



**AGENDA**  
**OTSEGO COUNTY BOARD OF ROAD COMMISSIONERS**  
**THURSDAY, APRIL 10, 2025, AT 9:00 A.M.**

**ITEM 1 – CALL TO ORDER/PLEDGE OF ALLEGIANCE**

**ITEM 2 - ROLL CALL**

**ITEM 3 – AGENDA CHANGES/APPROVAL OF AGENDA**

**ITEM 4 – CONSENT CALENDAR**

- A. Minutes: The Board approves the Regular Meeting Minutes dated March 13, 2025.
- B. The Board approves Payroll #5 (\$104,676.70), and Payroll #6 (\$88,435.66).
- C. The Board approves Accounts Payable: C/3-2 (\$87,784.55), and C/4-1 (\$340,111.48), and the Accounts Payable Check Register dated 3/01/2025 to 3/31/2025.

**ITEM 5 – GUEST SPEAKERS**

- A. Neil Drzewiecki, Otsego County Board Liaison
- B. Doug Vredeveld, Vredeveld Haefner LLC

**ITEM 6 – PUBLIC COMMENT (AGENDA ITEMS ONLY)**

**ITEM 7– OLD BUSINESS/UNFINISHED BUSINESS**

**ITEM 8 – NEW BUSINESS**

- A. FY 2024 Audit Review
- B. FY 2024 Act 51 Report
- C. Resolution R25-4: MDOT Contract 25-5140 Wilkinson Road
- D. Telephone System

**ITEM 9 – STAFF REPORTS**

- A. Managing Director, Operations Manager, Finance Manager, Facilities/Equipment Supervisor, Road Maintenance Supervisor

**ITEM 10 – COMMUNICATIONS**

- A. Upcoming OCRC Board Meeting Dates: May 8, 2025, and June 12, 2025

**ITEM 11 – PUBLIC COMMENT (GENERAL COMMENTS/ADDRESS THE BOARD)**

**ITEM 12 – COMMISSIONER COMMENT**

**ITEM 13 – ADJOURNMENT**



## Otsego County Road Commission Agenda Item Report

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**FROM:** Rebecca Hilmert, Finance Manager  
**MEETING DATE:** April 10, 2025  
**AGENDA ITEM:** 4 A, B, C  
**SUBJECT:** Consent Calendar

### DESCRIPTION

The purpose of the Consent Calendar is to expedite business by grouping non-controversial items together without discussion. Any member of the Commission, staff, or the public may ask that any item on the Consent Calendar be removed and placed elsewhere on the agenda for full discussion. Such requests will be automatically respected.

If an item is not removed from the Consent Calendar, all items listed are approved by a single Commission action approving the Consent Calendar. The Finance Manager recommends the following items be approved:

- A. Minutes: The Board approves the Regular Meeting Minutes dated March 13, 2025.
- B. The Board approves Payroll: #5 (\$104,676.70), and Payroll #6 (\$88,435.66).
- C. The Board approves accounts Payable: C/3-2 (\$87,784.55), and C/4-1 (\$340,111.48) and the Accounts Payable Check Register dated 3/01/2025 to 3/31/2025.

### BUDGET ACTION REQUIRED

N/A

### LEGAL REVIEW

N/A

### **SAMPLE MOTION:**

Motion to **approve/deny** the April 10, 2025, consent calendar as presented.



**UNAPPROVED**  
**MINUTES for the**  
**REGULAR MEETINGS OF THE**  
**OTSEGO COUNTY ROAD COMMISSION**  
**HELD ON THURSDAY, MARCH 13, 2025, AT 9:00 A.M.**

**ITEM 1 – CALL TO ORDER/PLEDGE OF ALLEGIANCE**

- Meeting called to order by Chairman Huff, at 9:00 a.m. and Pledge of Allegiance.

**ITEM 2 - ROLL CALL**

- Upon roll call, the following Commissioners responded:  
Dipzinski, Present  
Camiller, Present  
Gordon, Absent-Excused  
Heinz, Present  
Huff, Present

The following staff members were present: Kirk Harrier, Managing Director; Scott Butkovich, Operations Manager; Rebecca Hilmert, Finance Manager/Board Secretary; David Fox, Equipment/Facilities Supervisor; Steve Mench, Road Maintenance Supervisor

**ITEM 3 – AGENDA CHANGES/APPROVAL OF AGENDA**

- Motion by Heinz to approve the agenda as presented, seconded by Dipzinski. Four ayes, no nays. Motion carried.

**ITEM 4 – CONSENT CALENDAR**

- A. Minutes: The Board approves the Regular Meeting Minutes dated February 13, 2025
- B. The Board approves Payroll: #3 (\$108,669.14), and Payroll #4 (\$101,619.97).
- C. The Board approves Accounts Payable: C/2-2 (\$85,390.08) and C/3-1 (\$295,593.50), and the Accounts Payable Check Register dated 2/01/2025 to 2/28/2025.
- Motion by Camiller to approve the March 13, 2025, Consent Calendar, seconded by Heinz. Five ayes, no nays. Motion carried.

**ITEM 5 – GUEST SPEAKERS**

- A. Ivan Witt, Forestry Consultant, spoke to the board regarding managing the forest resources on road commission property. See attached.

**ITEM 6 – PUBLIC COMMENT**

**ITEM 7 – OLD BUSINESS/UNFINISHED BUSINESS**

**ITEM 8 – NEW BUSINESS**

- A. Hayes Township Cost Share Agreement
  - a. Motion by Dipzinski to approve the cost share agreement between the Otsego County Road Commission and Hayes Township for the Pencil Lake Road and Mt Frederick Road projects as presented, seconded by Camiller. Four ayes, no nays. Motion carried.
- B. Bagley Township Cost Share Agreement
  - a. Motion by Heinz to approve the cost share agreement between the Otsego County Road Commission and Bagley Township for the Plywood Road and Old Alba Road project as presented, seconded by Dipzinski. Four ayes, no nays. Motion carried.
- C. Bid Award – Ice Control Sand

- a. **Motion by Dipzinski to approve Sackrider Excavating, LLC for Ice Control Sand, seconded by Camiller. Discussion. Four ayes, no nays. Motion carried.**
- D. **Resolution R25-2 Critical Bridge Funding**
  - a. **Motion by Dipzinski to approve Resolution R25-2 to secure State and Federal Local Bridge Program Funds for replacement or preventative maintenance of the bridges in Otsego County, seconded by Camiller. Discussion. Roll call vote: Dipzinski, yes; Camiller, yes; Heinz, yes; Huff, yes. Four ayes, no nays. Motion carried.**
- E. **Resolution R25-3 Establishing Sparr/Meridian Line/Hetherton truck route in Charlton Township**
  - a. **Motion by Camiller to approve Resolution R25-3 Establishing Sparr/Meridian Line/Hetherton truck route in Charlton Township, seconded by Dipzinski. Roll call vote: Camiller, yes; Dipzinski, yes; Heinz, yes; Huff, yes. Four ayes, no nays. Motion carried.**
- F. **Bid Award – 2025 Construction/Maintenance Projects**
  - a. **Motion by Heinz, seconded by Dipzinski, to approve engineers' bid award recommendations dated March 7 as follows:**
    - 1. **Wilkinson Road, Marquardt Road, Kryz Road, Chester Road: to J&N Construction, LLC for \$1,284,778.45**
    - 2. **Sparr Road to Elmer's Crane & Dozer, Inc. for \$914,671.50**
    - 3. **Plywood Road and Old Alba Road to J&N Construction, LLC for \$716,048.00**
    - 4. **Pencil Lake Road to Payne & Dolan, Inc for \$574,916.00**
    - 5. **Al Do Ro Va Road to Reith-Riley Construction, Co. for \$151,247.00**
    - 6. **Five Lakes Road to Reith-Riley Construction, Co. for \$57,725.00**
    - 7. **Mt. Frederick Road to Reith-Riley Construction, Co. for \$187,115.00**
    - 8. **Countywide Chip Seal to Pavement Maintenance Systems, LLC for \$1,152,279.58**
  - Four ayes, no nays. Motion carried.**
- G. **Proposal Award – Roundabout Design and Construction Engineering**
  - a. **Motion by Dipzinski to approve the proposal received March 10, 2025, from Prein & Newhof for the McCoy Road Roundabouts Design and Construction Engineering services as presented, seconded by Camiller. Four ayes, no nays. Motion carried.**

#### **ITEM 9 – STAFF REPORTS**

- A. Managing Director updated the board on MCRCSIP litigations
- B. Operations Manager updated the board on Category F Grant application, the Wilkinson Road project letting, MDOT Summer Maintenance, and the railroad crossing and approach replacement on Mancelona Road and 27 South.
- C. Engineer of Record updated the board on Safety Grant applications, Category F Grant applications, and Wilkinson Road project letting.
- D. Finance Manager updated the board on the audit and Act 51 submission.
- E. Facilities & Equipment Supervisor updated the board on normal maintenance, spring switch over and preventative maintenance.
- F. Road Maintenance Supervisor reported on patching potholes, grading gravel roads, and upcoming shoulder maintenance.

#### **ITEM 10 – COMMUNICATIONS**

- A. Upcoming OCRC Board Meeting Dates: April 10, 2025, and May 8, 2025
- B. CRA Annual Conference & Road Show: March 25-27, 2025, DoubleTree by Hilton Lansing, MI

#### **ITEM 11– PUBLIC COMMENT**

- A. Randy Osgood – would like a letter of support to connect the bike trail that runs from Boyne Fall into Gaylord. Randy would also like to know how much it costs to maintain the existing bike trail.
- B. Connie Zyrkowski, 2070 Alice Road – would like OCRC to continue to plow her driveway in the winter (see attached map).
- C. Bonnie Miller, Chester Township – discussed ideas for next year’s township projects.

**ITEM 12– COMMISSIONER COMMENT**

- A. Commissioner Heinz had questions regarding a permanent stoplight on M32 and S Townline Road. Per Operations Manager, a permanent stoplight is to be installed by MDOT in 2026 at M32 and S Townline Road.

**ITEM 13 – ADJOURNMENT**

- **Motion by Dipzinski to adjourn meeting at 10:27 a.m., seconded by Camiller. Four ayes, no nays. Motion carried.**

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Troy Huff, Chairman

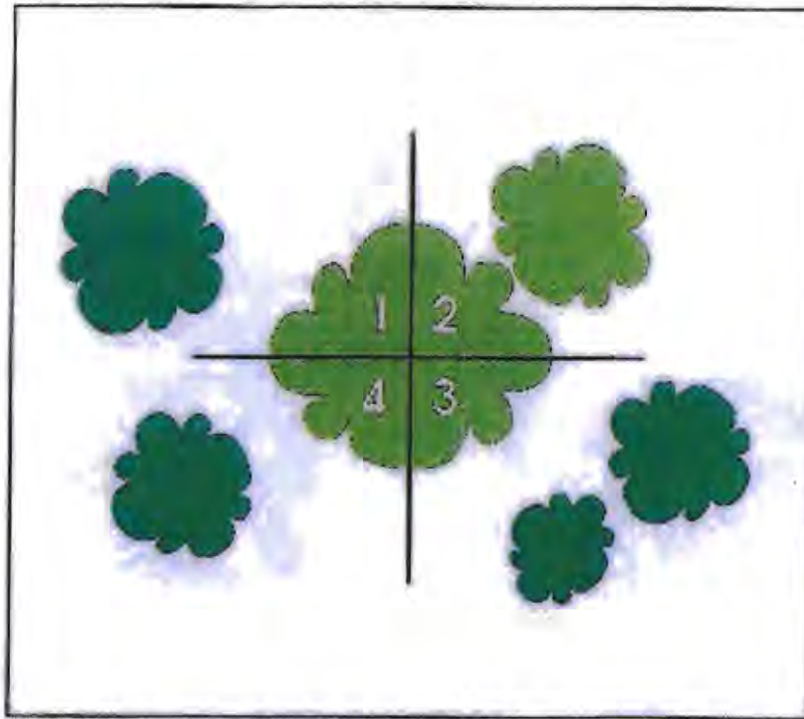
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Rebecca Hilmert, Board Secretary

## NORTHERN HARDWOODS MANAGEMENT GUIDELINE

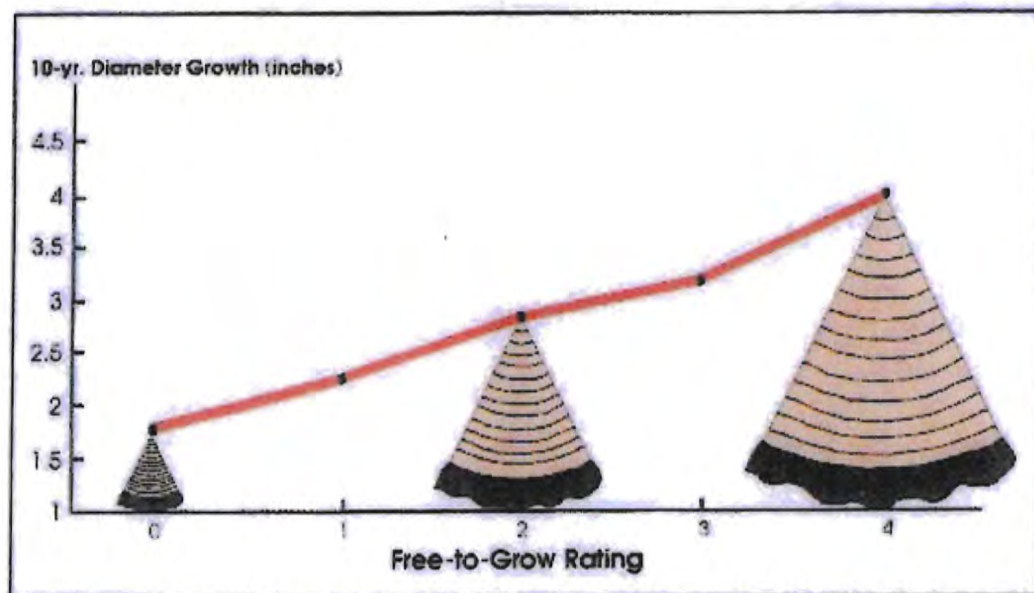
Selectively thin to remove lowest quality trees thereby giving the best quality ones room to grow. This practice is called Timber Stand Improvement or TSI. Also remove mature trees, those determined not to increase appreciably in value before the next cutting cycle, 8-12 years. Release “crop trees”, those which are most valued, from competition by removing lower quality trees whose crowns are touching the crop tree. Crop trees can be for high quality/value timber such as sugar maple, for wildlife food and denning spots such as beech, or for aesthetics such as red maple which is noted for its brilliant red fall foliage color.

In these stands the very high quality of the sugar maples would be the predominant crop trees, so thin around those individual trees by removing lower quality trees of that species and those of other species. It is important, however, to maintain species diversity by leaving a representation of beech, basswood and the other trees of lesser timber value. The first thinning will result in having 12-15 cords per acre of low quality pulpwood and pallet logs removed to attain an optimal residual density of 80-90 square feet of Basal Area per acre (basal area is a measurement of forest stand density measured in terms of square feet of basal area, i.e. tree trunk cross sectional area, per acre). At that range, the crop trees will have a good amount of room for their crowns to expand and yet the woods will still be very much “woods”. Subsequent thinnings will occur every 8 – 12 years, with each entry having fewer, higher quality trees removed. Hardwood trees such as these sugar maples are considered mature when they reach a breast height (4.5' above ground) diameter of 20-24". A stand is ready for thinning when the canopy closes, i.e. when little or no sunlight penetrates the forest floor.

