

**HOUGHTON COUNTY ROAD COMMISSION**

PA 506 COMPLIANCE INFORMATION

TRANSPARENCY DASHBOARD

October 16, 2023

# HOUGHTON COUNTY ROAD COMMISSION

Approved Budget On 9-18-2023

BUDGET SUMMARY for the Year Ended September 30, 2024

| REVENUES( AND OTHER SOURCES)                         | Actual Prior Year<br>2021-2022 | Est. Current<br>2022-2023 | Approved<br>Budget      |
|--|--------------------------------|---------------------------|-------------------------|
| Property Taxes                                       | \$ 964,571.00                  | \$ 988,000.00             | \$ 950,000.00           |
| FHWA   | \$ 125,145.00                  | \$ 2,000,000.00           | \$ 200,000.00           |
| FEMA   | \$ 2,086,114.00                | \$ 2,079,486.00           | \$ 3,000,000.00         |
| Michigan Transportation Funds                        | \$ 6,756,597.00                | \$ 7,000,000.00           | \$ 7,000,000.00         |
| Snow Removal Funds                                   | \$ 981,277.00                  | \$ 1,058,944.00           | \$ 1,100,000.00         |
| Surface Transportation Program                       | \$ 1,119,860.00                | \$ 1,375,000.00           | \$ 1,500,000.00         |
| Small Urban  | \$ 600,000.00                  | \$ 500,000.00             | \$ 500,000.00           |
| Federal-State Local Bridge                           | \$ 382,348.00                  | \$ 500,000.00             | \$ -                    |
| State "D" Funds                                      | \$ -                           | \$ -                      | \$ 110,000.00           |
| Federal Grant(FH-16)                                 | \$ 7,249.00                    | \$ -                      | \$ -                    |
| Covid Revenue Loss                                   | \$ 210,635.00                  | \$ -                      | \$ -                    |
| MDOT   |                                | \$ 2,000,000.00           |                         |
| MEDC   | \$ 2,314,000.00                | \$ -                      |                         |
| Trans. Econ. Dev. Funds(A,D&E, Forest)               | \$ 167,636.00                  | \$ 167,000.00             | \$ 167,000.00           |
| Other Funds (Safety, Urban)                          |                                |                           | \$ -                    |
| Dust Oil   | \$ 156,145.00                  | \$ 150,000.00             | \$ 100,000.00           |
| Township Contributions                               | \$ 522,784.00                  | \$ 170,000.00             | \$ 300,000.00           |
| Misc Revenues  | \$ 80,000.00                   | \$ 200,000.00             | \$ 50,000.00            |
| USDA Grant   | \$ 90,200.00                   | \$ 100,000.00             | \$ 200,000.00           |
| Gain/Loss on Equipment Disposal                      | \$ 15,584.00                   | \$ -                      | \$ 50,000.00            |
| <b>TOTAL REVENUES</b>                                | <b>\$ 16,580,145.00</b>        | <b>\$ 18,288,430.00</b>   | <b>\$ 15,227,000.00</b> |
| <b>OTHER SOURCES</b>                                 |                                |                           |                         |
| <b>TOTAL REVENUES AND OTHER SOURCES</b>              |                                |                           |                         |
| <br>   |                                |                           |                         |
| <b>EXPENDITURES( AND OTHER USES)</b>                 |                                |                           |                         |
| Primary Heavy Maintenance                            | \$ 3,296,977.00                | \$ 4,000,000.00           | \$ 2,200,000.00         |
| Primary Road Maintenance                             | \$ 2,578,997.00                | \$ 3,500,000.00           | \$ 3,500,000.00         |
| Local Road Heavy Maintenance                         | \$ 1,918,796.00                | \$ 6,000,000.00           | \$ 4,000,000.00         |
| Local Road Maintenance                               | \$ 3,145,098.00                | \$ 4,000,000.00           | \$ 3,500,000.00         |
| Federal State Local Bridge                           | \$ -                           | \$ 500,000.00             | \$ -                    |
| Small Urban  |                                | \$ 500,000.00             | \$ 500,000.00           |
| Equipment Expense(Net)                               | \$ (313,082.00)                | \$ 100,000.00             | \$ 300,000.00           |
| Distributive Expense                                 | \$ -                           | \$ -                      | \$ -                    |
| Administrative Expense(Net)                          | \$ 552,884.00                  | \$ 600,000.00             | \$ 500,000.00           |
| Capital Outlay(Net)                                  | \$ (585,269.00)                | \$ 250,000.00             | \$ 2,000,000.00         |
| USDA Loan(Schoolcraft)                               | \$ 42,000.00                   | \$ 43,000.00              | \$ 44,000.00            |
| SIB Loan   | \$ 2,666,667.00                | \$ -                      | \$ -                    |
| Interest Expense                                     | \$ 2,970.00                    | \$ 2,500.00               | \$ 1,000.00             |
| <b>TOTAL EXPENDITURES</b>                            | <b>\$ 13,306,038.00</b>        | <b>\$ 19,495,500.00</b>   | <b>\$ 16,545,000.00</b> |
| <b>OTHER(MDOT Equip &amp; Maint. Advance &amp; A</b> | <b>\$ -</b>                    | <b>\$ -</b>               | <b>\$ 50,000.00</b>     |
| <b>AMOUNTS NEEDED FOR CONTINGENCIES</b>              | <b>\$ -</b>                    | <b>\$ -</b>               | <b>\$ 100,000.00</b>    |
| <b>TOTAL EXPENDITURES AND OTHER USES</b>             | <b>\$ 13,306,038.00</b>        | <b>\$ 19,495,500.00</b>   | <b>\$ 16,695,000.00</b> |
| <br>   |                                |                           |                         |
| Budgeted Net Revenues(Expenditures)                  | \$ 3,274,107.00                | \$ (1,207,070.00)         | \$ (1,468,000.00)       |
| Current Estimated Operating Surplus(Deficit)         |                                |                           |                         |
| Accumulated Available Unappropriated Surplus         | \$ -                           | \$ 3,646,673.00           | \$ -                    |
| (Deficit) from Prior year                            | \$ 372,566.00                  | \$ -                      | \$ 2,439,603.00         |
| <b>PROJECTED SURPLUS AT END OF BUDGET YEAR</b>       | <b>\$ 3,646,673.00</b>         | <b>\$ 2,439,603.00</b>    | <b>\$ 971,603.00</b>    |

