent Male and 50 percent Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2013 through 2018.

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

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.0%	3.75%	0.75%	2.50%	0.25%
Private assets	20.0%	9.75%	1.95%	2.50%	1.45%
Total	**100.0%**		**7.35%**		**4.85%**

Discount Rate
The discount rate used to measure the total pension liability was 7.60 percent for 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to calculate the liability at the beginning of the year was 8.00 percent.

NOTE F—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Position (b)**	**Net Pension Liability (a)-(b)**
Balance at January 1, 2019	$ 24,566,003	$ 18,110,277	$ 6,455,726
Changes for the year			
Service cost	335,680	-	335,680
Interest	1,908,454	-	1,908,454
Difference between expected and actual experience	(289,818)	-	(289,818)
Changes in assumptions	690,402	-	690,402
Contributions - employer	-	2,224,711	(2,224,711)
Net investment income	-	2,499,752	(2,499,752)
Administrative expenses	-	(43,045)	43,045
Benefit payments including refund of employee contributions	(1,756,334)	(1,756,334)	-
Net changes	888,384	2,925,084	(2,036,700)
Balance at December 31, 2019	**$25,454,387**	**$21,035,361**	**$ 4,419,026**

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

	1% Decrease (6.60%)	**Current Discount Rate (7.60%)**	**1% Increase (8.60%)**
Road Commission's net pension liability	$ 6,912,128	$ 4,419,026	$ 2,279,209

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

NOTE F—EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS—Continued

Defined Benefit Pension Plan—Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended September 30, 2020, the Road Commission recognized pension expense of $1,160,872. At September 30, 2020, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ 100,814	$ 269,312
Differences in assumptions	517,801	-
Net difference between projected and actual net investment income	75,480	-
Contributions subsequent to the measurement date*	1,833,701	-
Total	**$ 2,527,796**	**$ 269,312**

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2021.

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

Year Ending September 30,	Amount
2021	$ 63,425
2022	222,234
2023	345,909
2024	(206,785)

Payables to the Pension Plan
At September 30, 2020, the Road Commission reported a payable of $143,991 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2020.

Deferred Compensation Plan
The Road Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Road Commission employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

NOTE G—OTHER POST-EMPLOYMENT BENEFITS

Retiree Healthcare Plan

Plan Description
The Commission's defined benefit OPEB Plan, the Muskegon County Road Commission Retiree Health Plan (OPEB Plan), provides healthcare benefits to certain employees upon retirement. The Plan is a single-employer defined benefit plan administered by the Commission. The benefits are provided under collective bargaining agreements and at the discretion of the Commission. The OPEB Plan does not issue a publicly available report.

Benefits Provided
The OPEB Plan provides medical and drug coverage for eligible retirees and their spouses. For union employees, those hired prior to June 18, 2018 who are 55 with 25 years of service or are 60 with 10 years of service are eligible. For non-union employees, those who are 60 with 10 years of service are eligible.

Employees Covered by Benefit Terms
At the September 30, 2020 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	-
Active employees	58
Total employees covered by OPEB Plan	**104**

Contributions
The OPEB Plan's funding policy is that the Road Commission will contribute any required amounts as determined by an annual actuarial valuation as a reference but not as a definitive amount. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. For the year ended September 30, 2020, the Road Commission made payments for postemployment healthcare benefits for current retirees of $87,639. The Road Commission did not make any payments into the OPEB Plan trust.

Net OPEB Liability
The Commission's net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020.

Actuarial Assumptions
The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Included in investment rate of return
Salary increases	1.5 percent
Investment rate of return	4.45 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-65: 8.25 percent graded down to 4.5 percent by .25 percent per year Post-65: 6.5 percent graded down to 4.5 percent by .25 percent per year

NOTE G—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Actuarial Assumptions—Continued

Mortality
Mortality rates were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale.