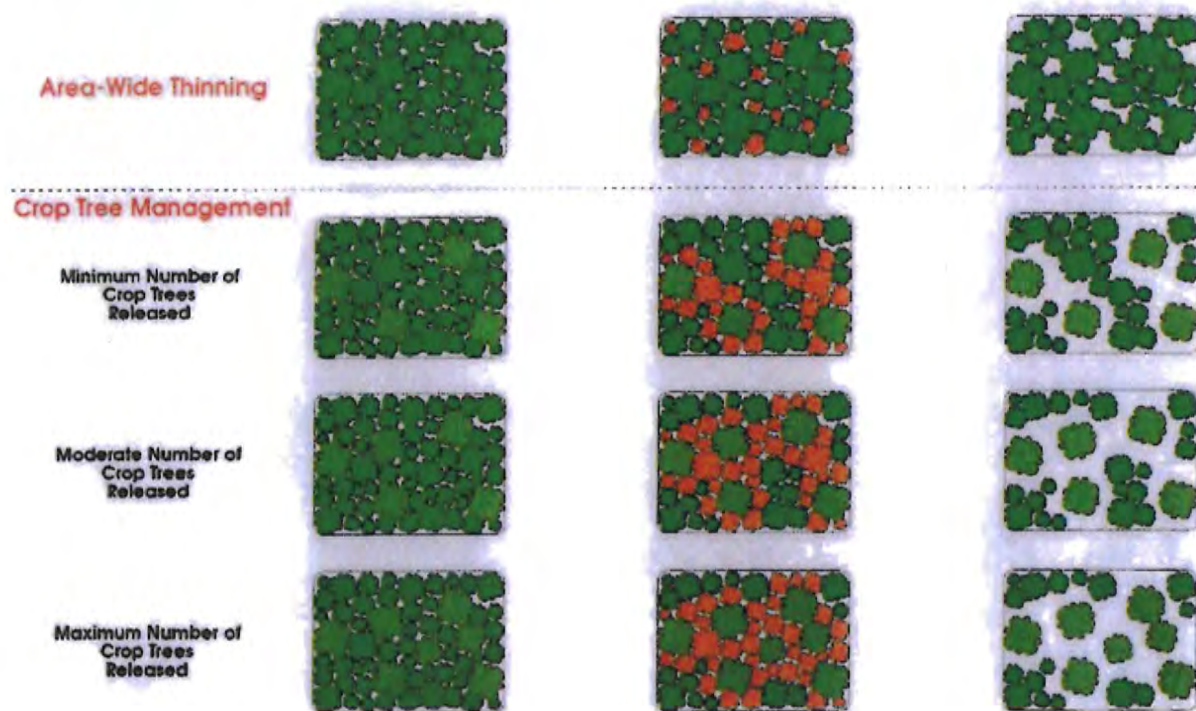


*Figure 5. The crop tree crown in the center of this illustration has been separated into four quadrants, or sides. A free-to-grow rating is determined by evaluating each side for competition from neighboring crowns. This crop tree is free to grow on three sides.*





**Figure 2.** This chart shows the dramatic difference a complete crown-touching release makes in the growth of crop trees. Represented here is the 10-year diameter growth in inches for the 20 best crop trees per acre in a 54-year-old stand.



**OTSEGO COUNTY ROAD COMMISSION  
RESOLUTION R25-2**

**A RESOLUTION TO SUPPORT AND SECURE CRITICAL BRIDGE FUNDING FOR  
INFRASTRUCTURE IN OTSEGO COUNTY**

**RECITALS**

**WHEREAS**, the Board of County Road Commissioners of Otsego County fully supports the efforts to secure State and Federal Local Bridge Program Funds for replacement or preventative maintenance of the bridges in Otsego County, and

**WHEREAS**, the Otsego County Road Commission will participate in funding the local share of project costs.

**NOW, THEREFORE, BE IT RESOLVED that:**

- 1.) That the Otsego County Board of Road Commissioners approve the bridge replacement or preventative maintenance of any bridge structure in Otsego County, Michigan.
- 2.) All resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

AYES: Dipzinski, Camiller, Heinz, Huff

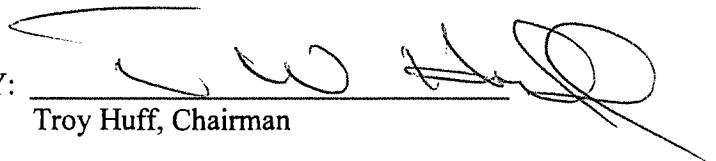
NAYS: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: Gordon

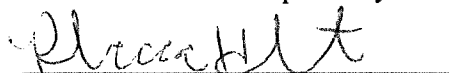
**ADOPTED** March 13, 2025

**OTSEGO COUNTY ROAD COMMISSION**

BY:   
Troy Huff, Chairman

**CERTIFICATION**

I, Rebecca Hilmert, the duly appointed Board Secretary of the Otsego County Road Commission, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Otsego County Board of Road Commissioners at a regular meeting held March 13, 2025, in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, the minutes of the meeting were kept and will be or have been made available as required by said Act.

  
Rebecca Hilmert, Board Secretary



**OTSEGO COUNTY ROAD COMMISSION  
RESOLUTION R25-3**

**RESOLUTION ESTABLISHING SPARR/MERIDIAN LINE/HETHERTON TRUCK  
ROUTE IN CHARLTON TOWNSHIP**

**RECITALS**

**WHEREAS**, to protect the public health, safety and general welfare under the authority of Public Act 359 of 1947, as amended, the Board of County Road Commissioners of Otsego County (the "Board") has determined it is advisable and in the best interest of the public to adopt a resolution regulating certain commercial truck traffic by creating a truck route to accommodate truck traffic between certain roads located in Charlton Township, Otsego County, Michigan; and

**WHEREAS**, the creation of prohibitions and limitations on truck traffic by local authorities and county road commissions is governed by MCL 257.726, which is part of Public Act 300 of 1949, as amended, commonly referred to as the Michigan Vehicle Code;

**NOW, THEREFORE, BE IT RESOLVED:**

1. The Board determines that creating a designated truck route for commercial truck traffic traveling between Tin Shanty Road and M-32 within Charlton Township is advisable and in the best interest of the public.
2. A truck route is implemented according to the attached map, said route starting and running as follows:
  - Commercial truck traffic from Tin Shanty Rd to Sparr Road
  - Sparr Road east to Meridian Line Road
  - Meridian Line Road south to Hetherton Road
  - Hetherton Road west to M32.
3. Except as expressly permitted in writing by the Otsego County Road Commission in accordance with MCL 257.725, the provisions of the county highway law, and the Michigan Vehicle Code, all commercial truck traffic traveling from Tin Shanty Road to M-32 or from M-32 to Tin Shanty Road within Charlton Township, Otsego County, Michigan, shall follow the route described herein, which roads or highways shall be posted with appropriate signage designating the route as required by the laws of this State. Any person who operates a commercial truck in violation of this Resolution shall be subject to the penalties provided herein.
4. The following activities shall be exempt from the provisions of this Resolution:
  - a. Fire trucks or other emergency vehicles or vehicles on emergency business involved in the saving of lives or property; and
  - b. Vehicles used to transport agricultural products, farm machinery, farm supplies, or a combination of these items, to or from a farm as necessary for agricultural production; and
  - c. Road repair, construction, or maintenance vehicles while involved in the repair, construction, or maintenance of roads, public and private utilities,

cable television, and drains within the County; and

- d. Trash/garbage service vehicles while involved in the provision of services to residents and businesses within the County; and
  - e. Commercial vehicles commencing their route from, or returning to, an occupied residence or business located on roads not identified herein and between the Tin Shanty/Sparr Road intersection and M-32 in Charlton Township, so long as such vehicles travel the shortest possible distance to the described roads; and
  - f. Commercial vehicles delivering consumer goods or services to an occupied residence or business on roads not identified herein and between the Tin Shanty/Sparr Road intersection and M-32 in Charlton Township.
5. Pursuant to MCL 257.726, a person who violates any of the provisions of this Resolution shall be responsible for a civil infraction, and upon conviction thereof, shall be assessed costs, damages, expenses, and other sanctions allowed by law.
  6. A copy of this Resolution with the Exhibit 1 shall be forwarded to Charlton Township.
  7. This Resolution shall take effect immediately.

AYES: Camiller, Dipzinski, Heinz, Huff

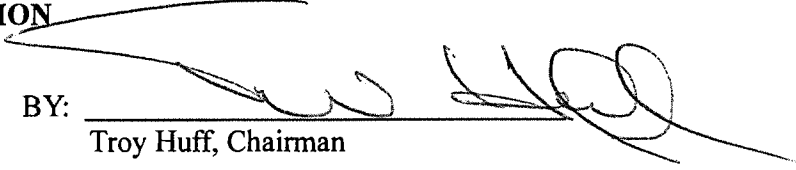
NAYS: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: Gordon


**ADOPTED** March 13, 2025

**OTSEGO COUNTY ROAD COMMISSION**

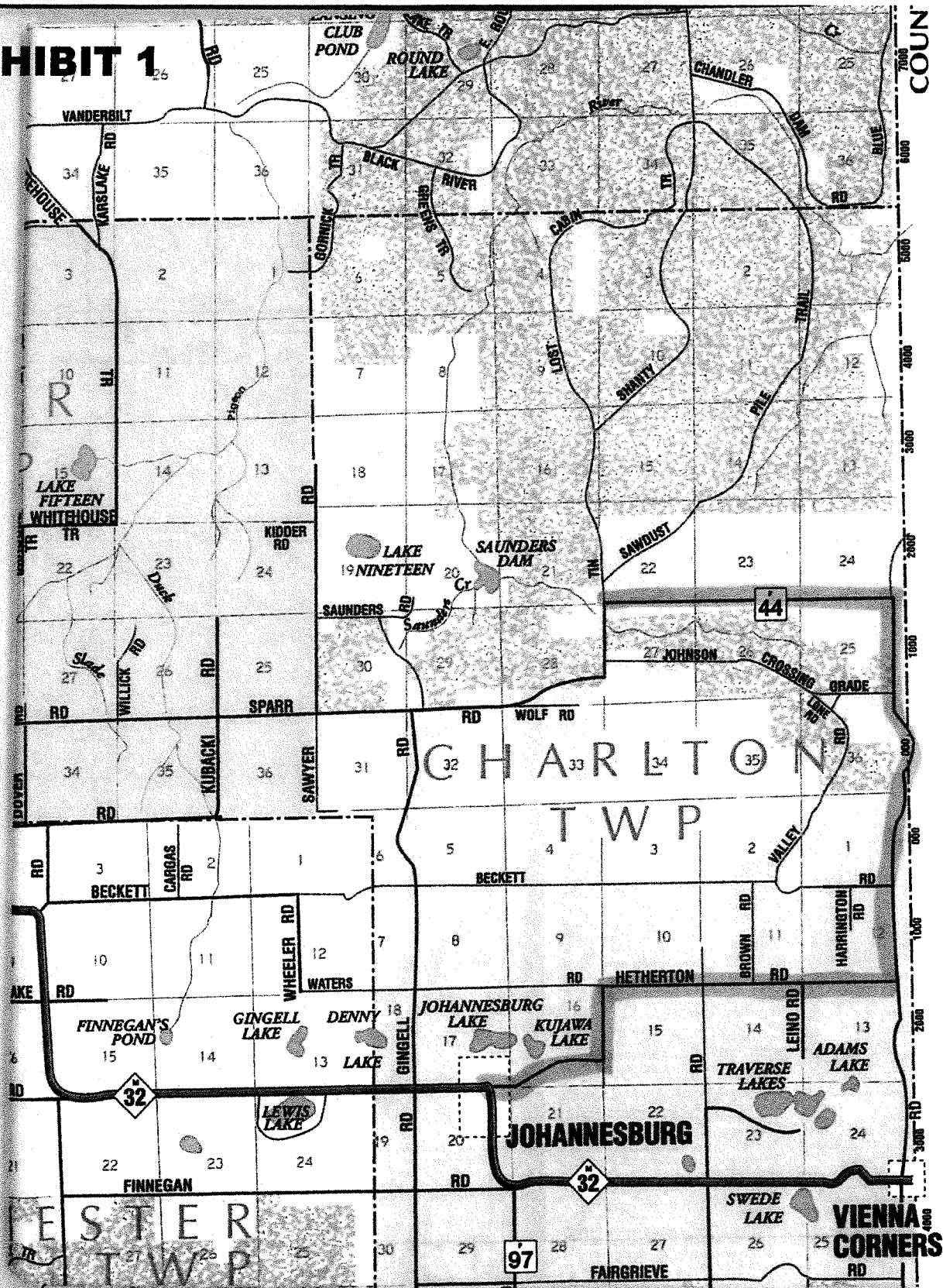
BY:   
Troy Huff, Chairman

**CERTIFICATION**

I, Rebecca Hilmert, the duly appointed Board Secretary of the Otsego County Road Commission, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Otsego County Board of Road Commissioners at a regular meeting held March 13, 2025, in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, the minutes of the meeting were kept and will be or have been made available as required by said Act.

  
Rebecca Hilmert, Board Secretary

# EXHIBIT 1





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WEST

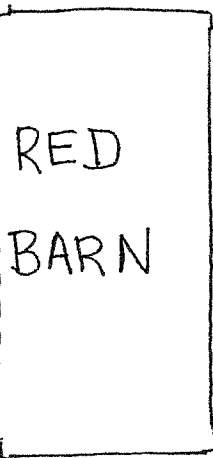
ALLIS ROAD

OTSEGO COUNTY

POOR FARM

(1882 - 1952)

272'  
by 12'  
asphalt  
driveway



RED

BARN

NORTH

## Payroll Gross for P/R of 3/6/2025

PR #5

3/3/2025

2/15/2025 to 2/28/2025

| Emp Nbr and Name                 | Regular Hours   | Total Hours     | Gross Amt           |
|----------------------------------|-----------------|-----------------|---------------------|
| 264 Huff III,Russell             | 26.00           | 26.00           | \$667.94            |
| 269 Koronka,Brian                | 24.00           | 24.00           | \$616.56            |
| 277 Fox,David                    | 80.00           | 83.00           | \$3,111.29          |
| 283 Sewell,Dennis                | 80.00           | 94.00           | \$2,748.83          |
| 284 Kwapis Jr.,Stanley           | 80.00           | 104.00          | \$3,247.56          |
| 287 Myers,Joseph                 | 80.00           | 99.00           | \$2,851.60          |
| 294 Mench,Steven                 | 80.00           | 107.00          | \$4,436.82          |
| 295 Boughner,Alan                | 80.00           | 82.00           | \$2,132.29          |
| 299 Hinton,Justin                | 80.00           | 114.00          | \$3,525.53          |
| 303 Coughlin Jr.,Thomas          | 80.00           | 90.50           | \$2,459.83          |
| 307 Stiles,William               | 80.00           | 94.50           | \$2,613.98          |
| 308 Wcisel,David                 | 80.00           | 88.50           | \$2,382.76          |
| 311 Wiley,James                  | 80.00           | 114.50          | \$3,660.06          |
| 314 Kucharek,Joseph              | 80.00           | 104.50          | \$3,453.29          |
| 316 Jones,Tianne                 | 80.00           | 80.00           | \$2,178.40          |
| 317 Mitchell Jr.,Dennis          | 80.00           | 82.50           | \$2,151.54          |
| 318 Huff,Troy                    | 0.00            | 0.00            | \$909.09            |
| 319 Prusakiewicz,Luke            | 80.00           | 98.00           | \$2,902.97          |
| 321 Tracey,Benjamin              | 80.00           | 93.50           | \$2,826.09          |
| 323 Falkenhagen,Robert           | 80.00           | 94.00           | \$2,594.70          |
| 324 Dipzinski,Michael            | 0.00            | 0.00            | \$363.64            |
| 326 Heinz,Kathy                  | 0.00            | 0.00            | \$863.64            |
| 327 Garlock,Cody                 | 80.00           | 110.00          | \$3,378.24          |
| 328 Harrier,Kirk                 | 80.00           | 80.00           | \$4,098.40          |
| 329 Gordon,Lukas                 | 0.00            | 0.00            | \$863.64            |
| 331 Boettner,Cary                | 80.00           | 90.50           | \$2,603.45          |
| 335 Pettis,Charles               | 78.00           | 80.00           | \$1,878.40          |
| 336 Hilmert,Rebecca              | 80.00           | 80.00           | \$2,694.40          |
| 337 Johnson,Zachary              | 80.00           | 111.00          | \$3,249.81          |
| 338 Coady,Patrick                | 80.00           | 98.50           | \$2,922.31          |
| 342 Alexander,Alexis             | 80.00           | 105.00          | \$3,166.30          |
| 343 Hendrick,Robert              | 80.00           | 87.00           | \$2,460.70          |
| 344 Mayle,Michael                | 80.00           | 102.00          | \$3,018.66          |
| 345 Butkovich,Scott              | 80.00           | 94.00           | \$3,751.15          |
| 346 Ford,Logan                   | 80.00           | 115.00          | \$3,558.08          |
| 347 Joyce,Caleb                  | 68.00           | 80.00           | \$2,055.20          |
| 348 Huff,Justin                  | 66.50           | 80.00           | \$2,055.20          |
| 349 Mathers,Andrew               | 70.00           | 80.00           | \$2,055.28          |
| 350 Camiller,James               | 0.00            | 0.00            | \$863.64            |
| 903 BANK,HORIZON                 | 0.00            | 0.00            | \$7,305.43          |
| <b>Total of Employee checks:</b> | <b>2,572.50</b> | <b>3,066.50</b> | <b>\$104,676.70</b> |