## HOUGHTON COUNTY ROAD COMMISSION

| <u>POSITION</u>                               | <u>ACTIVE EMPLOYEES</u> | <u>2023 WAGE SCALE</u> |
|---|-------------------------|------------------------|
| Commissioners                                 | 3                       | \$2,000/annually       |
| County Highway Engineer, P.E. (salary)        | 1                       | \$4,276.00/bi-weekly   |
| Assistant Engineer, P.E. (salary)             | 1                       | \$3,367.20/bi-weekly   |
| Office Manager (salary)                       | 1                       | \$2,604.80/bi-weekly   |
| Superintendent (salary)                       | 1                       | \$2,687.20/bi-weekly   |
| Safety/Parts Manager (salary)                 | 1                       | \$2,348.00/bi-weekly   |
| Payroll Clerk                                 | 1                       | \$22.65/Hr.            |
| Engineering Tech                              | 1                       | \$29.05/Hr.            |
| Master Mechanic                               | 1                       | \$28.30/Hr.            |
| Mechanic – Foreman                            | 1                       | \$25.99/Hr.            |
| Mechanic                                      | 3                       | \$24.81/Hr.            |
| Maintenance Superintendent                    | 1                       | \$27.08/Hr.            |
| Foreman                                       | 3                       | \$25.88/Hr.            |
| Heavy Equipment Operator                      | 20                      | \$24.68/Hr.            |
| Heavy Equipment Operator (@ 90% per contract) | 1                       | \$22.21/Hr.            |

All Employees receiving health care pay \$119.61 or \$220.31/biweekly through payroll deduction based on plan selected.

As of October 16, 2023

## HOUGHTON COUNTY ROAD COMMISSION

### Unfunded Liabilities

The unfunded liabilities of Road Commissions are currently available on a website maintained by the Michigan Department of Treasury <https://treas-secure.state.mi.us/LAFDocSearch/> This site contains the audit reports filed by all local agencies. By selecting a year, the appropriate County and then selecting the Road Commission the unfunded liabilities can be found within the audit report for that Road Commission.

Following are sheets 30 thru 37 of the Houghton County Road Commissions most recent audit showing its unfunded liabilities.

Dated October 16, 2023

**NOTE F – LONG-TERM DEBT (Continued):**

Vested Employee Vacation Benefits

The Road Commission employment policies provide for vacation benefits to be earned in varying amounts depending on the number of years of service. Benefits earned in the current year but not used are paid out in full in the subsequent year up to a maximum of one week. Employees who anticipate the need for an extended vacation shall be allowed (on receiving approval from the County Engineer) to use up to two (2) weeks of the next year’s vacation for such purpose, but not in the months of November, December, January, or February. Holidays occurring during the employee’s scheduled vacation period shall not be charged against the vacation time.

Sick Leave Benefit Policies

The Road Commission employment policies provide that each regular employee shall earn sick leave with pay at the rate of 3/4 day, or 6 hours, for each completed month of employment. Sick leave may be accumulated to a maximum of 90 days. Annually, accumulated sick leave is reviewed and up to 5 days over the maximum is paid off at 50 percent. Three personal days are allowed each employee per calendar year. If the personal days are not used during the year they are added to the sick leave accruals for the year. Upon retirement, death or discontinuance of employment for any reason, except for dismissal for disciplinary reasons, the employee shall be paid for all accumulated sick leave at the employee’s prevailing rate of pay at the time of the termination of employment.