Investment Rate of Return
The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	5.20%	3.12%	2.50%	1.62%
Global fixed income	35.4%	3.49%	1.24%	2.50%	0.36%
Real assets	0.8%	6.40%	0.05%	2.50%	0.04%
Diversifying strategies	1.1%	3.00%	0.03%	2.50%	0.01%
Cash	2.7%	0.25%	0.01%	2.50%	-0.06%
Total	**100.0%**		**4.45%**		**1.97%**

The sum of each target allocation times its long-term expected real rate, plus inflation, is 4.45 percent.

Discount Rate
The discount rate used to measure the total OPEB liability was 4.45 percent. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make contributions consistent with the actuarially determined contribution. Based on this assumption, the OPEB Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the crossover or "depletion date"; not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability. The discount rate used to value the liability at the beginning of the year was 7.08 percent.

NOTE G—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Position (b)**	**Net OPEB Liability (Asset) (a)-(b)**
Balance at October 1, 2019	$ 1,922,884	$ 2,452,934	$ (530,050)
Changes for the year			
Service cost	45,468	-	45,468
Interest	136,257	-	136,257
Difference between expected and actual experience	(276,305)	-	(276,305)
Changes of assumptions	773,190	-	773,190
Contributions - employer	-	87,639	(87,639)
Net investment income	-	154,897	(154,897)
Administrative expenses	-	(12,252)	12,252
Benefit payments including refund of employee contributions	(87,639)	(87,639)	-
Net changes	590,971	142,645	448,326
Balance at September 30, 2020	**$ 2,513,855**	**$ 2,595,579**	**$ (81,724)**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of the Commission, calculated using the discount rate of 4.45 percent, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.45 percent) or 1-percentage-point higher (5.45 percent) than the current rate:

	1% Decrease (3.45%)	**Current Discount Rate (4.45%)**	**1% Increase (5.45%)**
Commission's net OPEB liability (asset)	$ 305,595	$ (81,724)	$ (393,612)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following presents the net OPEB liability of the Commission, calculated using the healthcare cost trend rate for pre-Medicare of 8.25 percent, decreasing to 4.5 percent and post-Medicare of 6.5 percent decreasing to 4.5 percent, as well as what the Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.25 percent decreasing to 3.5 percent or 5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.25 percent decreasing to 5.5 percent or 7.5 percent decreasing to 5.5 percent) than the current rate:

NOTE G—OTHER POST-EMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Commission's net OPEB liability (asset)	$ (417,775)	$ (81,724)	$ 351,376

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB Plan's fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the Commission's fiduciary net position have been determined on the same basis as they are reported by the Commission. For these purposes, 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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended September 30, 2020, the Commission recognized OPEB expense of $71,726. At September 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ -	$ 513,960
Differences in assumptions	657,853	35,480
Net difference between projected and actual net investment income	86,378	-
Total	**$ 744,231**	**$ 549,440**

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

Year Ending September 30,	Amount
2021	$ 50,983
2022	50,982
2023	56,008
2024	28,757
2025	25,088
Thereafter	(17,027)

Payables to the OPEB Plan
At September 30, 2020, the Commission did not have a payable to the OPEB Plan.

NOTE H—OTHER INFORMATION

Risk Management

The Road Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Road Commission manages its liability and property risk by participating in Michigan County Road Commission Self-Insurance Pool (MCRCSIP), a trust fund established by the road commissions in the State of Michigan. The MCRCSIP is a public entity risk pool currently operating as a common risk management and insurance program. The Road Commission pays an annual premium to MCRCSIP for its general liability coverage. The MCRCSIP is self-sustaining through member premiums and provides reinsurance through commercial companies for claims in excess of certain limits. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Road Commission manages its workers' compensation risk by participating in the County Road Association Self-Insurance Fund (CRASIF), a public entity risk pool providing workers' compensation coverage to its participating members. The Road Commission pays an annual premium to CRASIF for its workers' compensation coverage. The CRASIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and carrying reinsurance through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Road Commission carries commercial insurance for employee health and accident insurance and for fuel storage tank systems. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Road Commission expects such amounts, if any, to be immaterial.

Commitments

The Commission has a contract agreement for the expansion of its Muskegon and Whitehall buildings as of September 30, 2020 of approximately $842,000.