## Gross Pay by Fund:

|       | Total      |
|-------|------------|
| 201   | 104,676.70 |
| Total | 104,676.70 |

Approved: April 10, 2025

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Troy Huff, Chairman

## Payroll Gross for P/R of 3/20/2025

PR #6

3/18/2025

3/1/2025 to 3/14/2025

| Emp Nbr and Name        | Regular Hours | Total Hours | Gross Amt  |
|-------------------------|---------------|-------------|------------|
| 277 Fox,David           | 80.00         | 80.00       | \$2,945.60 |
| 283 Sewell,Dennis       | 80.00         | 80.00       | \$2,055.20 |
| 284 Kwapis Jr.,Stanley  | 80.00         | 104.00      | \$3,243.56 |
| 287 Myers,Joseph        | 80.00         | 91.00       | \$2,479.09 |
| 294 Mench,Steven        | 80.00         | 98.00       | \$3,939.75 |
| 295 Boughner,Alan       | 80.00         | 80.00       | \$2,055.20 |
| 299 Hinton,Justin       | 80.00         | 96.00       | \$2,683.76 |
| 303 Coughlin Jr.,Thomas | 80.00         | 92.00       | \$2,517.63 |
| 307 Stiles,William      | 80.00         | 95.50       | \$2,652.50 |
| 308 Wcisel,David        | 80.00         | 80.50       | \$2,074.47 |
| 311 Wiley,James         | 80.00         | 112.00      | \$3,561.84 |
| 314 Kucharek,Joseph     | 80.00         | 80.00       | \$2,255.20 |
| 316 Jones,Tianne        | 80.00         | 80.00       | \$2,178.40 |
| 317 Mitchell Jr.,Dennis | 80.00         | 80.00       | \$2,055.20 |
| 318 Huff,Troy           | 0.00          | 0.00        | \$409.09   |
| 319 Prusakiewicz,Luke   | 80.00         | 80.00       | \$2,055.20 |
| 321 Tracey,Benjamin     | 80.00         | 80.00       | \$2,255.20 |
| 323 Falkenhagen,Robert  | 80.00         | 100.00      | \$2,883.73 |
| 324 Dipzinski,Michael   | 0.00          | 0.00        | \$363.64   |
| 326 Heinz,Kathy         | 0.00          | 0.00        | \$363.64   |
| 327 Garlock,Cody        | 80.00         | 80.00       | \$2,055.20 |
| 328 Harrier,Kirk        | 80.00         | 80.00       | \$4,098.40 |
| 329 Gordon,Lukas        | 0.00          | 0.00        | \$363.64   |
| 331 Boettner,Cary       | 80.00         | 80.00       | \$2,175.20 |
| 335 Pettis,Charles      | 80.00         | 80.00       | \$1,878.40 |
| 336 Hilmert,Rebecca     | 80.00         | 80.00       | \$2,694.40 |
| 337 Johnson,Zachary     | 80.00         | 106.50      | \$3,127.77 |
| 338 Coady,Patrick       | 80.00         | 80.00       | \$2,055.26 |
| 342 Alexander,Alexis    | 80.00         | 80.00       | \$2,055.21 |
| 343 Hendrick,Robert     | 80.00         | 80.00       | \$2,175.20 |
| 344 Mayle,Michael       | 80.00         | 84.00       | \$2,209.39 |
| 345 Butkovich,Scott     | 80.00         | 86.50       | \$3,333.32 |
| 346 Ford,Logan          | 80.00         | 91.50       | \$2,498.37 |
| 347 Joyce,Caleb         | 80.00         | 80.00       | \$2,055.21 |
| 348 Huff,Justin         | 80.00         | 80.00       | \$2,055.21 |
| 349 Mathers,Andrew      | 80.00         | 80.00       | \$2,055.27 |
| 350 Camiller,James      | 0.00          | 0.00        | \$363.64   |
| 903 BANK,HORIZON        | 0.00          | 0.00        | \$6,158.67 |

|                           |          |          |             |
|---------------------------|----------|----------|-------------|
| Total of Employee checks: | 2,560.00 | 2,757.50 | \$88,435.66 |
|---------------------------|----------|----------|-------------|

## Gross Pay by Fund:

|       | Total     |
|-------|-----------|
| 201   | 88,435.66 |
| Total | 88,435.66 |

Approved: April 10, 2025

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 Troy Huff, Chairman



## Payables Prepay Report

## 3-26-2025 Utilities/Insurances

Show Distributions? (Y/N): N - Do Not Show Distributions

| Invoice Nbr  | Invoice Date | Description                          | Invoice Amount   | Disc Taken  | Amount To Pay    |
|--|--------------|--------------------------------------|------------------|-------------|------------------|
| <b>Payment Type: Checks</b>                                    |              |                                      |                  |             |                  |
| <b>Vendor: ALERUS: Alerus Financial</b>                        |              |                                      |                  |             |                  |
| <b>Check Nbr: 620802</b>                                       |              |                                      |                  |             |                  |
| Batch 325  | 3/19/2025    | Employer Portion 457                 | 958.34           | 0.00        | 958.34           |
| Batch 359  | 3/19/2025    | Employer Portion HCSP                | 2,780.24         | 0.00        | 2,780.24         |
| <b>Check Totals:</b>   |              |                                      | <b>3,738.58</b>  | <b>0.00</b> | <b>3,738.58</b>  |
| <b>Vendor: ATTMOBIL: AT&amp;T Mobility</b>                     |              |                                      |                  |             |                  |
| <b>Check Nbr: 620803</b>                                       |              |                                      |                  |             |                  |
| 287339253526X  | 3/6/2025     | MDOT iPad                            | 72.48            | 0.00        | 72.48            |
| AC#2873183511  | 3/6/2025     | OCRC Foreman Phones                  | 171.80           | 0.00        | 171.80           |
| <b>Check Totals:</b>   |              |                                      | <b>244.28</b>    | <b>0.00</b> | <b>244.28</b>    |
| <b>Vendor: BCN: Blue Care Network of MI</b>                    |              |                                      |                  |             |                  |
| <b>Check Nbr: 620804</b>                                       |              |                                      |                  |             |                  |
| 250660013329   | 3/7/2025     | Health Insurance                     | 52,170.95        | 0.00        | 52,170.95        |
| <b>Check Totals:</b>   |              |                                      | <b>52,170.95</b> | <b>0.00</b> | <b>52,170.95</b> |
| <b>Vendor: CITYOFGA: City of Gaylord</b>                       |              |                                      |                  |             |                  |
| <b>Check Nbr: 620805</b>                                       |              |                                      |                  |             |                  |
| MCCO-000669-C  | 2/28/2025    | Water/Sewer                          | 73.91            | 0.00        | 73.91            |
| <b>Check Totals:</b>   |              |                                      | <b>73.91</b>     | <b>0.00</b> | <b>73.91</b>     |
| <b>Vendor: DELTADEN: Delta Dental</b>                          |              |                                      |                  |             |                  |
| <b>Check Nbr: 620806</b>                                       |              |                                      |                  |             |                  |
| RIS0006303717  | 4/1/2025     | Dental Insurance                     | 3,971.88         | 0.00        | 3,971.88         |
| <b>Check Totals:</b>   |              |                                      | <b>3,971.88</b>  | <b>0.00</b> | <b>3,971.88</b>  |
| <b>Vendor: GREATLA: Great Lakes Energy</b>                     |              |                                      |                  |             |                  |
| <b>Check Nbr: 620807</b>                                       |              |                                      |                  |             |                  |
| 100269003  | 3/14/2025    | TL @ Krys/McCoy                      | 50.89            | 0.00        | 50.89            |
| <b>Check Totals:</b>   |              |                                      | <b>50.89</b>     | <b>0.00</b> | <b>50.89</b>     |
| <b>Vendor: HENNLESP: Henn Lesperance PLC</b>                   |              |                                      |                  |             |                  |
| <b>Check Nbr: 620808</b>                                       |              |                                      |                  |             |                  |
| 9257   | 3/12/2025    | General Counsel                      | 140.00           | 0.00        | 140.00           |
| <b>Check Totals:</b>   |              |                                      | <b>140.00</b>    | <b>0.00</b> | <b>140.00</b>    |
| <b>Vendor: HUMAN: Humana Insurance Co.</b>                     |              |                                      |                  |             |                  |
| <b>Check Nbr: 620809</b>                                       |              |                                      |                  |             |                  |
| 692915200  | 3/14/2025    | Retiree Healthcare                   | 11,863.46        | 0.00        | 11,863.46        |
| <b>Check Totals:</b>   |              |                                      | <b>11,863.46</b> | <b>0.00</b> | <b>11,863.46</b> |
| <b>Vendor: HURONENG: Huron Engineering and Surveying, Inc.</b> |              |                                      |                  |             |                  |
| <b>Check Nbr: 620810</b>                                       |              |                                      |                  |             |                  |
| 6887   | 2/12/2025    | Wilkinson Rd Engineering             | 5,813.00         | 0.00        | 5,813.00         |
| 6897   | 2/12/2025    | County Wide Signage-Safety Engineeri | 4,525.00         | 0.00        | 4,525.00         |
| <b>Check Totals:</b>   |              |                                      | <b>10,338.00</b> | <b>0.00</b> | <b>10,338.00</b> |
| <b>Vendor: MCRCSIP: MCRCSIP</b>                                |              |                                      |                  |             |                  |
| <b>Check Nbr: 620811</b>                                       |              |                                      |                  |             |                  |
| 7285   | 3/19/2025    | Deductible                           | 1,000.00         | 0.00        | 1,000.00         |
| <b>Check Totals:</b>   |              |                                      | <b>1,000.00</b>  | <b>0.00</b> | <b>1,000.00</b>  |

**Payables Prepay Report**  
**3-26-2025 Utilities/Insurances**

| Invoice Nbr  | Invoice Date | Description                   | Invoice Amount   | Disc Taken  | Amount To Pay    |
|--|--------------|-------------------------------|------------------|-------------|------------------|
| <b>Vendor: MUTOMA: Mutual of Omaha</b>             |              |                               |                  |             |                  |
| <b>Check Nbr: 620812</b>                           |              |                               |                  |             |                  |
| 001863729906                                       | 3/19/2025    | AS&D/L/STD/LTD                | 3,294.02         | 0.00        | 3,294.02         |
| <b>Check Totals:</b>                               |              |                               | <b>3,294.02</b>  | <b>0.00</b> | <b>3,294.02</b>  |
| <b>Vendor: OCRC: Otsego County Road Commission</b> |              |                               |                  |             |                  |
| <b>Check Nbr: 620813</b>                           |              |                               |                  |             |                  |
| 3/4/25-3/10/25                                     | 3/9/2025     | HRA Reimbursement             | 103.51           | 0.00        | 103.51           |
| <b>Check Totals:</b>                               |              |                               | <b>103.51</b>    | <b>0.00</b> | <b>103.51</b>    |
| <b>Vendor: USBANK: US Bank Equipment Finance</b>   |              |                               |                  |             |                  |
| <b>Check Nbr: 620814</b>                           |              |                               |                  |             |                  |
| 548682095  | 2/5/2025     | Copier                        | 432.41           | 0.00        | 432.41           |
| 550851737  | 3/8/2025     | Copier                        | 362.66           | 0.00        | 362.66           |
| <b>Check Totals:</b>                               |              |                               | <b>795.07</b>    | <b>0.00</b> | <b>795.07</b>    |
| <b>Check Grand Totals:</b>                         |              | <b>13 Checks</b>              | <b>87,784.55</b> | <b>0.00</b> | <b>87,784.55</b> |
| <b>Grand Totals:</b>                               |              | <b>13 EFTP Vendors/Checks</b> | <b>87,784.55</b> | <b>0.00</b> | <b>87,784.55</b> |

## Payables Prepay Report

4-10-2025 Board Pay

Show Distributions? (Y/N): N - Do Not Show Distributions

| Invoice Nbr   | Invoice Date | Description           | Invoice Amount        | Disc Taken  | Amount To Pay    |
|---|--------------|-----------------------|-----------------------|-------------|------------------|
| <b>Payment Type: EFTP</b>   |              |                       |                       |             |                  |
| <b>Vendor: FIRSTB: First National Bank of Omaha</b>                 |              |                       |                       |             |                  |
| 1408  | 3/27/2025    | D. Fox                | 374.00                | 0.00        | 374.00           |
| 4288  | 3/27/2025    | S. Butkovich          | 1,500.90              | 0.00        | 1,500.90         |
| 5602  | 3/27/2025    | K. Harrier            | 382.53                | 0.00        | 382.53           |
| 8324  | 3/27/2025    | R. Hilmert            | 455.73                | 0.00        | 455.73           |
| 9809  | 3/27/2025    | S. Mench              | 245.03                | 0.00        | 245.03           |
| <b>Vendor Totals:</b>   |              |                       | <b>2,958.19</b>       | <b>0.00</b> | <b>2,958.19</b>  |
| <b>Vendor: MERS: MERS of Michigan</b>                               |              |                       |                       |             |                  |
| 00165583-7  | 3/31/2025    | Retirement            | 75,287.05             | 0.00        | 75,287.05        |
| <b>Vendor Totals:</b>   |              |                       | <b>75,287.05</b>      | <b>0.00</b> | <b>75,287.05</b> |
| <b>EFTP Grand Totals:</b>   |              |                       | <b>78,245.24</b>      | <b>0.00</b> | <b>78,245.24</b> |
|   |              |                       | <b>2 EFTP Vendors</b> |             |                  |
| <b>Payment Type: Checks</b>   |              |                       |                       |             |                  |
| <b>Vendor: ADVANCEE: Advance Electric</b>                           |              |                       |                       |             |                  |
| <b>Check Nbr: 620815</b>  |              |                       |                       |             |                  |
| 426808  | 3/7/2025     | Building Lights       | 865.73                | 0.00        | 865.73           |
| <b>Check Totals:</b>  |              |                       | <b>865.73</b>         | <b>0.00</b> | <b>865.73</b>    |
| <b>Vendor: AIRGAS: AIRGAS USA, LLC</b>                              |              |                       |                       |             |                  |
| <b>Check Nbr: 620816</b>  |              |                       |                       |             |                  |
| 5514565495  | 2/28/2024    | Cylinder Rental       | 14.68                 | 0.00        | 14.68            |
| <b>Check Totals:</b>  |              |                       | <b>14.68</b>          | <b>0.00</b> | <b>14.68</b>     |
| <b>Vendor: ALERUS: Alerus Financial</b>                             |              |                       |                       |             |                  |
| <b>Check Nbr: 620817</b>  |              |                       |                       |             |                  |
| Batch 327   | 4/8/2025     | Employer Portion 457  | 996.57                | 0.00        | 996.57           |
| Batch 361   | 4/8/2025     | Employer Portion HCSP | 2,780.24              | 0.00        | 2,780.24         |
| <b>Check Totals:</b>  |              |                       | <b>3,776.81</b>       | <b>0.00</b> | <b>3,776.81</b>  |
| <b>Vendor: BRYCESEE: Bryce Seeley, Inc.</b>                         |              |                       |                       |             |                  |
| <b>Check Nbr: 620818</b>  |              |                       |                       |             |                  |
| 03182570241   | 3/18/2025    | Air Hammer Repair     | 163.50                | 0.00        | 163.50           |
| <b>Check Totals:</b>  |              |                       | <b>163.50</b>         | <b>0.00</b> | <b>163.50</b>    |
| <b>Vendor: CADOCHE: Cadillac Occupational Health &amp; Medicine</b> |              |                       |                       |             |                  |
| <b>Check Nbr: 620819</b>  |              |                       |                       |             |                  |
| 00234715-00   | 3/31/2025    | CDL Physicals         | 175.00                | 0.00        | 175.00           |
| <b>Check Totals:</b>  |              |                       | <b>175.00</b>         | <b>0.00</b> | <b>175.00</b>    |
| <b>Vendor: CHATERCO: Charter Communications</b>                     |              |                       |                       |             |                  |
| <b>Check Nbr: 620820</b>  |              |                       |                       |             |                  |
| 0054030010401   | 4/1/2025     | Telephone, Internet   | 380.90                | 0.00        | 380.90           |
| <b>Check Totals:</b>  |              |                       | <b>380.90</b>         | <b>0.00</b> | <b>380.90</b>    |
| <b>Vendor: CHUCKSEL: Chuck's Electric of Gaylord, INC.</b>          |              |                       |                       |             |                  |
| <b>Check Nbr: 620821</b>  |              |                       |                       |             |                  |
| 5628  | 3/27/2025    | Garage Exhaust Fan    | 330.00                | 0.00        | 330.00           |
| <b>Check Totals:</b>  |              |                       | <b>330.00</b>         | <b>0.00</b> | <b>330.00</b>    |
| <b>Vendor: CINTAS: Cintas Corporation #729</b>                      |              |                       |                       |             |                  |
| <b>Check Nbr: 620822</b>  |              |                       |                       |             |                  |
| 4223783265  | 3/12/2025    | Uniforms/Floor Mats   | 160.19                | 0.00        | 160.19           |
| 4224517907  | 3/19/2025    | Uniforms/Floor Mats   | 96.12                 | 0.00        | 96.12            |