**NOTE G – DEFINED BENEFIT PENSION PLAN:**

Plan Description

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

Benefits Provided

| <b>01 – Gnrl Emp: Closed to new hires, linked to Division HA</b> |                            |
|--|----------------------------|
|  | <u>2021 Valuation</u>      |
| Benefit Multiplier:  | 2.50% Multiplier (80% max) |
| Normal Retirement Age:   | 60                         |
| Vesting:   | 10 years                   |
| Early Retirement (Unreduced):                                    | 55/25                      |
| Early Retirement (Reduced):                                      | 50/25                      |
|  | 55/15                      |
| Final Average Compensation:                                      | 5 years                    |
| COLA for Future Retirees:  | N/A                        |
| Employee Contributions:  | 0%                         |
| Act 88:  | Yes: Adopted 12/21/1964    |



## NOTE G – DEFINED BENEFIT PENSION PLAN (Continued):

### Employees covered by benefit terms

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

|   |           |
|---|-----------|
| Inactive employees or beneficiaries currently receiving benefits: | 9         |
| Inactive employees entitled to but not yet receiving*:            | 0         |
| Active employees:   | 7         |
| Total   | <u>16</u> |

\*Excluding pending refunds of 2

### Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions were 72% based on annual payroll for open divisions.

### Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2021.

### Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. The following actuarial assumptions were used and applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation:                | 2.5%  |
| Salary Increases:         | 3.00% plus merit and longevity; 3.00% in the long-term                            |
| Investment Rate of Return | 7.00%, net of investment expenses and administrative expense, including inflation |

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

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

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

**NOTE G – DEFINED BENEFIT PENSION PLAN (Continued):**

| 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%             | 7.00%                                  | 4.20%                                   | 2.50%                | 2.70%                                  |
| Global Fixed Income | 20.0%             | 4.50%                                  | 0.90%                                   | 2.50%                | 0.40%                                  |
| Private Investments | 20.0%             | 9.50%                                  | 1.90%                                   | 2.50%                | 1.40%                                  |
| Total               | 100.0%            |  | 7.00%                                   |                      | 4.50%                                  |

Discount rate

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

Changes in Net Pension Liability

|   | Calculating the Net Pension Liability |                             |                       |
|---|---------------------------------------|-----------------------------|-----------------------|
|   | Total Pension Liability               | Increase (Decrease)         |                       |
|   |                                       | Plan Fiduciary Net Position | Net Pension Liability |
|   | (a)                                   | (b)                         | (a) – (b)             |
| <b>Changes in Net Pension Liability</b>           |                                       |                             |                       |
| <b>Balances as of 12/31/2020</b>                  | <b>\$5,185,587</b>                    | <b>\$3,823,792</b>          | <b>\$1,361,795</b>    |
| Changes for the Year:                             |                                       |                             |                       |
| Service Costs                                     | 73,915                                | -                           | 73,915                |
| Interest on Total Pension Liability               | 384,744                               | -                           | 384,744               |
| Changes in benefits                               | -                                     | -                           | -                     |
| Difference between expected and actual experience | 11,040                                | -                           | 11,040                |
| Changes in assumption                             | 210,511                               | -                           | 210,511               |
| Employer Contributions                            | -                                     | 354,439                     | (354,439)             |
| Employee Contributions                            | -                                     | -                           | -                     |
| Net investment Income                             | -                                     | 543,391                     | (543,391)             |
| Benefit payments, including employee refunds      | (320,269)                             | (320,269)                   | -                     |
| Administrative expense                            | -                                     | (6,236)                     | 6,236                 |
| Other changes                                     | (1)                                   | 1                           | -                     |
| <b>Net Changes</b>                                | <b>359,940</b>                        | <b>571,326</b>              | <b>(211,386)</b>      |
| <b>Balances as of 12/31/2021</b>                  | <b>\$5,545,527</b>                    | <b>\$4,395,118</b>          | <b>\$1,150,409</b>    |

**NOTE G – DEFINED BENEFIT PENSION PLAN (Continued):**

Sensitivity of the Net Pension Liability to changes in the discount rate.

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

|                                     | 1%<br>Decrease<br>(6.25%) | Current<br>Discount<br>Rate<br>(7.25%) | 1%<br>Increase<br>(8.25%) |
|-------------------------------------|---------------------------|--|---------------------------|
| Net Pension Liability at 12/31/2022 | \$1,150,409               | \$1,150,409                            | \$1,150,409               |
| Change in Net Pension Liability     | 684,713                   | -                                      | (567,429)                 |
| Calculated Net Pension Liability    | <u>\$1,835,122</u>        | <u>\$1,150,409</u>                     | <u>\$582,980</u>          |