The Commission has contracts for open road projects as of September 30, 2020 of approximately $686,000.

NOTE I—RISKS AND UNCERTAINTIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact that it will have on the economy and on the Commission’s operations. As of September 30, 2020, the Commission is in the process of implementing risk mitigation tactics including all aspects of the Commission’s business transactions with customers, vendors and human interaction within and outside of the Commission.

NOTE J—FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that road commissions report all federal and state grants pertaining to their county. During the year ended September 30, 2020, the federal aid received and expended by the Road Commission was $2,510,356 for contracted projects. No funding was received for negotiated projects during the year. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT (they are included in MDOT's single audit). Negotiated projects are projects where the Road Commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to Single Audit requirements if they expended $750,000 or more for negotiated projects.

NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 84—*Fiduciary Activities* was issued by the GASB in January 2017 and will be effective for the Commission's 2021 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the Commission's 2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Muskegon County Road Commission
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF REVENUES
General Operations Fund
For the year ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
Licenses and permits	$ 75,000	$ 85,000	$ 97,588	$ 12,588
Federal aid				
Surface Transportation Program	4,207,852	3,007,841	2,510,356	(497,485)
State aid				
Michigan Transportation Fund				
Engineering	10,000	10,000	10,000	-
Urban road	2,400,000	2,400,000	2,495,745	95,745
Allocation	13,405,650	13,405,650	13,562,014	156,364
Snow removal	115,000	129,971	129,971	-
Other	300,000	400,000	284,183	(115,817)
Economic development				
Rural primary	260,000	250,000	212,664	(37,336)
Forest Road	630,000	640,000	590,932	(49,068)
Contributions from local units				
Townships	978,750	1,433,750	1,518,056	84,306
Charges for services				
State trunkline				
Maintenance	1,900,000	2,400,000	2,541,727	141,727
Nonmaintenance	100,000	268,044	347,389	79,345
Salvage sales	-	2,000	4,153	2,153
Other	425,000	675,000	388,843	(286,157)
Investment earnings	100,000	48,745	48,747	2
Other revenue				
Gain on disposal of capital assets	-	9,000	11,283	2,283
Contributions from private sources	-	145,000	151,169	6,169
Total operating revenues	24,907,252	25,310,001	**$24,904,820**	**$ (405,181)**
Fund balance at beginning of year	14,960,452	14,960,452		
Total budget	**$39,867,704**	**$40,270,453**		

Muskegon County Road Commission
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
General Operations Fund
For the year ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Current				
Public works				
Primary road				
Preservation/Structural Improvements	$ 10,518,883	$ 9,541,683	$ 9,222,460	$ 319,223
Routine and Preventive Maintenance	5,005,800	5,005,800	5,056,973	(51,173)
Local road				
Construction/Capacity Improvements	-	11,300	11,386	(86)
Preservation/Structural Improvements	591,200	2,691,200	2,594,081	97,119
Routine and Preventive Maintenance	5,525,000	5,000,000	4,704,797	295,203
Reimbursable services	400,000	400,000	374,361	25,639
State trunkline				
Maintenance	1,900,000	2,400,000	2,434,922	(34,922)
Nonmaintenance	100,000	268,044	347,390	(79,346)
Federal aid purchases	-	1,400,000	1,776,583	(376,583)
Equipment expenditures (net)				
Direct	2,625,000	2,610,000	2,643,453	(33,453)
Indirect	1,300,000	1,315,000	1,364,721	(49,721)
Operating	600,000	450,000	424,041	25,959
Less: Equipment rentals	(3,900,000)	(4,250,000)	(4,282,433)	32,433
Total equipment expenditures (net)	625,000	125,000	149,782	(24,782)
Administrative expenditures (net)				
Administrative expenditures	826,000	824,000	829,292	(5,292)
Less: Handling charges	(5,000)	(5,000)	(5,091)	91
Overhead - state	(203,000)	(216,000)	(217,972)	1,972
Other	(3,000)	(3,000)	(3,541)	541
Total administrative expenditures (net)	615,000	600,000	602,688	(2,688)
Capital outlay (net)				
Capital outlay	3,693,300	2,920,300	2,093,984	826,316
Less: Depreciation	(1,100,000)	(1,100,000)	(981,524)	(118,476)
Equipment retirements	-	-	(101)	101
Total capital outlay (net)	2,593,300	1,820,300	1,112,359	707,941
Total expenditures	27,874,183	29,263,327	**$ 28,387,782**	**$ 875,545**
Fund balance at end of year	11,477,490	11,477,490		
Total budget	**$ 39,351,673**	**$ 40,740,817**		