**Payables Prepay Report**  
**4-10-2025 Board Pay**

| Invoice Nbr                                     | Invoice Date | Description            | Invoice Amount    | Disc Taken  | Amount To Pay     |
|---|--------------|------------------------|-------------------|-------------|-------------------|
| 4225258507                                      | 3/26/2025    | Uniforms, Floor Mats   | 96.12             | 0.00        | 96.12             |
| 9310897352                                      | 2/28/2025    | C. Pettis Credit       | -66.00            | 0.00        | -66.00            |
| <b>Check Totals:</b>                            |              |                        | <b>286.43</b>     | <b>0.00</b> | <b>286.43</b>     |
| <b>Vendor: CONSUME: Consumers Energy</b>        |              |                        |                   |             |                   |
| <b>Check Nbr: 620823</b>                        |              |                        |                   |             |                   |
| 204212636948                                    | 3/31/2025    | Bagley TL              | 52.10             | 0.00        | 52.10             |
| 206259204795                                    | 3/20/2025    | Building Electricity   | 2,043.90          | 0.00        | 2,043.90          |
| <b>Check Totals:</b>                            |              |                        | <b>2,096.00</b>   | <b>0.00</b> | <b>2,096.00</b>   |
| <b>Vendor: GFLNA1: GFL Environmental</b>        |              |                        |                   |             |                   |
| <b>Check Nbr: 620824</b>                        |              |                        |                   |             |                   |
| LQ2718629                                       | 3/18/2025    | Waste Water Disposal   | 1,770.75          | 0.00        | 1,770.75          |
| <b>Check Totals:</b>                            |              |                        | <b>1,770.75</b>   | <b>0.00</b> | <b>1,770.75</b>   |
| <b>Vendor: GINOPHIL: Ginop Sales, Inc.</b>      |              |                        |                   |             |                   |
| <b>Check Nbr: 620825</b>                        |              |                        |                   |             |                   |
| HP60850   | 4/3/2025     | Skidsteer Rental       | 7,175.00          | 0.00        | 7,175.00          |
| HP60901   | 4/8/2025     | Skidsteer Rental       | 12,400.00         | 0.00        | 12,400.00         |
| <b>Check Totals:</b>                            |              |                        | <b>19,575.00</b>  | <b>0.00</b> | <b>19,575.00</b>  |
| <b>Vendor: LAWSONPR: Lawson Products, Inc.</b>  |              |                        |                   |             |                   |
| <b>Check Nbr: 620826</b>                        |              |                        |                   |             |                   |
| 9312340838                                      | 3/25/2025    | Hyd Fittings           | 330.86            | 0.00        | 330.86            |
| <b>Check Totals:</b>                            |              |                        | <b>330.86</b>     | <b>0.00</b> | <b>330.86</b>     |
| <b>Vendor: MARATHON: WEX BANK</b>               |              |                        |                   |             |                   |
| <b>Check Nbr: 620827</b>                        |              |                        |                   |             |                   |
| 103844032                                       | 3/31/2025    | Fuel                   | 466.27            | 0.00        | 466.27            |
| <b>Check Totals:</b>                            |              |                        | <b>466.27</b>     | <b>0.00</b> | <b>466.27</b>     |
| <b>Vendor: MARCOR: Marcor Technologies, LLC</b> |              |                        |                   |             |                   |
| <b>Check Nbr: 620828</b>                        |              |                        |                   |             |                   |
| 61231   | 3/12/2025    | iCloud, Hosted Storage | 150.07            | 0.00        | 150.07            |
| <b>Check Totals:</b>                            |              |                        | <b>150.07</b>     | <b>0.00</b> | <b>150.07</b>     |
| <b>Vendor: MCRCSIP: MCRCSIP</b>                 |              |                        |                   |             |                   |
| <b>Check Nbr: 620829</b>                        |              |                        |                   |             |                   |
| 7297  | 4/1/2025     | Insurance              | 197,837.00        | 0.00        | 197,837.00        |
| <b>Check Totals:</b>                            |              |                        | <b>197,837.00</b> | <b>0.00</b> | <b>197,837.00</b> |
| <b>Vendor: MCVEIGH: McVeigh's Truck Springs</b> |              |                        |                   |             |                   |
| <b>Check Nbr: 620830</b>                        |              |                        |                   |             |                   |
| 29516   | 3/4/2025     | Pad w/Stud             | 122.80            | 0.00        | 122.80            |
| <b>Check Totals:</b>                            |              |                        | <b>122.80</b>     | <b>0.00</b> | <b>122.80</b>     |
| <b>Vendor: MEYERGAY: Meyer Ace Gaylord</b>      |              |                        |                   |             |                   |
| <b>Check Nbr: 620831</b>                        |              |                        |                   |             |                   |
| 38550/4   | 3/10/2025    | Cleaning Supply        | 25.97             | 0.00        | 25.97             |
| <b>Check Totals:</b>                            |              |                        | <b>25.97</b>      | <b>0.00</b> | <b>25.97</b>      |
| <b>Vendor: MICAT: Michigan CAT</b>              |              |                        |                   |             |                   |
| <b>Check Nbr: 620832</b>                        |              |                        |                   |             |                   |
| PD17123629                                      | 3/13/2025    | Wiper Arm & Blade      | 55.56             | 0.00        | 55.56             |
| PD17123630                                      | 3/14/2025    | Filters                | 105.19            | 0.00        | 105.19            |
| PD17138311                                      | 3/19/2025    | Turn Signals, Filters  | 811.69            | 0.00        | 811.69            |

**Payables Prepay Report**  
**4-10-2025 Board Pay**

| Invoice Nbr  | Invoice Date | Description                    | Invoice Amount   | Disc Taken  | Amount To Pay    |
|--|--------------|--------------------------------|------------------|-------------|------------------|
| <b>Check Totals:</b>                                     |              |                                | <b>972.44</b>    | <b>0.00</b> | <b>972.44</b>    |
| <b>Vendor: MIDSTATE: Mid-States Bolt &amp; Screw Co.</b> |              |                                |                  |             |                  |
| <b>Check Nbr: 620833</b>                                 |              |                                |                  |             |                  |
| 32814633   | 2/11/2025    | Bin Stock                      | 31.00            | 0.00        | 31.00            |
| 32814634   | 2/11/2025    | Bin Stock                      | 11.50            | 0.00        | 11.50            |
| 32833297   | 3/14/2025    | Wing pivot bolt & Shims        | 94.13            | 0.00        | 94.13            |
| 32833820   | 3/14/2025    | Wing Locknuts                  | 24.31            | 0.00        | 24.31            |
| 32835804   | 3/18/2025    | Reamer & Drill Bits            | 179.37           | 0.00        | 179.37           |
| 32840214   | 3/25/2025    | Wing Bolts, Binstock           | 100.31           | 0.00        | 100.31           |
| <b>Check Totals:</b>                                     |              |                                | <b>440.62</b>    | <b>0.00</b> | <b>440.62</b>    |
| <b>Vendor: NORTHERN: Northern Energy, Inc.</b>           |              |                                |                  |             |                  |
| <b>Check Nbr: 620834</b>                                 |              |                                |                  |             |                  |
| 104748   | 3/20/2025    | Diff. Fluid                    | 754.00           | 0.00        | 754.00           |
| <b>Check Totals:</b>                                     |              |                                | <b>754.00</b>    | <b>0.00</b> | <b>754.00</b>    |
| <b>Vendor: OCRC: Otsego County Road Commission</b>       |              |                                |                  |             |                  |
| <b>Check Nbr: 620835</b>                                 |              |                                |                  |             |                  |
| 3/1/25-3/31/25   | 3/31/2025    | HRA Reimbursement              | 139.69           | 0.00        | 139.69           |
| 3/25/25-3/31/25  | 3/30/2025    | HRA Reimbursement              | 1,717.95         | 0.00        | 1,717.95         |
| 4/1/25-4/7/25  | 4/6/2025     | HRA Reimbursement              | 55.12            | 0.00        | 55.12            |
| <b>Check Totals:</b>                                     |              |                                | <b>1,912.76</b>  | <b>0.00</b> | <b>1,912.76</b>  |
| <b>Vendor: OMSCOM: OMS Compliance Services</b>           |              |                                |                  |             |                  |
| <b>Check Nbr: 620836</b>                                 |              |                                |                  |             |                  |
| 119659   | 3/17/2025    | PreEmployment Drug Test        | 91.25            | 0.00        | 91.25            |
| 119660   | 3/17/2025    | PreEmployment Drug Test        | 91.25            | 0.00        | 91.25            |
| 119661   | 3/17/2025    | PreEmployment Drug Test        | 91.25            | 0.00        | 91.25            |
| <b>Check Totals:</b>                                     |              |                                | <b>273.75</b>    | <b>0.00</b> | <b>273.75</b>    |
| <b>Vendor: SCIBRA: SCIENTIFIC BRAKE &amp; EQUIP.</b>     |              |                                |                  |             |                  |
| <b>Check Nbr: 620838</b>                                 |              |                                |                  |             |                  |
| 0202137314   | 3/24/2025    | Air Valves                     | 501.66           | 0.00        | 501.66           |
| 0202138449   | 3/10/2025    | Work Lights                    | 470.56           | 0.00        | 470.56           |
| 0202139143   | 3/7/2025     | Work Lights                    | 9.63             | 0.00        | 9.63             |
| 0202139413   | 3/13/2025    | Electric Switch, Glass Cleaner | 39.34            | 0.00        | 39.34            |
| 0202139418   | 3/13/2025    | Purest Desiccant Cartridge     | 126.70           | 0.00        | 126.70           |
| 0202139572   | 3/18/2025    | Stainless Mud Flap Holder      | 93.28            | 0.00        | 93.28            |
| 0202140088   | 3/25/2025    | Hose Wrap                      | 87.12            | 0.00        | 87.12            |
| <b>Check Totals:</b>                                     |              |                                | <b>1,328.29</b>  | <b>0.00</b> | <b>1,328.29</b>  |
| <b>Vendor: SHINECLE: Shine Cleaning Service Inc.</b>     |              |                                |                  |             |                  |
| <b>Check Nbr: 620839</b>                                 |              |                                |                  |             |                  |
| 1061   | 4/1/2025     | Rest Area Cleaning             | 11,479.14        | 0.00        | 11,479.14        |
| <b>Check Totals:</b>                                     |              |                                | <b>11,479.14</b> | <b>0.00</b> | <b>11,479.14</b> |
| <b>Vendor: SNETHKAM: Snethkamp</b>                       |              |                                |                  |             |                  |
| <b>Check Nbr: 620840</b>                                 |              |                                |                  |             |                  |
| 6393347/1  | 3/12/2025    | Light Repair                   | 35.93            | 0.00        | 35.93            |
| <b>Check Totals:</b>                                     |              |                                | <b>35.93</b>     | <b>0.00</b> | <b>35.93</b>     |

**Payables Prepay Report**  
**4-10-2025 Board Pay**

| Invoice Nbr   | Invoice Date | Description                      | Invoice Amount  | Disc Taken  | Amount To Pay   |
|---|--------------|----------------------------------|-----------------|-------------|-----------------|
| <b>Vendor: STOOPS: Stoops Freightliner Western Star</b> |              |                                  |                 |             |                 |
| <b>Check Nbr: 620841</b>                                |              |                                  |                 |             |                 |
| X316018872:01   | 3/10/2025    | Suspension Leveling Valve        | 258.10          | 0.00        | 258.10          |
| X316018968:01   | 3/10/2025    | Head Light Bezel & Ring          | 89.26           | 0.00        | 89.26           |
| X316019022:01   | 3/10/2025    | Fan Clutch                       | 494.13          | 0.00        | 494.13          |
| X316019437:01   | 3/27/2025    | Starter & Battery                | 1,468.58        | 0.00        | 1,468.58        |
| X316019512:01   | 3/27/2025    | Clutch Cyl                       | 165.39          | 0.00        | 165.39          |
| X316019531:01   | 3/27/2025    | Bezel Switch                     | 7.71            | 0.00        | 7.71            |
| <b>Check Totals:</b>                                    |              |                                  | <b>2,483.17</b> | <b>0.00</b> | <b>2,483.17</b> |
| <b>Vendor: TRUTRA: TRUCK &amp; TRAILER SPECIALTIES</b>  |              |                                  |                 |             |                 |
| <b>Check Nbr: 620842</b>                                |              |                                  |                 |             |                 |
| BSO026811   | 3/11/2025    | Plow Blades                      | 2,417.16        | 0.00        | 2,417.16        |
| BSO027120   | 3/11/2025    | Sander Sensor & Jacks, Light Box | 945.22          | 0.00        | 945.22          |
| <b>Check Totals:</b>                                    |              |                                  | <b>3,362.38</b> | <b>0.00</b> | <b>3,362.38</b> |
| <b>Vendor: VALTRU: VALLEY TRUCK PARTS, INC.</b>         |              |                                  |                 |             |                 |
| <b>Check Nbr: 620843</b>                                |              |                                  |                 |             |                 |
| 3-1227448   | 1/30/2025    | Returned Plates                  | -700.00         | 0.00        | -700.00         |
| 3-1227703   | 3/6/2025     | Seat                             | 1,078.74        | 0.00        | 1,078.74        |
| 3-1227790   | 3/18/2025    | Diff Seals & Nut                 | 68.71           | 0.00        | 68.71           |
| 3-1227867   | 3/28/2025    | Diff Parts                       | 473.37          | 0.00        | 473.37          |
| <b>Check Totals:</b>                                    |              |                                  | <b>920.82</b>   | <b>0.00</b> | <b>920.82</b>   |
| <b>Vendor: VREDEVEL: VREDEVELD HAEFNER LLC</b>          |              |                                  |                 |             |                 |
| <b>Check Nbr: 620844</b>                                |              |                                  |                 |             |                 |
| 6748  | 3/31/2025    | Audit Expense                    | 2,000.00        | 0.00        | 2,000.00        |
| <b>Check Totals:</b>                                    |              |                                  | <b>2,000.00</b> | <b>0.00</b> | <b>2,000.00</b> |
| <b>Vendor: WILAUT: WILBER AUTOMOTIVE</b>                |              |                                  |                 |             |                 |
| <b>Check Nbr: 620846</b>                                |              |                                  |                 |             |                 |
| 353076  | 3/7/2025     | Filters                          | 50.49           | 0.00        | 50.49           |
| 353563  | 3/13/2025    | Fuse & Light Bulb                | 17.29           | 0.00        | 17.29           |
| 353566  | 3/13/2025    | Hyd Filter                       | 19.14           | 0.00        | 19.14           |
| 353716  | 3/14/2025    | Light Bulb                       | 4.79            | 0.00        | 4.79            |
| 354203  | 3/20/2025    | Radiator Cap                     | 9.50            | 0.00        | 9.50            |
| 354450  | 3/24/2025    | Oil Filters, Light Bulbs         | 76.82           | 0.00        | 76.82           |
| 354463  | 3/24/2025    | Engine Oil                       | 76.89           | 0.00        | 76.89           |
| <b>Check Totals:</b>                                    |              |                                  | <b>254.92</b>   | <b>0.00</b> | <b>254.92</b>   |
| <b>Vendor: WINTEREQ: Winter Equipment Company, Inc.</b> |              |                                  |                 |             |                 |
| <b>Check Nbr: 620847</b>                                |              |                                  |                 |             |                 |
| IV63646   | 3/21/2025    | Plow Shoe                        | 6,971.25        | 0.00        | 6,971.25        |
| <b>Check Totals:</b>                                    |              |                                  | <b>6,971.25</b> | <b>0.00</b> | <b>6,971.25</b> |