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

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

For the year ended 2022 the employer recognized pension expense of (\$200,233). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>(Inflows) of<br>Resources |
|---|--------------------------------------|---------------------------------------|
| Difference in experience                        | \$42,216                             | \$-                                   |
| Difference in assumptions                       | 467,126                              | -                                     |
| Excess (deficit) investment returns             | -                                    | (467,242)                             |
| Subtotal  | <u>509,342</u>                       | <u>(\$467,242)</u>                    |
| Contributions subsequent to<br>measurement date | 240,496                              |                                       |
| Total   | <u>\$749,838</u>                     |                                       |

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

| <b>Deferred (Inflows) and Deferred Outflows<br/>of Resources by Year (to Be Recognized<br/>in Future Pension Expenses)</b> |                 |
|--|-----------------|
| Plan Year Ended<br>December 31,  | Amount          |
| 2022   | \$4,250         |
| 2023   | 32,871          |
| 2024   | (70,030)        |
| 2025   | 35,347          |
| 2026   | 39,510          |
| Thereafter   | 152             |
| Total  | <u>\$42,100</u> |



**NOTE G – DEFINED BENEFIT PENSION PLAN (Continued):**

Payable to the Pension Plan

At September 30, 2022, there was a reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

**NOTE H – DEFERRED COMPENSATION PLAN:**

The Road Commission offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code (IRC), Section 457. The assets of the plans are held in trust, (custodial account or annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer (Houghton County Road Commission) for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Road Commission's financial statements. The total amount contributed to the Plan for the year ended September 30, 2022 was \$238,843.

**NOTE I – OTHER POST EMPLOYMENT BENEFITS:**

Plan Description

The Road Commission's Other Post-Employment Benefits Plan is a single employer plan established and administered by the Road Commission and can be amended at its discretion.

An eligible employee is defined as an active full-time employee who attains age 55 with 10 years of service.

Employees covered by benefit terms

At the September 30, 2022 valuation date, the following employees were covered by the benefit terms:

|                         |           |
|-------------------------|-----------|
| Active Employees        | 36        |
| Vested Former Employees | -         |
| Retirees                | 3         |
| Total                   | <u>39</u> |

Contributions

The Plan was established and is being funded under the authority of the Employer's governing body and under agreements with the unions representing various classes of employees. The Plan's funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation as a reference but not as a definitive requirement. Currently, benefit payments are made from general operating funds. Active participants do not make contributions to the plan. The plan has no legally required reserves.

Net OPEB Liability

The employer's Net OPEB Liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the Net OPEB Liability was determined by an annual actuarial valuation as of that date.

## NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued):

### Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022. The following actuarial assumptions were used in the measurement:

|                                |  |
|--------------------------------|--|
| Inflation                      | 2.50%  |
| Salary Increases               | 3.00%  |
| Investment Rate of Return      | 7.00% (including inflation)  |
| 20-year Aa Municipal Bond Rate | 4.77% (S&P Municipal Bond 20-year High Grade Rate Index)               |
| Mortality                      | 2010 Public General Employees and Healthy Retirees, Headcount weighted |
| Improvement Scale              | MP-2021  |

The long-term expected rate of return on pension plan investments was determined using a building-block 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

| <u>Asset Class</u>  | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------|--------------------------|---|
| Global Equity       | 60.0%                    | 4.50%   |
| Global Fixed Income | 20.0%                    | 2.00%   |
| Private Assets      | 20.0%                    | 7.00%   |
| Inflation           |                          |   |
|                     | <u>100.0%</u>            |   |

### Discount rate

The discount rate used to measure the total OPEB liability is 7.00%. The projection of cash flows used to determine the discount rate assumed annual contributions sufficient to maintain a 40% funded status. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. 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 "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. As of September 30, 2022, the discount rate used to value OPEB liabilities was 7.00%.

**NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued):**Changes in Net OPEB Liability

| Calculating the Net OPEB Liability                |                         |                               |                       |
|---|-------------------------|-------------------------------|-----------------------|
|   | Increase (Decrease)     |                               |                       |
|   | Total OPEB<br>Liability | Plan<br>Fiduciary Net<br>OPEB | Net OPEB<br>Liability |
| Changes in Net OPEB Liability                     | (a)                     | (b)                           | (a)-(b)               |
| <b>Balances as of 09/30/2021</b>                  | <u>\$272,081</u>        | <u>\$180,389</u>              | <u>\$91,692</u>       |
| Changes for the Year:                             |                         |                               |                       |
| Service Costs                                     | 10,922                  | -                             | 10,922                |
| Interest on Total OPEB Liability                  | 20,132                  | -                             | 20,132                |
| Changes in benefits                               | -                       | -                             | -                     |
| Difference between expected and actual experience | (27,490)                | -                             | (27,490)              |
| Changes in assumption                             | 3,877                   | -                             | 3,877                 |
| Employer Contributions                            | -                       | 18,216                        | (18,216)              |
| Employee Contributions                            | -                       | -                             | -                     |
| Net investment Income                             | -                       | (24,205)                      | 24,205                |
| Benefit payments, including employee refunds      | (18,216)                | (18,216)                      | -                     |
| Administrative expense                            | -                       | (315)                         | 315                   |
| Other changes                                     | -                       | -                             | -                     |
| Net Changes                                       | <u>(10,775)</u>         | <u>(24,520)</u>               | <u>13,745</u>         |
| <b>Balances as of 09/30/2022</b>                  | <u>\$261,306</u>        | <u>\$155,869</u>              | <u>\$105,437</u>      |