Muskegon County Road Commission
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	$ 335,680	$ 328,859	$ 311,742	$ 306,830	$ 282,511	$ 285,875
Interest	1,908,454	1,857,172	1,839,458	1,811,016	1,747,413	1,717,288
Differences between expected and actual experience	(289,818)	201,628	(207,796)	(39,935)	41,865	-
Changes of assumptions	690,402	-	-	-	1,086,407	-
Benefit payments, including refunds of employee contributions	(1,756,334)	(1,743,756)	(1,717,312)	(1,732,366)	(1,694,493)	(1,578,166)
Net change in total pension liability	888,384	643,903	226,092	345,545	1,463,703	424,997
Total pension liability at beginning of year	24,566,003	23,922,100	23,696,008	23,350,463	21,886,760	21,461,763
Total pension liability at end of year (a)	**$ 25,454,387**	**$ 24,566,003**	**$ 23,922,100**	**$ 23,696,008**	**$ 23,350,463**	**$ 21,886,760**
PLAN FIDUCIARY NET POSITION						
Contributions-employer	$ 2,224,711	$ 1,914,832	$ 1,960,364	$ 1,828,172	$ 1,146,432	$ 949,108
Contributions-employee	-	-	-	-	38,217	38,241
Net investment income	2,499,752	(758,599)	2,185,949	1,702,779	(226,152)	937,415
Benefit payments, including refunds of employee contributions	(1,756,334)	(1,743,756)	(1,717,312)	(1,732,366)	(1,694,493)	(1,578,166)
Administrative expense	(43,045)	(36,608)	(34,503)	(33,544)	(33,210)	(34,335)
Net change in plan fiduciary net position	2,925,084	(624,131)	2,394,498	1,765,041	(769,206)	312,263
Plan fiduciary net position at beginning of year	18,110,277	18,734,408	16,339,910	14,574,869	15,344,075	15,031,812
Plan fiduciary net position at end of year (b)	**$ 21,035,361**	**$ 18,110,277**	**$ 18,734,408**	**$ 16,339,910**	**$ 14,574,869**	**$ 15,344,075**
Road Commission's net pension liability at end of year (a)-(b)	**$ 4,419,026**	**$ 6,455,726**	**$ 5,187,692**	**$ 7,356,098**	**$ 8,775,594**	**$ 6,542,685**
Plan fiduciary net position as a percentage of the total pension liability	**82.64%**	**73.72%**	**78.31%**	**68.96%**	**62.42%**	**70.11%**
Covered employee payroll	**$ 3,809,505**	**$ 3,668,859**	**$ 3,445,109**	**$ 3,398,543**	**$ 3,194,684**	**$ 3,218,250**
Road Commission's net pension liability as a percentage of covered employee payroll	**116.00%**	**175.96%**	**150.58%**	**216.45%**	**274.69%**	**203.30%**

Notes to Schedule

Additional actuarial data is not available and will be provided in subsequent years.