**Payables Prepay Report**  
**4-10-2025 Board Pay**

| Invoice Nbr                                    | Invoice Date | Description                   | Invoice Amount    | Disc Taken  | Amount To Pay     |
|--|--------------|-------------------------------|-------------------|-------------|-------------------|
| <b>Vendor: ZAREQU: ZAREMBA EQUIPMENT, INC.</b> |              |                               |                   |             |                   |
| <b>Check Nbr: 620848</b>                       |              |                               |                   |             |                   |
| 101478   | 3/24/2025    | ECM Parameter Programming     | 309.00            | 0.00        | 309.00            |
| <b>Check Totals:</b>                           |              |                               | <b>309.00</b>     | <b>0.00</b> | <b>309.00</b>     |
| <b>Check Grand Totals:</b>                     |              | <b>32 Checks</b>              | <b>261,866.24</b> | <b>0.00</b> | <b>261,866.24</b> |
| <b>Grand Totals:</b>                           |              | <b>34 EFTP Vendors/Checks</b> | <b>340,111.48</b> | <b>0.00</b> | <b>340,111.48</b> |

## Accounts Payable Check Register

Low And High Check Date: 03/01/2025 - 03/31/2025  
 Show Vendor Codes? (Y/N): N - Do Not Show Vendor Codes  
 Show Discount And Pay Amounts? (Y/N): N - Do Not Show Discount And Pay Amounts  
 Show Payment Totals By Fund? (Y/N): Y - Show Payment Totals By Fund

| Check Nbr   | Check Date | Vendor Name                                       | Net Amount       |
|---|------------|---|------------------|
| <b>Electronic Funds Transfer Payments</b>         |            |   |                  |
| EFTP  | 03/13/2025 | MERS of Michigan                                  | 75,787.06        |
| <b>Electronic Funds Transfer Payments Totals:</b> |            | <b>1 Payments Listed</b>                          | <b>75,787.06</b> |
| <b>Regular Checks Payments</b>                    |            |   |                  |
| 620747  | 03/13/2025 | AIRGAS USA, LLC                                   | 14.68            |
| 620748  | 03/13/2025 | Alerus Financial                                  | 3,941.83         |
| 620749  | 03/13/2025 | Alma Tire Service, Inc.                           | 81.77            |
| 620750  | 03/13/2025 | AT&T Mobility                                     | 245.36           |
| 620751  | 03/13/2025 | AutoZone, Inc.                                    | 55.00            |
| 620752  | 03/13/2025 | BBC Distributing                                  | 245.27           |
| 620753  | 03/13/2025 | Beaver Research Company                           | 179.26           |
| 620754  | 03/13/2025 | Bryce Seeley, Inc.                                | 620.20           |
| 620755  | 03/13/2025 | Scott Butkovich                                   | 150.00           |
| 620756  | 03/13/2025 | Charter Communications                            | 380.00           |
| 620757  | 03/13/2025 | Cintas Corporation #729                           | 430.29           |
| 620758  | 03/13/2025 | Consumers Energy                                  | 51.44            |
| 620759  | 03/13/2025 | D&B Heat Transfer Products, Inc.                  | 3,985.00         |
| 620760  | 03/13/2025 | Dornbos Sign, Inc.                                | 57.68            |
| 620761  | 03/13/2025 | Electrical Terminal Service, Inc.                 | 333.20           |
| 620762  | 03/13/2025 | ELMIRA OCCUPATIONAL HEALTH & MEDICINE             | 100.00           |
| 620763  | 03/13/2025 | Federal Fluid Power, Inc.                         | 418.10           |
| 620764  | 03/13/2025 | First National Bank of Omaha                      | 906.19           |
| 620765  | 03/13/2025 | GFL Environmental                                 | 391.85           |
| 620766  | 03/13/2025 | GFL Environmental                                 | 7,438.61         |
| 620767  | 03/13/2025 | Gill-Roys Hardware                                | 49.98            |
| 620768  | 03/13/2025 | Humana Insurance Co.                              | 11,863.46        |
| 620769 *  | 03/13/2025 | Huron Engineering and Surveying, Inc.             | 19,937.50        |
| 620770 *  | 03/13/2025 | Huron Engineering and Surveying, Inc.             | 26,563.50        |
|   |            | <i>* Totals For Multi Part Check Nbr: 620770:</i> | <b>46,501.00</b> |
| 620771  | 03/13/2025 | Exit 76 Corporation                               | 72,300.45        |
| 620772  | 03/13/2025 | Lawson Products, Inc.                             | 57.60            |
| 620773  | 03/13/2025 | Marcor Technologies, LLC                          | 298.89           |
| 620774  | 03/13/2025 | McVeigh's Truck Springs                           | 1,631.83         |
| 620775  | 03/13/2025 | Michigan CAT                                      | 1,148.00         |
| 620776  | 03/13/2025 | Mid-States Bolt & Screw Co.                       | 137.08           |
| 620777  | 03/13/2025 | Michigan Kenworth, LLC                            | 2,606.86         |
| 620778  | 03/13/2025 | Northern Energy, Inc.                             | 3,148.76         |
| 620779  | 03/13/2025 | Otsego County Road Commission                     | 1,088.84         |
| 620780  | 03/13/2025 | ODS THE DOOR SPECIALISTS                          | 324.25           |
| 620781  | 03/13/2025 | OMS Compliance Services                           | 111.25           |
| 620782  | 03/13/2025 | RON'S AUTO & WRECKER                              | 2,695.00         |
| 620783 *  | 03/13/2025 | SCIENTIFIC BRAKE & EQUIP.                         | 1,023.38         |
| 620784 *  | 03/13/2025 | SCIENTIFIC BRAKE & EQUIP.                         | 233.27           |

| Check Nbr                                  | Check Date | Vendor Name                           | Net Amount        |
|--|------------|---------------------------------------|-------------------|
| 620785 *                                   | 03/13/2025 | SCIENTIFIC BRAKE & EQUIP.             | 1,315.12          |
| * Totals For Multi Part Check Nbr: 620785: |            |                                       | 2,571.77          |
| 620786                                     | 03/13/2025 | Shine Cleaning Service Inc.           | 11,479.14         |
| 620787                                     | 03/13/2025 | SHORELINE POWER SERVICES, INC         | 320.00            |
| 620788                                     | 03/13/2025 | Staples                               | 81.09             |
| 620789 *                                   | 03/13/2025 | Stoops Freightliner Western Star      | 1,142.76          |
| 620790 *                                   | 03/13/2025 | Stoops Freightliner Western Star      | 1,396.10          |
| * Totals For Multi Part Check Nbr: 620790: |            |                                       | 2,538.86          |
| 620791                                     | 03/13/2025 | TED FESTERLING LLC                    | 2,975.99          |
| 620792                                     | 03/13/2025 | Texas Refinery Corp                   | 3,931.20          |
| 620793                                     | 03/13/2025 | Tianne Jones                          | 15.31             |
| 620794 *                                   | 03/13/2025 | TRUCK & TRAILER SPECIALTIES           | 12,633.71         |
| 620795 *                                   | 03/13/2025 | TRUCK & TRAILER SPECIALTIES           | 4,102.00          |
| * Totals For Multi Part Check Nbr: 620795: |            |                                       | 16,735.71         |
| 620796                                     | 03/13/2025 | VALLEY TRUCK PARTS, INC.              | 1,373.04          |
| 620797                                     | 03/13/2025 | VREDEVOLD HAEFNER LLC                 | 8,000.00          |
| 620798                                     | 03/13/2025 | Weller Truck Parts                    | 4,781.26          |
| 620799                                     | 03/13/2025 | WILBER AUTOMOTIVE                     | 154.52            |
| 620800                                     | 03/13/2025 | X-Cel North                           | 326.76            |
| 620801                                     | 03/13/2025 | ZAREMBA EQUIPMENT, INC.               | 532.81            |
| 620802                                     | 03/26/2025 | Alerus Financial                      | 3,738.58          |
| 620803                                     | 03/26/2025 | AT&T Mobility                         | 244.28            |
| 620804                                     | 03/26/2025 | Blue Care Network of MI               | 52,170.95         |
| 620805                                     | 03/26/2025 | City of Gaylord                       | 73.91             |
| 620806                                     | 03/26/2025 | Delta Dental                          | 3,971.88          |
| 620807                                     | 03/26/2025 | Great Lakes Energy                    | 50.89             |
| 620808                                     | 03/26/2025 | Henn Lesperance PLC                   | 140.00            |
| 620809                                     | 03/26/2025 | Humana Insurance Co.                  | 11,863.46         |
| 620810                                     | 03/26/2025 | Huron Engineering and Surveying, Inc. | 10,338.00         |
| 620811                                     | 03/26/2025 | MCRCSIP                               | 1,000.00          |
| 620812                                     | 03/26/2025 | Mutual of Omaha                       | 3,294.02          |
| 620813                                     | 03/26/2025 | Otsego County Road Commission         | 103.51            |
| 620814                                     | 03/26/2025 | US Bank Equipment Finance             | 795.07            |
| <b>Regular Checks Payments Totals:</b>     |            | <b>68 Payments Listed</b>             | <b>307,590.99</b> |
| <b>All Payments Grand Totals:</b>          |            | <b>69 Payments Listed</b>             | <b>383,378.05</b> |

## Payment Totals By Fund:

| Fund                | Net Amount        |
|---------------------|-------------------|
| 201                 | 383,378.05        |
| <b>Grand Totals</b> | <b>383,378.05</b> |



## Otsego County Road Commission Agenda Item Report

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**FROM:** Rebecca Hilmert, Finance Manager  
**MEETING DATE:** April 10, 2025  
**AGENDA ITEM:** 8. A  
**SUBJECT:** FY 2024 Audit Report Acceptance

### **DESCRIPTION**

Doug Vredevelde, CPA, Vredevelde Haefner LLC, presented the FY 2024 Audit Report to the Board at the April 10, 2025, meeting. The Audit Report does not become official until the Board accepts the document. This Board action satisfies the requirement.

### **BUDGET ACTION REQUIRED**

N/A

### **LEGAL REVIEW**

N/A

### **SAMPLE MOTION**

Motion to **accept/not accept** the FY 2024 Otsego County Road Commission Audit as prepared by Vredevelde Haefner LLC and presented to the OCRC Board on April 10, 2025.

# **OTSEGO COUNTY ROAD COMMISSION**

**(A Component Unit of Otsego County)**

**Otsego County, Michigan**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**



Vredeveld Haefner LLC  
CPAs and Consultants



**OTSEGO COUNTY ROAD COMMISSION**  
**(A Component Unit of Otsego County)**

**TABLE OF CONTENTS**

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| <b>FINANCIAL SECTION</b>  | <b><u>PAGE</u></b> |
|---|--------------------|
| Independent Auditors' Report  | 1-2                |
| Management's Discussion and Analysis  | 3-7                |
| Basic Financial Statements  |                    |
| <b>Government-wide and Fund Financial Statements</b>  |                    |
| Statement of Net Position and Governmental Funds Balance Sheet  | 9                  |
| Reconciliation of Fund Balances on the Balance Sheet for the Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position   | 10                 |
| Statement of Activities and Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balance  | 11                 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities   | 12                 |
| Statement of Fiduciary Net Position   | 13                 |
| Statement of Changes in Fiduciary Net Position  | 14                 |
| <b>Notes to Financial Statements</b>  | 15-30              |
| Required Supplementary Information  |                    |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund   | 31                 |
| Pension Plan Schedule of Changes in Employers Net Pension Liability and Other Ratios  | 32                 |
| Pension Plan Schedule of Employer Contributions   | 33                 |
| Other Post-Employment Benefit Plan Schedule of Changes in Employers Net OPEB Liability and Other Ratios   | 34                 |
| Other Post-Employment Benefit Plan Schedule of Employer Contributions   | 35                 |
| <b>GENERAL FUND SCHEDULES</b>   |                    |
| Schedule of Changes in Fund Balances  | 37                 |
| Schedule of Revenues and Other Financing Sources  | 38                 |
| Schedule of Expenditures  | 39                 |
| <b>CONTROL AND COMPLIANCE SECTION</b>   |                    |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 41-42              |



## Vredeveld Haefner LLC

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(616) 648-8447

### INDEPENDENT AUDITORS' REPORT

April 7, 2025

Otsego County Road Commission  
Board of Commissioners  
Gaylord, Michigan

#### Report on the Financial Statements

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the general fund and the aggregate remaining fund information of the Otsego County Road Commission (the Commission), a component unit of Otsego County, Michigan, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate remaining fund information, of the Otsego County Road Commission, as of December 31, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### **Basis for Opinions**

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

##### **Responsibilities of Management for the Financial Statements**

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

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

##### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and required supplementary information on pages 31 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Otsego County Road Commission's basic financial statements. The general fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2025, on our consideration of the Otsego County Road Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Otsego County Road Commission's internal control over financial reporting and compliance.

*Orlando Haefner LLC*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Otsego County Road Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- Year-end net position of governmental activities was approximately \$57.75 million which is an increase of approximately \$4.78 million over the 2023 balance.
- Municipal and other local sources funded projects of approximately \$1 million.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

To simplify financial reporting and improve readability, the government-wide financial statements and the fund statements have been combined to report the statement of net position and governmental funds balance sheet on a single page and the statement of activities and governmental funds revenues, expenditures and changes in fund balance on a single page. This report also contains other supplementary information in addition to the basic financial statements themselves.

Note that Otsego County's government-wide financial statements are not presented herein because the Commission is a component unit of the County. The County presents their financial statements in a separately issued annual comprehensive financial report.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with an overview of the Commission's finances, in a manner similar to a private-sector business. The government-wide financial statements include only the Commission itself (known as a *special purpose government*). The Commission has no legally separate component units for which the Commission is financially accountable.

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

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

Both of the government-wide financial statements display functions of the Commission that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Commission include providing construction, repair, maintenance, and snow removal of roads within Otsego County. The Commission does not have any business-type activities.

In this report, financial information for the Commission is reported separately from the financial information presented for Otsego County which reports the Commission as a component unit.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission utilizes and presents a general fund and an OPEB trust fund. The Commission does not utilize proprietary funds.

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

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

Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be major fund.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Commission's own programs. The fiduciary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information includes this management discussion and analysis, the general fund budgetary comparison schedule and benefit plan schedules.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$57,746,501 at the close of the most recent fiscal year.

The most significant portion of the Commission's net position reflects investment in capital assets (e.g., land, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Commission's capital assets consist of road infrastructure and capital assets used to construct and maintain this infrastructure; consequently, these assets are *not* available for future spending. Although the Commission investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



|                              | <b>Governmental Activities</b> |                      |
|------------------------------|--------------------------------|----------------------|
|                              | <b><u>2024</u></b>             | <b><u>2023</u></b>   |
| <b>Assets</b>                |                                |                      |
| Current assets               | \$16,995,350                   | \$16,386,022         |
| Noncurrent assets            |                                |                      |
| Capital assets               | 46,836,063                     | 42,282,898           |
| <b>Total assets</b>          | <u>63,831,413</u>              | <u>58,668,920</u>    |
| <br><b>Deferred outflows</b> | <br><u>723,770</u>             | <br><u>754,919</u>   |
| <br><b>Liabilities</b>       |                                |                      |
| Current liabilities          | 1,036,213                      | 688,537              |
| Long-term liabilities        | 4,299,290                      | 4,217,393            |
| <b>Total liabilities</b>     | <u>5,335,503</u>               | <u>4,905,930</u>     |
| <br><b>Deferred inflows</b>  | <br><u>1,473,179</u>           | <br><u>1,552,956</u> |
| <br><b>Net position</b>      |                                |                      |
| Net capital assets           | 46,836,063                     | 42,282,898           |
| Restricted                   | 10,910,438                     | 10,682,055           |
| <b>Total net position</b>    | <u>\$57,746,501</u>            | <u>\$52,964,953</u>  |

Net position of the Commission increased by \$4,557,591. The increase in net position is primarily the result of the timing difference between when infrastructure is purchased and when depreciation is recorded on the infrastructure.

|   | <b>Governmental Activities</b> |                     |
|---|--------------------------------|---------------------|
|   | <b><u>2024</u></b>             | <b><u>2023</u></b>  |
| <b>Revenue</b>  |                                |                     |
| Program revenue   |                                |                     |
| Charges for services  | \$ 2,414,222                   | \$ 2,430,265        |
| Operating grants and contributions                              | 7,845,611                      | 7,659,147           |
| Capital grants and contributions                                | 2,946,314                      | 4,342,060           |
| General revenue   |                                |                     |
| Interest  | 581,621                        | 366,131             |
| Gain on sale of capital assets                                  | -                              | 50,000              |
| Other   | 157,962                        | 37,767              |
| <b>Total revenue</b>  | <u>13,945,730</u>              | <u>14,885,370</u>   |
| <br><b>Expenses</b>   |                                |                     |
| Public works  | 9,388,139                      | 8,842,789           |
| Debt service  | -                              | 9,707               |
| <b>Total expenses</b>   | <u>9,388,139</u>               | <u>8,852,496</u>    |
| <br>Increase (decrease) in net position                         | <br>4,557,591                  | <br>6,032,874       |
| <b>Net position, beginning of year, as previously presented</b> | <u>52,964,953</u>              | <u>46,932,079</u>   |
| Correction of an error  | 223,957                        | -                   |
| <b>Net position, beginning of year, as restated</b>             | <u>53,188,910</u>              | <u>46,932,079</u>   |
| <b>Net position, end of year</b>                                | <u>\$57,746,501</u>            | <u>\$52,964,953</u> |

## Governmental Activities

During the year the Commission reported approximately 27% of its total expenses for depreciation of capital assets. The remaining 73% of total expenses was for public works activities.