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the Net OPEB Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net OPEB Liability would be using a discount rate that is 1 percentage point lower (6.00%) or 1% higher (8.00%) than the current rate.

|                                    | 1%<br>Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|------------------------------------|---------------------------|-------------------------------------|---------------------------|
| Total OPEB Liability at 09/30/2022 | <u>\$272,702</u>          | <u>\$261,306</u>                    | <u>\$250,386</u>          |
| Plan Fiduciary Net Position        | <u>155,869</u>            | <u>155,869</u>                      | <u>155,869</u>            |
| Net OPEB Liability                 | <u>\$116,833</u>          | <u>\$105,437</u>                    | <u>\$94,517</u>           |

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

For the year ended September 30 2022, the employer recognized OPEB expense of (\$2,494). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:



**NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued):**

|                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>(Inflows) of<br>Resources |
|-------------------------------------|--------------------------------------|---------------------------------------|
| Difference in experience            | \$-                                  | (\$51,221)                            |
| Difference in assumptions           | 7,366                                | -                                     |
| Excess (deficit) investment returns | 17,903                               | -                                     |
| Total                               | <u>\$25,269</u>                      | <u>(\$51,221)</u>                     |

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

**Deferred (Inflows) and Deferred Outflows  
of Resources by Year (to Be Recognized  
in Future OPEB Expenses)**

| Plan Year Ended<br>September 30, | Amount            |
|----------------------------------|-------------------|
| 2023                             | (\$2,822)         |
| 2024                             | (3,644)           |
| 2025                             | (3,796)           |
| 2026                             | 675               |
| 2027                             | (4,466)           |
| Thereafter                       | (11,899)          |
| Total                            | <u>(\$25,952)</u> |

Payable to OPEB Plan

At September 30 2022, the Road Commission reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended September 30, 2022.

**NOTE J – CONTINGENCIES:**

The Road Commission has determined that, as a potentially responsible party, it is likely that it has incurred a liability for environmental remediation costs resulting from ground contamination at their old facility. Although, no claim against the Road Commission has yet been asserted, it is expected that such a claim will be brought against the Road Commission in the future.

Grants – The Road Commission has received significant financial assistance from state and federal agencies in the form of various grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Road Commission. In the opinion of management, any such disallowed claims may have a material effect on any of the financial statements included herein or on the overall financial position of the Road Commission at September 30, 2022.

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 was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Road Commission joined together with other Road Commissions and created a public entity risk pool currently operating as a common risk management and insurance program. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-



**HOUGHTON COUNTY ROAD COMMISSION**

**ROAD COMMISSIONERS**

Pete Torola – Chairman

Contact Information:

39819 Lower Worham Road

Chassell, MI. 49916

Tel#906-481-1563

William H. Siler – Vice Chairman

Contact Information:

26097 E Grosse Pointe Shores Road

Dollar Bay, MI. 49922

Tel# 906-482-8517

Gene Londo – Member

Contact Information:

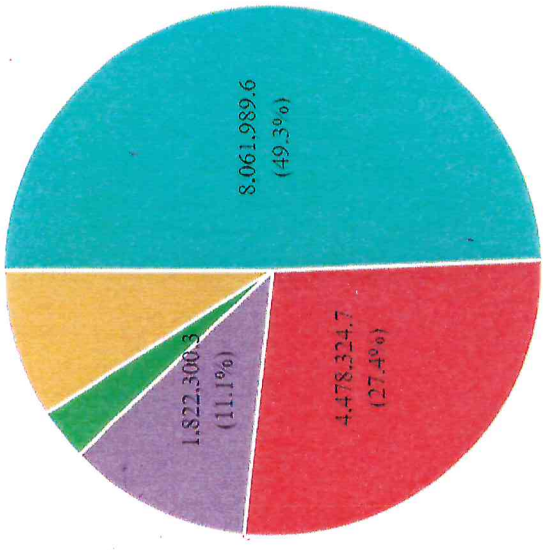
56529 Rockland Street

Calumet, MI. 49913

Tel#906-337-3770

Dated October 16, 2023

Expenditures  
County - Houghton, 2021



Total Expenditures: \$16,363,832.19

Report Details

Name: Houghton

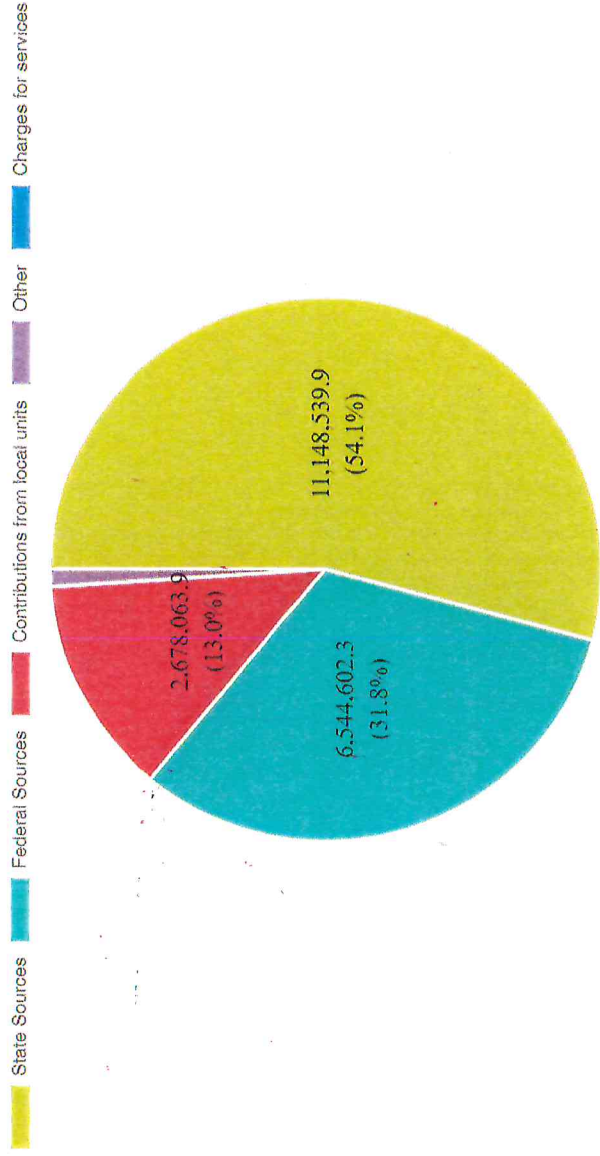
Year: 2021

| Legend                            | Category                                    | Value          | Percent |
|-----------------------------------|---|----------------|---------|
| CCI                               | Construction & Capacity Improvement CCI     | \$0.00         | 0%      |
| PSI                               | Preservation & Structural Improvement (PSI) | \$8,061,989.61 | 49.3%   |
| Routine Maintenance               | Routine Maintenance                         | \$4,478,324.73 | 27.4%   |
| Winter Maintenance (Routine)      | Winter Maintenance (Routine)                | \$1,822,300.25 | 11.1%   |
| Trunkline Maintenance (Trunkline) | Trunkline Maintenance (Trunkline)           | \$0.00         | 0%      |
| Administrative (Admin)            | Administrative (Admin)                      | \$517,133.88   | 3.2%    |
| Other                             | Other                                       | \$1,484,083.72 | 9.1%    |

Additional Dashboard information can be obtained from the following link:

<https://www.mcgi.state.mi.us/mitrp/tamcDashboards>

# Revenue County - Houghton, 2021



Total Revenue And Other Revenue Financing: \$20,589,281.45

## Report Details

Name: Houghton

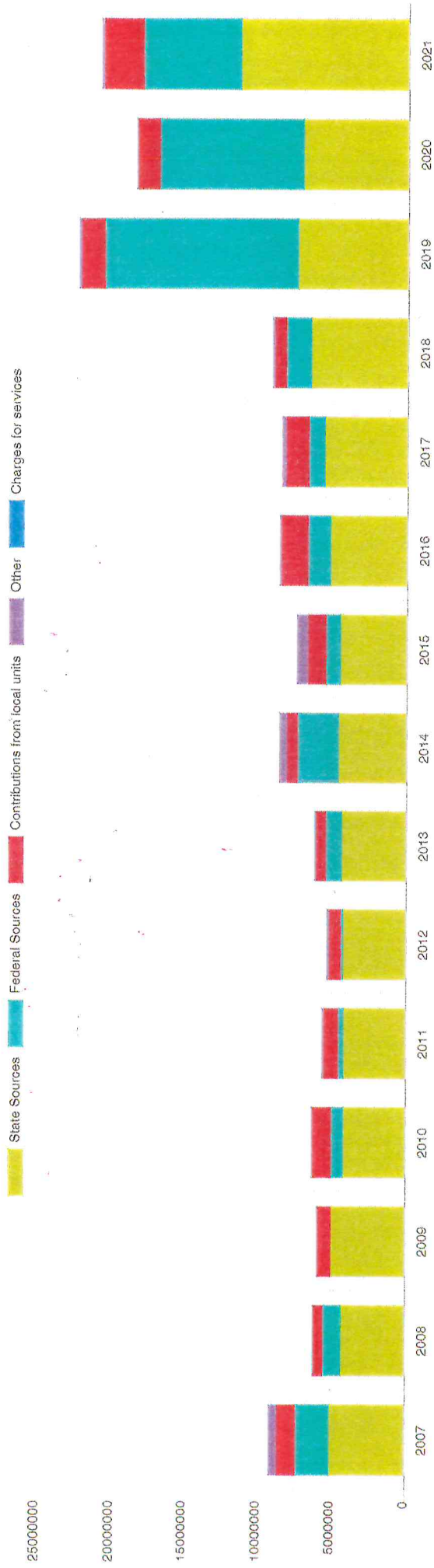
Year: 2021

| Legend  | Category                       | Value           | Percent |
|---|--------------------------------|-----------------|---------|
|  | State Sources                  | \$11,148,539.94 | 54.1%   |
|  | Federal Sources                | \$6,544,602.32  | 31.8%   |
|  | Contributions From Local Units | \$2,678,063.89  | 13%     |
|  | Other                          | \$218,075.30    | 1.1%    |
|  | Charges For Services           | \$0.00          | 0%      |

Additional Dashboard information can be obtained from the following link:

<https://www.mcgi.state.mi.us/mitrp/tamcDashboards>

Revenue Trends  
County - Houghton, Revenue in Dollars



Click on a chart legend to toggle visibility

Additional Dashboard information can be obtained from the following link:

<https://www.mcgi.state.mi.us/mitrp/tamcDashboards>



# Report Details

Name: County - Revenue in Dollars

Area: Houghton

## State Sources

| Fiscal Year | Value           | Percent |
|-------------|-----------------|---------|
| 2007        | \$5,029,026.00  | 54.8%   |
| 2008        | \$4,247,730.00  | 68.1%   |
| 2009        | \$4,962,095.00  | 83.5%   |
| 2010        | \$4,120,425.00  | 64.9%   |
| 2011        | \$4,117,677.91  | 73.2%   |
| 2012        | \$4,169,009.99  | 78%     |
| 2013        | \$4,265,960.00  | 69.1%   |
| 2014        | \$4,511,801.25  | 52.6%   |
| 2015        | \$4,401,625.94  | 59.4%   |
| 2016        | \$5,077,005.70  | 59.1%   |
| 2017        | \$5,476,540.97  | 64.9%   |
| 2018        | \$6,405,624.22  | 70.6%   |
| 2019        | \$7,315,117.30  | 33.1%   |
| 2020        | \$6,946,867.71  | 38.2%   |
| 2021        | \$11,148,539.94 | 54.1%   |

Federal Sources

| Fiscal Year | Value           | Percent |
|-------------|-----------------|---------|
| 2007        | \$2,281,188.00  | 24.8%   |
| 2008        | \$1,210,317.00  | 19.4%   |
| 2009        | \$0.00          | 0%      |
| 2010        | \$812,727.00    | 12.8%   |
| 2011        | \$362,115.18    | 6.4%    |
| 2012        | \$160,248.08    | 3%      |
| 2013        | \$1,069,818.00  | 17.3%   |
| 2014        | \$2,748,680.71  | 32.1%   |
| 2015        | \$971,933.35    | 13.1%   |
| 2016        | \$1,500,095.51  | 17.5%   |
| 2017        | \$1,068,249.84  | 12.7%   |
| 2018        | \$1,656,340.00  | 18.2%   |
| 2019        | \$12,994,884.96 | 58.9%   |
| 2020        | \$9,656,530.97  | 53%     |
| 2021        | \$6,544,602.32  | 31.8%   |

Contributions From Local Units

| Fiscal Year | Value          | Percent |
|-------------|----------------|---------|
| 2007        | \$1,314,723.00 | 14.3%   |
| 2008        | \$689,072.00   | 11.1%   |
| 2009        | \$906,334.00   | 15.2%   |
| 2010        | \$1,309,182.00 | 20.6%   |
| 2011        | \$1,027,053.38 | 18.3%   |
| 2012        | \$826,201.76   | 15.5%   |
| 2013        | \$708,606.00   | 11.5%   |
| 2014        | \$743,243.28   | 8.7%    |
| 2015        | \$1,222,621.79 | 16.5%   |
| 2016        | \$1,863,753.79 | 21.7%   |
| 2017        | \$1,567,504.88 | 18.6%   |
| 2018        | \$830,475.80   | 9.1%    |
| 2019        | \$1,594,503.64 | 7.2%    |
| 2020        | \$1,484,105.28 | 8.2%    |
| 2021        | \$2,678,063.89 | 13%     |

## Other Sources

| Fiscal Year | Value        | Percent |
|-------------|--------------|---------|
| 2007        | \$559,043.00 | 6.1%    |
| 2008        | \$86,324.00  | 1.4%    |
| 2009        | \$75,199.00  | 1.3%    |
| 2010        | \$105,411.00 | 1.7%    |
| 2011        | \$115,514.44 | 2.1%    |
| 2012        | \$189,506.50 | 3.5%    |
| 2013        | \$109,087.00 | 1.8%    |
| 2014        | \$567,503.66 | 6.6%    |
| 2015        | \$816,161.76 | 11%     |
| 2016        | \$142,717.51 | 1.7%    |
| 2017        | \$325,830.83 | 3.9%    |
| 2018        | \$184,074.72 | 2%      |
| 2019        | \$175,793.58 | 0.8%    |
| 2020        | \$118,002.37 | 0.6%    |
| 2021        | \$218,075.30 | 1.1%    |