Muskegon County Road Commission
Required Supplementary Information
PENSION SYSTEM SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 1,166,432	$ 1,041,640	$ 822,653	$ 839,145	$ 717,702	$ 655,907	$ 644,639	$ 596,226	$ 561,530	$ 548,707
Contributions in relation to the actuarially determined contribution	2,266,432	2,141,640	1,922,653	1,939,145	1,817,702	1,005,907	944,639	796,226	561,530	698,707
Contribution deficiency (excess)	**$ (1,100,000)**	**$ (1,100,000)**	**$ (1,100,000)**	**$ (1,100,000)**	**$ (1,100,000)**	**$ (350,000)**	**$ (300,000)**	**$ (200,000)**	**$ -**	**$ (150,000)**
Covered employee payroll	$ 3,809,505	$ 3,668,859	$ 3,445,109	$ 3,398,543	$ 3,194,684	$ 3,218,250	$ 3,384,949	$ 3,352,658	$ 3,239,362	$ 3,442,664
Contributions as percentage of covered employee payroll	**59.5%**	**58.4%**	**55.8%**	**57.1%**	**56.9%**	**31.3%**	**27.9%**	**23.7%**	**17.3%**	**20.3%**

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increases	3.75 percent changed to 3.0 percent in the long-term effective with the December 31, 2019 valuation
Investment rate of return	7.75 percent changed to 7.35 percent, net of investment and administrative expenses effective with the December 31, 2019 valuation
Retirement age	Varies depending on plan adoption
Mortality	50 percent Female/50 percent Male RP-2014 Group Annuity Mortality Table

Muskegon County Road Commission

REQUIRED SUPPLEMENTARY INFORMATION

RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	2020	2019	2018
TOTAL OPEB LIABILITY			
Service cost	$ 45,468	$ 46,223	$ 48,168
Interest	136,257	130,736	139,437
Differences between expected and actual experience	(276,305)	(14,387)	(410,320)
Changes of assumptions	773,190	9,221	(53,738)
Benefit payments, including refunds of employee contributions	(87,639)	(77,724)	(86,703)
Other changes	-	-	51,587
Net change in total OPEB liability	590,971	94,069	(311,569)
Total OPEB liability at beginning of year	1,922,884	1,828,815	2,140,384
Total OPEB liability at end of year (a)	**$ 2,513,855**	**$ 1,922,884**	**$ 1,828,815**
PLAN FIDUCIARY NET POSITION			
Contributions-employer	$ 87,639	$ 77,724	$ 736,703
Net investment income	154,897	35,915	131,824
Benefit payments, including refunds or employee contributions	(87,639)	(77,724)	(86,703)
Administrative expense	(12,252)	(2,230)	(8,485)
Net change in plan fiduciary net position	142,645	33,685	773,339
Plan fiduciary net position at beginning of year	2,452,934	2,419,249	1,645,910
Plan fiduciary net position at end of year (b)	**$ 2,595,579**	**$ 2,452,934**	**$ 2,419,249**
Commission's net OPEB liability (asset) at end of year (a)-(b)	**$ (81,724)**	**$ (530,050)**	**$ (590,434)**
Plan fiduciary net position as a percentage of the total OPEB liability	**103.25%**	**127.57%**	**132.29%**
Covered employee payroll	**$ 4,220,705**	**$ 4,267,411**	**Not Available**
Commission's net OPEB liability (asset) as a percentage of covered employee payroll	**-1.94%**	**-12.42%**	**Not Available**

Notes to Schedule

Additional actuarial data is not available and will be provided in subsequent years.

Muskegon County Road Commission
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ -	$ -	$ 149,947	$ 155,447	$ 155,574	$ 208,166	$ 208,069	$ 207,983	$ 272,384	$ 269,812
Contributions in relation to the actuarially determined contribution	87,639	77,724	736,703	155,447	166,277	98,160	208,069	207,983	272,384	269,812
Contribution deficiency (excess)	**$ (87,639)**	**$ (77,724)**	**$ (586,756)**	**$ -**	**$ (10,703)**	**$110,006**	**$ -**	**$ -**	**$ -**	**$ -**
Covered employee payroll	$ 4,220,705	$ 4,267,411	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Contributions as percentage of covered employee payroll	**2.1%**	**1.8%**	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of September 30, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of compensation)
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	12 years
Asset valuation method	Equal to market value of assets
Inflation	Included in investment rate of return
Salary increases	1.5 percent
Investment rate of return	4.45 percent (including inflation), net of administrative and investment expenses
Retirement age	55 - 60 years of age
Mortality	Mortality rates were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2018 improvement scale.