## Financial Analysis of the Government's Funds (General Fund)

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

**Governmental funds.** The focus of the Commission's *general fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Commission's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Commission's general fund reported ending fund balance of \$14,526,151, a decrease of \$70,527 in comparison with the prior year. This decrease is primarily the result of increasing costs of services and wages.

The General fund is the chief operating fund of the Commission. At the end of the current fiscal year, the general funds largest component of fund balance included unassigned fund balance of \$8,974,994. As a measure of the General fund's liquidity, it is important to note that the general fund operates primarily on operating and capital grant funding.

## General Fund Budgetary Highlights

- Revenues:
  - Act 51 funding (gas and weight tax) exceeded estimates
  - State trunkline maintenance was more than budget
  - Interest income exceeded estimates
- Expenditures:
  - The Commission's expenditures were relatively close to the amounts budgeted

## Capital Asset and Debt Administration

**Capital Assets.** The Commission's investment in capital assets for its governmental activities as of December 31, 2024 amounted to \$46,836,063 (net of accumulated depreciation).

Significant capital asset additions during the year include the following:

- \$5,217,185 million of primary road construction and heavy maintenance
- \$1,312,584 of local road construction and heavy maintenance
- \$553,785 of road equipment

The Commission's capital assets (net of depreciation) are summarized as follows:

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| Land, right-of-way and construction in progress | \$13,523,841                       |
| Property and equipment, net                     | 3,090,208                          |
| Infrastructure, net                             | <u>30,222,014</u>                  |
| <b>Total</b>                                    | <b><u>\$46,836,063</u></b>         |

Additional information on the Commission's capital assets can be found in Note 4 of this report.

**Debt.** At the end of the current fiscal year, the Commission had outstanding long-term debt as follows:

|                             |                                    |
|-----------------------------|------------------------------------|
|                             | <b>Governmental<br/>Activities</b> |
| <b>Compensated absences</b> | <b><u>\$226,465</u></b>            |

#### **Economic Factors and Next Year's Budgets and Rates**

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

- Stable MTF revenue
- Continued township contributions for local projects
- Continued countywide millage revenue
- Accumulated fund balance included in investment and depository accounts

#### **Requests for Information**

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Otsego County Road Commission, Managing Director, 669 W. McCoy Road, P.O. Box 537, Gaylord, MI 49735.

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## **BASIC FINANCIAL STATEMENTS**

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**

**DECEMBER 31, 2024**

|  | <b>General<br/>Fund</b> | <b>Adjustments</b>   | <b>Statement of<br/>Net Position</b> |
|--|-------------------------|----------------------|--------------------------------------|
| <b>Assets</b>  |                         |                      |                                      |
| Cash and investments   | \$ 12,386,486           | \$ -                 | \$ 12,386,486                        |
| Receivables  |                         |                      |                                      |
| State trunkline maintenance                                      | 327,613                 | -                    | 327,613                              |
| Due from local units of government                               | 1,532,986               | -                    | 1,532,986                            |
| Motor vehicle highway funds                                      | 1,444,012               | -                    | 1,444,012                            |
| Other  | 222,055                 | -                    | 222,055                              |
| Inventories  |                         |                      |                                      |
| Equipment, material, and parts                                   | 355,445                 | -                    | 355,445                              |
| Road materials   | 595,529                 | -                    | 595,529                              |
| Prepaid insurance  | 131,224                 | -                    | 131,224                              |
| Capital assets   |                         |                      |                                      |
| Land and improvements, right-of-way and construction in progress | -                       | 13,523,841           | 13,523,841                           |
| Property and equipment, net                                      | -                       | 3,090,208            | 3,090,208                            |
| Infrastructure, net  | -                       | 30,222,014           | 30,222,014                           |
| <b>Total assets</b>  | <u>16,995,350</u>       | <u>46,836,063</u>    | <u>63,831,413</u>                    |
| <b>Deferred outflows of resources</b>                            |                         |                      |                                      |
| Deferred outflow related to pension plan                         | -                       | 690,925              | 690,925                              |
| Deferred outflow related to OPEB                                 | -                       | 32,845               | 32,845                               |
| <b>Total deferred outflows of resources</b>                      | <u>-</u>                | <u>723,770</u>       | <u>723,770</u>                       |
| <b>Liabilities</b>   |                         |                      |                                      |
| Accounts payable   | 332,346                 | -                    | 332,346                              |
| Accrued liabilities  | 219,884                 | -                    | 219,884                              |
| Advances   |                         |                      |                                      |
| State trunkline equipment purchase                               | 348,349                 | -                    | 348,349                              |
| State trunkline maintenance                                      | 135,634                 | -                    | 135,634                              |
| Noncurrent liabilities   |                         |                      |                                      |
| Net pension liability  | -                       | 3,616,855            | 3,616,855                            |
| Net OPEB liability   | -                       | 455,970              | 455,970                              |
| Compensated absences   | -                       | 226,465              | 226,465                              |
| <b>Total liabilities</b>   | <u>1,036,213</u>        | <u>4,299,290</u>     | <u>5,335,503</u>                     |
| <b>Deferred inflows of resources</b>                             |                         |                      |                                      |
| Taxes levied for subsequent period                               | 1,432,986               | -                    | 1,432,986                            |
| Deferred inflow related to pension plan                          | -                       | 40,193               | 40,193                               |
| <b>Total deferred inflows of resources</b>                       | <u>1,432,986</u>        | <u>40,193</u>        | <u>1,473,179</u>                     |
| <b>Fund balance</b>  |                         |                      |                                      |
| Non-spendable  |                         |                      |                                      |
| Inventory  | 950,974                 | (950,974)            | -                                    |
| Prepaid  | 131,224                 | (131,224)            | -                                    |
| Restricted   |                         |                      |                                      |
| Primary roads  | 121,371                 | (121,371)            | -                                    |
| Local roads  | 2,830,735               | (2,830,735)          | -                                    |
| Assigned for subsequent year budget                              | 1,516,853               | (1,516,853)          | -                                    |
| Unassigned   | 8,974,994               | (8,974,994)          | -                                    |
| <b>Total fund balance</b>  | <u>14,526,151</u>       | <u>(14,526,151)</u>  | <u>-</u>                             |
| <b>Total liabilities, deferred inflows and fund balance</b>      | <u>\$ 16,995,350</u>    |                      |                                      |
| <b>Net position</b>  |                         |                      |                                      |
| Net investment in capital assets                                 |                         | 46,836,063           | 46,836,063                           |
| Restricted for road system                                       |                         | 10,910,438           | 10,910,438                           |
| <b>Total net position</b>  |                         | <u>\$ 57,746,501</u> | <u>\$ 57,746,501</u>                 |

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

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION**

**DECEMBER 31, 2024**

---

|   |                      |
|---|----------------------|
| <b>Fund balances - total governmental funds</b> | <b>\$ 14,526,151</b> |
|---|----------------------|

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

Long-term assets and deferred outflows in governmental activities are not current financial  
resources and therefore are not reported in the funds.

|  |            |
|--|------------|
| Add - capital assets (net)                               | 46,836,063 |
| Add - deferred outflows related to net pension liability | 690,925    |
| Add - deferred outflows related to OPEB                  | 32,845     |

Certain liabilities, such as bonds, installment purchase agreements, compensated absences, and  
claims payable, are not payable in the current period and therefore are not reported in the funds.

|  |                 |
|--|-----------------|
| Deduct - compensated absences payable                      | (226,465)       |
| Deduct - net pension liability                             | (3,616,855)     |
| Deduct - other post-employment benefit liability           | (455,970)       |
| Deduct - deferred inflows related to net pension liability | <u>(40,193)</u> |

|  |                             |
|--|-----------------------------|
| <b>Net position of governmental activities</b> | <b><u>\$ 57,746,501</u></b> |
|--|-----------------------------|

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



**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

|   | <u>General<br/>Fund</u> | <u>Adjustments</u>   | <u>Statement of<br/>Activities</u> |
|---|-------------------------|----------------------|------------------------------------|
| <b>Expenditures/expenses</b>  |                         |                      |                                    |
| Public works  | \$ 7,486,488            | \$ 1,901,651         | \$ 9,388,139                       |
| Capital outlay  | 6,529,769               | (6,529,769)          | -                                  |
| <b>Total expenditures/expenses</b>  | <u>14,016,257</u>       | <u>(4,628,118)</u>   | <u>9,388,139</u>                   |
| <b>Program revenues</b>   |                         |                      |                                    |
| Charges for services  |                         |                      |                                    |
| State trunkline maintenance   | 1,079,341               | -                    | 1,079,341                          |
| State trunkline nonmaintenance  | 1,249,109               | -                    | 1,249,109                          |
| Other charges   | 85,772                  | -                    | 85,772                             |
| Operating grants and contributions  |                         |                      |                                    |
| State transportation funds  | 7,845,611               | -                    | 7,845,611                          |
| Capital grants and contributions  |                         |                      |                                    |
| Federal and state sources   | 505,093                 | -                    | 505,093                            |
| Local units of government   | 1,080,000               | -                    | 1,080,000                          |
| County millage  | 1,361,221               | -                    | 1,361,221                          |
| <b>Net program revenue</b>  | <u>13,206,147</u>       |                      | <u>13,206,147</u>                  |
| <b>General revenue</b>  |                         |                      |                                    |
| Salvage sales   | 3,022                   | -                    | 3,022                              |
| Interest  | 581,621                 | -                    | 581,621                            |
| Other   | 154,940                 | -                    | 154,940                            |
| <b>Total general revenue</b>  | <u>739,583</u>          | <u>-</u>             | <u>739,583</u>                     |
| <b>Other financing sources</b>  |                         |                      |                                    |
| Sales of capital assets   | -                       | -                    | -                                  |
| <b>Total revenues and other financing sources</b>                                 | <u>13,945,730</u>       | <u>-</u>             | <u>13,945,730</u>                  |
| <b>Change in fund balance/net position</b>  | <u>(70,527)</u>         | <u>4,628,118</u>     | <u>4,557,591</u>                   |
| <b>Fund balances/net position, beginning of year,<br/>as previously presented</b> | 14,372,721              | 38,592,232           | 52,964,953                         |
| <b>Correction of an error</b>   | <u>223,957</u>          | <u>-</u>             | <u>223,957</u>                     |
| <b>Fund balances/net position, beginning of year,<br/>as restated</b>             | <u>14,596,678</u>       | <u>38,592,232</u>    | <u>53,188,910</u>                  |
| <b>Fund balances/net position, end of year</b>                                    | <u>\$ 14,526,151</u>    | <u>\$ 43,220,350</u> | <u>\$ 57,746,501</u>               |

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

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

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

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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|   |             |
|---|-------------|
| Net changes in fund balances - general fund | \$ (70,527) |
|---|-------------|

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

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

|                               |             |
|-------------------------------|-------------|
| Add - capital outlay          | 7,083,554   |
| Deduct - depreciation expense | (2,530,389) |

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

|  |                |
|--|----------------|
| Add - decrease in compensated absences                               | 27,530         |
| Deduct - increase in net OPEB liability                              | (126,584)      |
| Deduct - decrease in deferred outflows related to net OPEB liability | (36,684)       |
| Add - decrease in net pension liability                              | 17,157         |
| Add - decrease in deferred outflows related to net pension liability | 5,535          |
| Add - increase in deferred inflows related to net pension liability  | <u>187,999</u> |

|   |                     |
|---|---------------------|
| Change in net position of governmental activities | <u>\$ 4,557,591</u> |
|---|---------------------|

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

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**FIDUCIARY FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**

**DECEMBER 31, 2024**

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|                                  |  |
|----------------------------------|--|
|                                  | <b>Other<br/>Post-employment<br/>Benefit<br/><u>Trust Fund</u></b> |
| <b>Assets</b>                    |  |
| Investments                      |  |
| Mutual funds                     | \$ <u>2,982,974</u>  |
| <b>Total assets</b>              | <u>2,982,974</u>   |
| <b>Liabilities</b>               |  |
| Accounts payable                 | <u>219,397</u>   |
| <b>Total liabilities</b>         | <u>219,397</u>   |
| <b>Net position</b>              |  |
| Net position restricted for OPEB | \$ <u>2,763,577</u>  |

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

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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|  | <b>Other<br/>Post-employment<br/>Benefit<br/><u>Trust Fund</u></b> |
|--|--|
| <b>Additions</b>   |  |
| Contributions  |  |
| Employer contributions   | \$ -   |
| Investment earnings  |  |
| Interest   | <u>228,038</u>   |
| <b>Total additions</b>   | <u>228,038</u>   |
| <b>Deductions</b>  |  |
| Benefit payments   | 219,397  |
| Administrative expense   | <u>6,198</u>   |
| <b>Total deductions</b>  | <u>225,595</u>   |
| <b>Changes in net position</b>                                 | <u>2,443</u>   |
| <b>Net position, beginning of year, as previously reported</b> | 2,985,091  |
| <b>Correction of an error</b>                                  | <u>(223,957)</u>   |
| <b>Net position, beginning of year, as restated</b>            | <u>2,761,134</u>   |
| <b>Net position, end of year</b>                               | <u>\$ 2,763,577</u>  |

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

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Otsego County Road Commission (the Commission) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

***Reporting Entity***

The Otsego County Road Commission is a discretely presented component unit of Otsego County, Michigan. The Commission was established pursuant to (MCL 224.1), and is governed by a five member Board of County Road Commissioners appointed by the Otsego County Board of Commissioners.

The criteria established under generally accepted accounting principles for determining the reporting entity includes a significant operational or financial relationship with another entity. Based on the above criteria, these financial statements present all funds of the Otsego County Road Commission. The Commission has no component units.

The Commission general fund is used to control the expenditures of Michigan Transportation Fund monies and other grants and charges, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners has responsibility for the administration of the Commission.

***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the governmental activities of the special purpose government (the Commission). *Governmental activities* are reported in total. The Commission has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

A combined financial statement is provided for the governmental funds balance sheet and the statement of net position as well as the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities. The General fund is considered to be a major fund for financial reporting purposes. Fiduciary fund financial statements are presented separately from governmental activities as these assets are held in trust for retiree other post-employment benefits and not available for Commission operations.

The Commission reports the following major governmental fund:

The *General Fund* is the government's only operating fund. It accounts for all current financial resources of the government activities.

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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Additionally, the Commission reports the following fund type:

The *Other Post-retirement Benefit Fund (a fiduciary fund)* is used to account for the accumulation and disbursement of assets held in trust for retiree other post-employment benefits.

***Measurement Focus and Basis of Accounting***

The government-wide financial statements and fiduciary fund 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.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The general fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for charges for services, interest and grant revenues which use one year. County millage is a property tax levied and collected by Otsego County which is recognized as revenue when received by the Commission. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include compensated absences, claims, unfunded benefit plan balances and deferred items and principal and interest on long-term debt which are recognized when due.