Charges For Services

| Fiscal Year | Value       | Percent |
|-------------|-------------|---------|
| 2007        | \$0.00      | 0%      |
| 2008        | \$0.00      | 0%      |
| 2009        | \$0.00      | 0%      |
| 2010        | \$0.00      | 0%      |
| 2011        | \$0.00      | 0%      |
| 2012        | \$0.00      | 0%      |
| 2013        | \$17,747.00 | 0.3%    |
| 2014        | \$0.00      | 0%      |
| 2015        | \$0.00      | 0%      |
| 2016        | \$0.00      | 0%      |
| 2017        | \$0.00      | 0%      |
| 2018        | \$0.00      | 0%      |
| 2019        | \$0.00      | 0%      |
| 2020        | \$0.00      | 0%      |
| 2021        | \$0.00      | 0%      |

# Michigan Sales and Use Tax Certificate of Exemption

This exemption claim should be completed by the purchaser, provided to the seller, and is not valid unless the information in all four sections is complete. Do not send a copy to Treasury unless one is requested.

## SECTION 1: TYPE OF PURCHASE

 Check one of the following:

- A. One-Time Purchase  
Order or Invoice Number: \_\_\_\_\_
- C. Blanket Certificate  
Expiration Date (maximum of four years): \_\_\_\_\_
- B. Blanket Certificate. Recurring Business Relationship

The purchaser completing this form hereby claims exemption from tax on the purchase of tangible personal property or services purchased from the seller named below. This claim is based upon: the purchaser's proposed use of the property or services; OR the purchaser's exempt status.

|                           |
|---------------------------|
| Seller's Name and Address |
|---------------------------|

## SECTION 2: ITEMS COVERED BY THIS CERTIFICATE

Check one of the following:

1.  All items purchased.
2.  Limited to the following items: \_\_\_\_\_

## SECTION 3: BASIS FOR EXEMPTION CLAIM

Check one of the following:

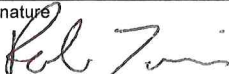
1.  For Lease. Purchaser will lease the property and elects to pay tax based on rental receipts. Enter sales tax license or use tax registration number: \_\_\_\_\_
2.  For Resale at Retail. Enter Sales Tax License Number: \_\_\_\_\_
3.  Direct Pay - Authorized to pay use tax on qualified transactions directly to Michigan Treasury under account number: \_\_\_\_\_

The following exemptions DO NOT require the purchaser to provide a number:

4.  Agricultural Production. Enter percentage: \_\_\_\_\_%
5.  Government Entity (U.S. or its instrumentalities, State of Michigan or its political subdivisions), Nonprofit School, Nonprofit Hospital, Church or House of Religious Worship (circle type of organization)
6.  Contractor (provide *Michigan Sales and Use Tax Contractor Eligibility Statement* (Form 3520)).
7.  For Resale at Wholesale.
8.  Industrial Processing. Enter percentage: \_\_\_\_\_%
9.  Nonprofit Internal Revenue Code Section 501(c)(3), 501(c)(4), or 501(c)(19) Exempt Organization.
10.  Nonprofit Organization with an authorized letter issued by Michigan Department of Treasury prior to July 17, 1998 (sales tax) or June 13, 1994 (use tax).
11.  Rolling Stock purchased by an Interstate Motor Carrier.
12.  Other (explain): \_\_\_\_\_

## SECTION 4: CERTIFICATION

I declare, under penalty of perjury, that the information on this certificate is true, that I have consulted the statutes, administrative rules and other sources of law applicable to my exemption, and that I have exercised reasonable care in assuring that my claim of exemption is valid under Michigan law. In the event this claim is disallowed, I accept full responsibility for the payment of tax, penalty and any accrued interest, including, if necessary, reimbursement to the vendor for tax and accrued interest.

|  |                                |   |
|--|--------------------------------|---|
| Business Name<br><b>HOUGHTON COUNTY ROAD COMMISSION</b>  |                                | Type of Business (see codes on page 2)<br><b>05</b>       |
| Business Address<br><b>P.O. BOX 269, 20140 GAGNON CIRCLE</b>                                     |                                | City, State, ZIP Code<br><b>HANCOCK, MI 49930</b>         |
| Business Telephone Number (include area code)<br><b>(906) 482-3600</b>                           |                                | Name (Print or Type)<br><b>ROB TARVIS, EIN 38-2345220</b> |
| Signature<br> | Title<br><b>OFFICE MANAGER</b> | Date Signed<br><b>10/16/2023</b>                          |