Muskegon County Road Commission
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF INVESTMENT RETURNS
Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	6.14%	1.47%	6.49%

Notes to Schedule

Additional actuarial data is not available and will be provided in subsequent years.

OTHER SUPPLEMENTAL INFORMATION

Muskegon County Road Commission
ANALYSIS OF CHANGES IN FUND BALANCE
General Operations Fund
For the year ended September 30, 2020

	Total	Primary Road	Local Road	County Road Commission
Total operating revenues	$ 24,904,820	$ 15,297,923	$ 5,938,797	$ 3,668,100
Total expenditures	28,387,782	15,497,758	7,582,193	5,307,831
Excess of revenues over (under) expenditures	(3,482,962)	(199,835)	(1,643,396)	(1,639,731)
Other financing sources (uses)				
Optional transfers in (out)	-	(1,728,781)	1,728,781	-
Net change in fund balance	(3,482,962)	(1,928,616)	85,385	(1,639,731)
Fund balance at beginning of year	14,960,452	9,901,408	-	5,059,044
Fund balance at end of year	**$ 11,477,490**	**$ 7,972,792**	**$ 85,385**	**$ 3,419,313**

Muskegon County Road Commission
ANALYSIS OF REVENUES
General Operations Fund
For the year ended September 30, 2020

	Total	Primary Road	Local Road	County Road Commission
Licenses and permits	$ 97,588	$ -	$ -	$ 97,588
Federal aid				
Surface Transportation Program	2,510,356	2,510,356	-	-
State aid				
Michigan Transportation Fund				
Engineering	10,000	7,374	2,626	-
Urban road	2,495,745	1,826,454	669,291	-
Allocation	13,562,014	10,000,875	3,561,139	-
Snow removal	129,971	95,616	34,355	-
Other				
Local bridge	(2,494)	(2,494)	-	-
Other	286,677	-	-	286,677
Economic development				
Rural primary	212,664	212,664	-	-
Forest road	590,932	590,932	-	-
Contributions from local units				
Townships	1,518,056	-	1,518,056	-
Charges for services				
State trunkline				
Maintenance	2,541,727	-	-	2,541,727
Nonmaintenance	347,389	-	-	347,389
Salvage sales	4,153	-	-	4,153
Other	388,843	16,763	2,161	369,919
Investment earnings	48,747	32,261	-	16,486
Other revenue				
Sundry refunds	-	-	-	-
Gain on disposal of capital assets	11,283	7,122	-	4,161
Contributions from private sources	151,169	-	151,169	-
Total operating revenues	**$ 24,904,820**	**$ 15,297,923**	**$ 5,938,797**	**$ 3,668,100**

Muskegon County Road Commission
ANALYSIS OF EXPENDITURES
General Operations Fund
For the year ended September 30, 2020

	Total	Primary Road	Local Road	County Road Commission
Current				
Public works				
Primary road				
Construction/Capacity Improvements	$ 11,386	$ -	$ 11,386	$ -
Preservation/Structural Improvements	9,222,460	9,222,460	-	-
Routine and Preventive Maintenance	5,056,973	5,056,973	-	-
Local road				
Preservation/Structural Improvements	2,594,081	-	2,594,081	-
Routine and Preventive Maintenance	4,704,797	-	4,704,797	-
Reimbursable services	374,361	-	-	374,361
State trunkline				
Maintenance	2,434,922	-	-	2,434,922
Nonmaintenance	347,390	-	-	347,390
Federal aid purchases	1,776,583	-	-	1,776,583
Equipment expenditures (net)	149,782	53,460	67,859	28,463
Administrative expenditures (net)	602,688	398,618	204,070	-
Capital outlay (net)	1,112,359	766,247	-	346,112
Total expenditures	**$ 28,387,782**	**$ 15,497,758**	**$ 7,582,193**	**$ 5,307,831**