The general fund is accounted for on a spending or "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available, spendable resources".

The general fund operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, it is said to present a summary of sources and uses of "available, spendable resources" during a period.

***Budgets and Budgetary Accounting***

The Commission's procedures for establishing budgetary data are as follows:

- The Managing Director submits a proposed budget for the upcoming year to the Commission.
- The budget is reviewed by the Commission and a public hearing is held. Prior to the beginning of the year, the budget is adopted by the Commissioners.
- The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts shown in the financial statements consist of those amounts contained in the original and amended budget. The budget was amended.
- The Commission adopts a budget for the general fund, by means of an appropriations act, on a activity basis in summary form.
- Periodic internal reporting is on a detail basis in accordance with the state-prescribed uniform chart of accounts. The budget is prepared on the modified accrued basis of accounting.
- All amendments to the budget require the approval of the Commissioners. The legal level of budgetary control for the Commission is at the activity level.

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

---

***Cash and Investments***

Cash and investments consist of the balance of cashing, check, savings, certificates of deposit, investment and mutual fund accounts. The Commission has several depository accounts in its name with remaining depository and investment accounts managed by and held in the name of Otsego County. Michigan law and Commission policy authorizes the Commission to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. The OPEB trust funds can also invest in corporate debt and equity securities.

The Otsego County investment policy allows for the above investments with restrictions on maturity and maximum portfolio percentages.

***Receivables***

Receivables consist primarily of the balance of gas and weight tax and trunkline maintenance fees due from the State of Michigan, balances due from the county for shared property taxes and balances due from local units of government for services provided. These balances are reported net of estimated uncollectible balances (estimated uncollectible balances were zero at year-end).

***Inventory***

Inventory, consisting of various operating parts, supplies, and road material is stated at the lower of cost or market, using the FIFO (first-in, first-out) method.

***Capital Assets***

Capital assets, which include land, property, equipment, and infrastructure are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist.



**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

---

Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets is computed using the Michigan Department of Transportation depreciation schedules for equipment and the straight-line method for infrastructure over the following estimated useful lives:

|                            | <u><b>Years</b></u> |
|----------------------------|---------------------|
| Buildings and improvements | 30-50               |
| Equipment                  | 3-10                |
| Infrastructure             | 8-50                |

***Compensated Absences***

Under the Commission's personnel policy and contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick leave under formulas and conditions specified in the policy and contracts. Accumulated leave of the General fund is recorded on the statement of net position and not on the General fund balance sheet because it is not expected to be liquidated with expendable available financial resources.

***Advances***

Advances consist of monies provided by the Michigan Department of Transportation (MDOT) to provide cash flow to finance equipment and services provided by the Commission on MDOT trunkline designated roads. The cost of equipment and services provided on trunk line roads is billed to the MDOT periodically.

***Long-Term Obligations***

In the government-wide financial statements the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, premiums and discounts, are deferred and amortized over the life of the long-term debt using the effective interest method.

In the fund financial statements, governmental fund types recognize premiums, discounts and issuance costs during the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as public works expenditures/expenses regardless of fund or activity.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Commission has items that qualify for reporting in this category related to the benefit plans that are discussed in note 7 and 8.

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

---

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Governmental funds report deferred inflows for unavailable county property taxes levied for the following year; in addition, governmental activities report deferred inflows related to certain employee benefit plans discussed in note 7. The County property tax amounts are deferred and recognized as an inflow of resources in the period for which they are levied.

***Net Position and Fund Balance Reporting***

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose but do not meet the criteria to be classified as committed.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

The Commission has not delegated the authority to assign fund balance. Only the Commission can assign or commit fund balance.

***Net Position and Fund Balance Flow Assumptions***

Sometimes the government 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 to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. 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.

***Pensions***

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

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

State law provides that the Commission shall not incur expenditures in excess of the amount appropriated for the general fund. In the body of the financial statements, the Commission's actual expenditures and budgeted expenditures for the general fund have been shown on a activity basis.

During the year the Commission incurred expenditures in the general fund which were in excess of the amounts appropriated as follows:

|                                 | <u>Amended<br/>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------------------------|---------------------------|---------------|-----------------|
| <b>General fund</b>             |                           |               |                 |
| State trunkline maintenance     | \$ 990,000                | \$1,186,227   | \$(196,227)     |
| State trunkline non-maintenance | 1,220,000                 | 1,250,581     | (30,581)        |
| Primary road maintenance        | 2,015,000                 | 2,078,002     | (63,002)        |

**3. CASH AND INVESTMENTS**

The cash and investment balances reported on the financial statements are either held in the Commission's name or Otsego County's name. Investments and certificates of deposit (excluding OPEB trust investments held in the Commission's OPEB trust's name) are held in Otsego County's name and may be allocated to both County and Commission funds. Balance held at year end are as follows:

|   | <u>Cash and<br/>Investments</u> |
|---|---------------------------------|
| Governmental funds                            |                                 |
| Held in the name of the Commission            |                                 |
| Petty Cash                                    | \$ 500                          |
| Deposits                                      | 78,597                          |
| Held in the name of Otsego County             |                                 |
| Deposits                                      | 985,285                         |
| Investments                                   | 11,322,104                      |
| Fiduciary fund                                |                                 |
| Held in the name of the Commission/OPEB trust |                                 |
| investments                                   | 2,982,974                       |
| Total   | <u>\$15,369,460</u>             |

**Deposits**

The deposits are in financial institutions located in Michigan in varying amounts. State law and Commission policy limits the Commission's investing options to financial institutions located in Michigan. They are recorded in Commission records at fair value. Interest is recorded when earned.

***Deposit risk***

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. State law does not require, and the Commission does not have, a policy for deposit custodial credit risk. As of year-end, \$1,061,259 of the Commission's bank balance of \$1,311,259 was exposed to custodial credit risk because the balance was uninsured and uncollateralized. As of year-end the Commission's exposure to custodial credit risk on deposits held in Otsego County's name can be determined for Otsego County as a whole, but cannot be separately identified for the Commission.

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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**Investments**

The Commission chooses to disclose its investments by specifically identifying each. Investments held in Otsego County's name are allocated to County and Commission funds at original purchase cost with any unrealized gain or lost being allocated to County internal service funds. Investments held in the County's name may be moved between County and Commission funds to maintain liquidity. As of year-end, the Commission's investments were as follows:

|                                      | <u>Maturity</u> | <u>Book Value</u>   | <u>Rating</u> | <u>Source</u> |
|--------------------------------------|-----------------|---------------------|---------------|---------------|
| Held in Otsego County's name         |                 |                     |               |               |
| Pooled government agency securities  | N/A             | \$ 2,561,876        | N/A           |               |
| Michigan Class                       | N/A             | 8,760,228           | AAAm          | S&P           |
| Held in Commission/OPEB trust's name |                 |                     |               |               |
| MERS total market portfolio          | N/A             | 2,982,974           | Unrated       |               |
| Total                                |                 | <u>\$14,305,078</u> |               |               |

**Investment risk**

*Interest Rate Risk.* State law, Otsego County and the Commission's policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. Otsego County's investment policy does have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Otsego County's investment policy limits the maximum US Agency investment duration to 7 years which is exceeded for some investments held in Otsego County's name. There is no stated maturity date for the Commission's investment in Michigan Class and the MERS funds identified above.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. Otsego County's investment policy does not have specific limits in excess of state law on investment credit risk. The rating for select (excluding pooled investments) fixed income investments is identified above for investments held at year-end.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and Otsego County does have, a policy for investment custodial credit risk. Of the above investments held in the name of Otsego County custodial credit risk exposure cannot be determined for the Commission as the securities are not held in the Commission name. Of the above investments held in the name of the Commission custodial credit risk exposure cannot be determined because the investments do not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. Otsego County's does have specific limits in excess of state law on concentration of credit risk. Compliance with the County policy can only be determined for the County as a whole. The Commission's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

The Commission categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Commission has the following recurring fair value measurements as of year-end.

- The Commission does not have any investments that report fair value using quoted market prices (Level 1 inputs).
- All investments are valued using a pricing model utilizing observable fair value measures of fund investments and other observable inputs to determining the fair value of the securities making up the of investment fund (Level 2 inputs).
- The Commission does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

**4. LONG-TERM DEBT**

The following is a summary of long-term debt activity and balances of the Commission for the year:

|                                      | <b>Balance<br/>January 1,<br/>2024</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>December 31,<br/>2024</b> | <b>Due<br/>Within<br/>One<br/>Year</b> |
|--------------------------------------|--|------------------|------------------|--|--|
| <b>Governmental Activities</b>       |  |                  |                  |  |  |
| Compensated absences                 | \$253,995                              | \$ -             | \$27,530         | \$226,465                                | \$ -                                   |
| <b>Total Governmental Activities</b> | <b>\$253,995</b>                       | <b>\$ -</b>      | <b>\$27,530</b>  | <b>\$226,465</b>                         | <b>\$ -</b>                            |

**5. RISK MANAGEMENT**

The Commission is exposed to lawsuits, claims, torts, destruction of assets and errors and omissions. In response to this exposure, the Commission participates in the Michigan County Road Commission Self Insurance Pool (MCRCSIP). Participation in the MCRSCIP requires payment of premiums to the pool. The pool purchases commercial reinsurance on behalf of its members. Due to the Commission's participation in this pool, the liability of the Commission relative to claims covered by the pool is limited to from \$1,000 to \$2,000 per occurrence. The maximum limit for pool liability for each claim is \$10,500,000.

The Commission is part of a group fund for worker's compensation coverage through the County Road Association Self-Insurance Fund (CRASIF). Through the membership of this group fund, the Commission's liability is covered up to \$1,000,000 per employee.

Settled claims for the Commission have not exceeded coverage during the past three years. There have been no significant reductions in insurance coverage during the past year.

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**6. CAPITAL ASSETS**

Capital asset activity for the year was as follows:

|  | Balance<br>January 1,<br><u>2024</u> | <u>Additions</u>          | <u>Deletions</u>   | Balance<br>December 31,<br><u>2024</u> |
|--|--------------------------------------|---------------------------|--------------------|--|
| <b>Governmental Activities</b>                     |                                      |                           |                    |  |
| <b>Capital assets, not being depreciated</b>       |                                      |                           |                    |  |
| Land   | \$ 125,501                           | \$ -                      | \$ -               | \$ 125,501                             |
| Land Improvements - Infrastructure                 | 13,398,340                           | -                         | -                  | 13,398,340                             |
| <b>Total capital assets, not being depreciated</b> | <u>13,523,841</u>                    | <u>-</u>                  | <u>-</u>           | <u>13,523,841</u>                      |
| <b>Capital assets, being depreciated</b>           |                                      |                           |                    |  |
| Buildings  | 4,305,731                            | -                         | -                  | 4,305,731                              |
| Road equipment                                     | 9,657,015                            | 553,785                   | -                  | 10,210,800                             |
| Shop equipment                                     | 97,486                               | -                         | -                  | 97,486                                 |
| Office equipment                                   | 46,844                               | -                         | -                  | 46,844                                 |
| Engineers' equipment                               | 8,583                                | -                         | -                  | 8,583                                  |
| Yard and storage equipment                         | 1,800                                | -                         | -                  | 1,800                                  |
| Traffic Signals                                    | 49,557                               | -                         | -                  | 49,557                                 |
| Infrastructure                                     |                                      |                           |                    |  |
| Bridges  | 1,446,834                            | -                         | -                  | 1,446,834                              |
| Roads  | 43,061,625                           | 6,529,769                 | -                  | 49,591,394                             |
| <b>Total capital assets, being depreciated</b>     | <u>58,675,475</u>                    | <u>7,083,554</u>          | <u>-</u>           | <u>65,759,029</u>                      |
| Less accumulated depreciation for:                 |                                      |                           |                    |  |
| Buildings  | 2,445,321                            | 123,322                   | -                  | 2,568,643                              |
| Road Equipment                                     | 8,358,424                            | 501,061                   | -                  | 8,859,485                              |
| Shop equipment                                     | 95,037                               | 644                       | -                  | 95,681                                 |
| Office equipment                                   | 46,388                               | 456                       | -                  | 46,844                                 |
| Engineers' equipment                               | 8,583                                | -                         | -                  | 8,583                                  |
| Yard and storage equipment                         | 1,800                                | -                         | -                  | 1,800                                  |
| Traffic Signals                                    | 47,316                               | 293                       | -                  | 47,609                                 |
| Infrastructure                                     |                                      |                           |                    |  |
| Bridges  | 495,840                              | 36,237                    | -                  | 532,077                                |
| Roads  | 18,417,709                           | 1,868,376                 | -                  | 20,286,085                             |
| <b>Total accumulated depreciation</b>              | <u>29,916,418</u>                    | <u>2,530,389</u>          | <u>-</u>           | <u>32,446,807</u>                      |
| <b>Net capital assets, being depreciated</b>       | <u>28,759,057</u>                    | <u>4,553,165</u>          | <u>-</u>           | <u>33,312,222</u>                      |
| <b>Governmental Activities capital assets, net</b> | <u><b>\$42,282,898</b></u>           | <u><b>\$4,553,165</b></u> | <u><b>\$ -</b></u> | <u><b>\$46,836,063</b></u>             |

Depreciation expense was charged to the public works function during the year.

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

---

**7. RETIREMENT PLANS**

***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***

Benefits provided include plans with multipliers ranging from 2 to 2.50% of final average compensation time number of year of service. Vesting period of 10 years. Normal retirement age is 60. Final average compensation is calculated based on a 3 years average. This plan is open to new entrants.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2023):

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 54        |
| Inactive employees entitled but not yet receiving benefits       | 12        |
| Active plan members  | <u>25</u> |
| Total  | <u>91</u> |

***Contributions***

The Commission is required to contribute at an actuarially determined rate of 0 to 47.92% of covered payroll. Participating employees are required to contribute 7% of covered payroll. The contribution requirements of the Commission are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

***Net Pension Liability***

The Library's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability at December 31, 2024 was determined by an annual actuarial valuation as of December 31, 2023 (which included roll forward procedures to December 31, 2024).

The total pension liability in the December 31, 2023 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 11% based on age)

Investment rate of return: 7.00%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of MP-2019 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of MP-2019 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

---

The actuarial assumptions used in the valuation were based on the results of the 2018 actuarial experience study, first used in December 31, 2020 valuations.

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:

| <u>Asset Class</u>          | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected<br/>Real Rate of<br/>Return</u> | <u>Expected<br/>Money<br/>Weighted Rate<br/>of Return*</u> |
|-----------------------------|------------------------------|---|--|
| Global Equity               | 60.0%                        | 4.50%   | 2.70%  |
| Global Fixed Income         | 20.0%                        | 2.00%   | 0.40%  |
| Private investments         | 20.0%                        | 7.00%   | 1.40%  |
| MERS dedicated gains policy |                              |   | (0.07)%  |
| Inflation                   |                              |   | 2.50%  |
| Administrative fee          |                              |   | 0.25%  |
|                             |                              |   | <hr/>  |
| Discount rate               |                              |   | 7.18%  |

Discount rate. The discount rate used to measure the total pension liability is 7.18%. 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.



**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Changes in the Net Pension Liability**

|  | <b>Increase (Decrease)</b>                     |  |  |
|--|--|--|--|
|  | <b>Total<br/>Pension<br/>Liability<br/>(a)</b> | <b>Plan<br/>Fiduciary Net<br/>Position<br/>(b)</b> | <b>Net Pension<br/>Liability<br/>(a)-(b)</b> |
| Balance at January 1, 2024                         | \$14,953,508                                   | \$11,319,496                                       | \$3,634,012                                  |
| Changes for the year:                              |  |  |  |
| Service cost                                       | 180,791  | -  | 180,791                                      |
| Interest   | 1,043,206                                      | -  | 1,043,206                                    |
| Change in benefits                                 | 40,713   | -  | 40,713                                       |
| Differences between expected and actual experience | 325,069  | -  | 325,069                                      |
| Change in assumptions                              | 109,112  | -  | 109,112                                      |
| Contributions : employer                           | -  | 777,420  | (777,420)                                    |
| Contributions: employee                            | -  | 74,691   | (74,691)                                     |
| Net investment income                              | -  | 842,377  | (842,377)                                    |
| Benefit payments, including refunds                | (1,029,144)                                    | (1,029,144)  | -  |
| Administrative expense                             | -  | (25,077)   | 25,077                                       |
| Other changes                                      | (46,637)                                       | -  | (46,637)                                     |
| Net changes  | 623,110  | 640,267  | (17,157)                                     |
| Balance at December 31, 2024                       | \$15,576,618                                   | \$11,959,763                                       | \$3,616,855                                  |

**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 7.18%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or higher (8.18%) than the current rate.

|                         | <b>1%<br/>Decrease</b> | <b>Current<br/>Discount<br/>Rate</b> | <b>1%<br/>Increase</b> |
|-------------------------|------------------------|--------------------------------------|------------------------|
| Total pension liability | \$17,287,038           | \$15,576,618                         | \$14,135,515           |
| Fiduciary net position  | 11,959,763             | 11,959,763                           | 11,959,763             |
| Net pension liability   | \$ 5,327,275           | \$ 3,616,855                         | \$ 2,175,752           |

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

For the year ended December 31, 2024 the employer recognized pension expense of \$572,311. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

|                                     | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|-------------------------------------|---|--|
| Differences in experience           | \$216,713                                     | \$(40,193)                                   |
| Differences in assumptions          | 72,741  | -  |
| Excess (deficit) investment returns | 401,471                                       | -  |
| Total                               | \$690,925                                     | \$(40,193)                                   |

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

|            |                  |
|------------|------------------|
| 2025       | \$ 284,529       |
| 2026       | 461,291          |
| 2027       | (87,711)         |
| 2028       | (7,377)          |
| Thereafter | <u>-</u>         |
| Total      | <u>\$650,732</u> |

**8. OTHER POST-EMPLOYMENT BENEFITS**

***Plan Description and Benefits Provided***

The Commission administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides of health insurance premiums for retirees until age 65 (Medicare eligible). The plan was closed to employees hired after December 31, 2008. Benefit provisions are established through negotiations between the Commission and bargaining units and employee groups. The Commission makes 100% of the premium payment to the plan. The Retiree Health Plan does not issue a publicly available financial report but a legal trust has not been established for the plan.

Membership of the Retiree Health plan consisted of the following at the date of the latest actuarial valuation (December 31, 2024):

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 32        |
| Active plan members  | <u>7</u>  |
| Total  | <u>39</u> |

***Contributions***

The contribution requirements of Plan members and the Commission are established and may be amended by the Commission. The actuarially determined contributions are based on the actuarial valuation of the plan. The actual contributions to the plan include benefit costs and a contribution to the trust which is made at the discretion of Commission.

***Net OPEB Liability***

The employer's net OPEB liability was measured as of December 31, 2024 while using the fair market value of plan assets.

The total OPEB liability in the December 31, 2024 annual 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: 3.25% (for purpose of allocating liability)

Investment rate of return: 6.93% (including inflation)

20-year Aa Municipal bond rate: 4.28% (S&P Municipal Bond 20-Year High Grade Rate Index)

Mortality: Public General 2010 Employee and Healthy Retiree, Headcount weighted

Improvement Scale: MP-2021

**OTSEGO COUNTY ROAD COMMISSION**  
**(a Component Unit of Otsego County)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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The long-term expected rate of return on OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>      | <u>Target Allocation</u> | <u>Expected<br/>Rate of Return</u> |
|-------------------------|--------------------------|------------------------------------|
| Global equity           | 60%                      | 7.0%                               |
| Global fixed income     | 20%                      | 4.7%                               |
| Real assets             | 20%                      | 9.0%                               |
| Diversifying strategies | 0%                       | 0.0%                               |
| Cash                    | 0%                       | 0.0%                               |

Rate of return. For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 7.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability is 6.15%. The projections of cash flows used to determine the discount rate assumed the Road Commission will contribute general fund dollars to pay benefits until the plan is fully funded and then will use plan assets to pay benefits. 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 the projected assets, the long-term expected rate was used to discount the projected benefits. For the year that benefit payments were not projected to be covered by the projected assets, 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. The discount rate utilized for the 2024 valuation was 6.15%.

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Changes in the Net OPEB Liability**

|   | Increase (Decrease)     |                                   |                       |
|---|-------------------------|-----------------------------------|-----------------------|
|   | Total OPEB<br>Liability | Plan<br>Fiduciary Net<br>Position | Net OPEB<br>Liability |
|   | (a)                     | (b)                               | (a)-(b)               |
| Balance at January 1, 2024                              | \$3,314,477             | \$2,985,091                       | \$329,386             |
| Changes for the year:                                   |                         |                                   |                       |
| Service cost  | 13,711                  | -                                 | 13,711                |
| Interest  | 225,294                 | -                                 | 225,294               |
| Experience (Gains)/Losses                               | (64,898)                | -                                 | (64,898)              |
| Change in plan terms                                    | -                       | -                                 | -                     |
| Change in assumptions                                   | 169,757                 | -                                 | 169,757               |
| Contributions to OPEB trust                             | -                       | -                                 | -                     |
| Contributions/benefit paid from general operating funds | -                       | -                                 | -                     |
| Contributions: employee                                 | -                       | -                                 | -                     |
| Net investment Income                                   | -                       | 223,478                           | (223,478)             |
| Benefit payments, including refunds                     | (219,397)               | (219,397)                         | -                     |
| Administrative expense                                  | -                       | (6,198)                           | 6,198                 |
| Other changes   | -                       | -                                 | -                     |
| Net changes   | 124,467                 | (2,117)                           | 126,584               |
| Balance at December 31, 2024                            | \$3,438,944             | \$2,982,974                       | \$455,970             |

**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 6.15%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (5.15%) or higher (7.15%) than the current rate.

|                      | 1% Decrease | Current<br>Discount Rate | 1% Increase |
|----------------------|-------------|--------------------------|-------------|
| Total OPEB liability | \$670,478   | \$455,970                | \$264,475   |

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.**

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate, as well as what the employer's net OPEB liability would be using a rate that is 1 percentage point lower or higher than the current rate.

|                      | 1% Decrease | Current<br>Healthcare Rate | 1% Increase |
|----------------------|-------------|----------------------------|-------------|
| Total OPEB liability | \$278,342   | \$455,970                  | \$652,731   |

For the year ended December 31, 2024 the employer recognized OPEB expense of \$158,708.

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended December 31, 2024 the employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

|                                     | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|-------------------------------------|---|--|
| Differences in experience           | \$ -  | \$ -   |
| Differences in assumptions          | -   | -  |
| (Excess) deficit investment returns | 32,845  | -  |
| Total                               | <u>\$32,845</u>                               | <u>\$ -</u>                                  |

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

|            |                 |
|------------|-----------------|
| 2025       | \$ 36,812       |
| 2026       | 55,112          |
| 2027       | (53,650)        |
| 2028       | (5,429)         |
| 2029       | -               |
| Thereafter | <u>-</u>        |
| Total      | <u>\$32,845</u> |

**9. HEALTH CARE SAVINGS PLAN**

The Commission contributes from 3 to 5% of covered payroll for full time employees hired after December 31, 2008 to a health care savings plan administered by MERS of Michigan. For the current year contributions by the Commission were \$97,911. The trust established by MERS of Michigan holds the plan assets and the related assets and liability are not included in the Commission's financial statements.

**10. RESTATEMENT OF FUND BALANCE**

Beginning net position of governmental activities and beginning fund balance of the general fund were increased by \$223,957 and beginning net position of the OPEB trust fund was decreased by \$223,957 to account for OPEB trust reimbursement of 2023 healthcare expenditures.

**11. SINGLE AUDIT**

Governmental and certain other entities, which expend \$750,000 or more of direct federal dollars, are subject to a single audit in accordance with the Uniform Guidance. The Commission expended \$419,983 of federal/state dollars, all of which was administered by the Michigan Department of Transportation (MDOT). The monies administered by the Michigan Department of Transportation will be included in the State of Michigan's single audit. Because direct federal dollars were less than \$750,000, a single audit was not required and all disclosures regarding a single audit have been omitted from this report.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | <u>Budget Amounts</u> |                      | <u>Actual</u>        | <u>Variance</u>                      |
|--|-----------------------|----------------------|----------------------|--------------------------------------|
|  | <u>Original</u>       | <u>Final</u>         | <u>Amount</u>        | <u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues</b>                              |                       |                      |                      |                                      |
| State transportation fund                    | \$ 7,647,686          | \$ 7,703,611         | \$ 7,845,611         | \$ 142,000                           |
| Federal and other state sources              | 652,000               | 505,093              | 505,093              | -                                    |
| County millage                               | 1,300,000             | 1,357,821            | 1,361,221            | 3,400                                |
| State trunkline maintenance                  | 1,900,000             | 990,000              | 1,079,341            | 89,341                               |
| State trunkline nonmaintenance               | 800,000               | 1,220,000            | 1,249,109            | 29,109                               |
| Local units of government                    | 655,000               | 1,080,193            | 1,080,000            | (193)                                |
| Salvage sales                                | 3,000                 | 3,100                | 3,022                | (78)                                 |
| Interest                                     | 250,000               | 540,000              | 581,621              | 41,621                               |
| Property rentals                             | 30,000                | 35,000               | 29,397               | (5,603)                              |
| Licenses and permits                         | 70,000                | 85,000               | 85,772               | 772                                  |
| Other revenues                               | 44,000                | 124,193              | 125,543              | 1,350                                |
| <b>Total revenues</b>                        | <u>13,351,686</u>     | <u>13,644,011</u>    | <u>13,945,730</u>    | <u>301,719</u>                       |
| <b>Expenditures</b>                          |                       |                      |                      |                                      |
| Primary road                                 |                       |                      |                      |                                      |
| Construction and heavy maintenance           | 4,707,723             | 5,375,000            | 5,217,185            | 157,815                              |
| Maintenance                                  | 3,600,000             | 2,015,000            | 2,078,002            | (63,002)                             |
| Total primary road                           | <u>8,307,723</u>      | <u>7,390,000</u>     | <u>7,295,187</u>     | <u>94,813</u>                        |
| Local road                                   |                       |                      |                      |                                      |
| Construction and heavy maintenance           | 200,000               | 1,325,000            | 1,312,584            | 12,416                               |
| Maintenance                                  | 2,975,000             | 2,523,000            | 2,502,069            | 20,931                               |
| Total local road                             | <u>3,175,000</u>      | <u>3,848,000</u>     | <u>3,814,653</u>     | <u>33,347</u>                        |
| State trunkline                              |                       |                      |                      |                                      |
| State trunkline maintenance                  | 1,900,000             | 990,000              | 1,186,227            | (196,227)                            |
| State trunkline non-maintenance              | 900,000               | 1,220,000            | 1,250,581            | (30,581)                             |
| Total state trunkline                        | <u>2,800,000</u>      | <u>2,210,000</u>     | <u>2,436,808</u>     | <u>(226,808)</u>                     |
| Other  |                       |                      |                      |                                      |
| Equipment expenditures, net                  | 450,000               | -                    | (25,939)             | 25,939                               |
| Administrative/engineering expenditures, net | 600,000               | 605,000              | 504,970              | 100,030                              |
| Capital outlay, net of depreciation          | 440,000               | 10,000               | (9,422)              | 19,422                               |
| Total other                                  | <u>1,490,000</u>      | <u>615,000</u>       | <u>469,609</u>       | <u>145,391</u>                       |
| <b>Total expenditures</b>                    | <u>15,772,723</u>     | <u>14,063,000</u>    | <u>14,016,257</u>    | <u>46,743</u>                        |
| Revenues over (under) expenditures           | <u>(2,421,037)</u>    | <u>(418,989)</u>     | <u>(70,527)</u>      | <u>348,462</u>                       |
| Other financing sources                      |                       |                      |                      |                                      |
| Sales of capital assets                      | -                     | -                    | -                    | -                                    |
| Net changes in fund balance                  | <u>(2,421,037)</u>    | <u>(418,989)</u>     | <u>(70,527)</u>      | <u>348,462</u>                       |
| <b>Fund balance, beginning of year</b>       | <u>14,372,721</u>     | <u>14,372,721</u>    | <u>14,372,721</u>    | <u>-</u>                             |
| <b>Fund balance, end of year</b>             | <u>\$ 11,951,684</u>  | <u>\$ 13,953,732</u> | <u>\$ 14,302,194</u> | <u>\$ 348,462</u>                    |

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION**  
**LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

|   | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 | 2024                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Service cost  | \$ 137,944           | \$ 125,690           | \$ 171,132           | \$ 185,530           | \$ 181,390           | \$ 190,564           | \$ 205,702           | \$ 200,152           | \$ 229,192           | \$ 180,791           |
| Interest  | 835,847              | 853,243              | 891,675              | 953,214              | 997,328              | 957,184              | 1,008,462            | 1,011,374            | 1,040,666            | 1,043,206            |
| Changes in benefit terms  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Changes in assumptions  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Change in benefits  | -                    | (5,403)              | (10,166)             | (4,710)              | -                    | (19,628)             | (13,367)             | (11,654)             | -                    | 40,713               |
| Difference between expected and actual experience                                   | -                    | 18,096               | 518,676              | 255,051              | (187,144)            | 16,447               | 94,043               | (443,420)            | (120,577)            | 325,069              |
| Change in assumptions   | -                    | 588,192              | -                    | -                    | -                    | 382,467              | 278,276              | 512,119              | -                    | 109,112              |
| Benefit payments including employee refunds   | (738,956)            | (792,294)            | (794,192)            | (810,376)            | (863,330)            | (883,983)            | (847,422)            | (830,351)            | (977,538)            | (1,029,144)          |
| Other changes   | 8,813                | (5,518)              | (7,172)              | 1,268                | (19,581)             | 30,806               | (50,705)             | 24,893               | 53,570               | -                    |
| Other   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | (46,637)             |
| <b>Net change in total pension liability</b>  | <b>243,648</b>       | <b>782,006</b>       | <b>769,953</b>       | <b>579,977</b>       | <b>108,663</b>       | <b>673,857</b>       | <b>674,989</b>       | <b>463,113</b>       | <b>225,313</b>       | <b>623,110</b>       |
| <b>Total pension liability, beginning of year</b>                                   | <b>10,431,989</b>    | <b>10,675,637</b>    | <b>11,457,643</b>    | <b>12,227,596</b>    | <b>12,807,573</b>    | <b>12,916,236</b>    | <b>13,590,093</b>    | <b>14,265,082</b>    | <b>14,728,195</b>    | <b>14,953,508</b>    |
| <b>Total pension liability, ending of year</b>                                      | <b>\$ 10,675,637</b> | <b>\$ 11,457,643</b> | <b>\$ 12,227,596</b> | <b>\$ 12,807,573</b> | <b>\$ 12,916,236</b> | <b>\$ 13,590,093</b> | <b>\$ 14,265,082</b> | <b>\$ 14,728,195</b> | <b>\$ 14,953,508</b> | <b>\$ 15,576,618</b> |
| <b>Plan Fiduciary Net Position</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Contributions-employer  | \$ 498,792           | \$ 508,482           | \$ 667,663           | \$ 1,065,147         | \$ 1,135,488         | \$ 1,152,526         | \$ 676,103           | \$ 717,585           | \$ 711,683           | \$ 777,420           |
| Contributions-employee  | 77,134               | 39,017               | 121,913              | 68,858               | 87,733               | 205,038              | 121,826              | 154,684              | 132,192              | 74,691               |
| Net investment income   | (91,306)             | 662,026              | 838,774              | (299,600)            | 1,016,274            | 1,161,479            | 1,425,633            | (1,186,967)          | 1,145,037            | 842,377              |
| Benefit payments including employee refunds   | (738,956)            | (792,294)            | (794,192)            | (810,376)            | (863,330)            | (883,983)            | (847,422)            | (830,351)            | (977,538)            | (1,029,144)          |
| Administrative expense  | (13,449)             | (13,077)             | (13,256)             | (14,274)             | (17,601)             | (17,891)             | (16,377)             | (21,304)             | (24,298)             | (25,077)             |
| <b>Net change in plan fiduciary net position</b>                                    | <b>(267,785)</b>     | <b>404,154</b>       | <b>820,902</b>       | <b>9,755</b>         | <b>1,358,564</b>     | <b>1,617,169</b>     | <b>1,359,763</b>     | <b>(1,166,353)</b>   | <b>987,076</b>       | <b>640,267</b>       |
| <b>Plan fiduciary net position, beginning of year</b>                               | <b>6,196,251</b>     | <b>5,928,466</b>     | <b>6,332,620</b>     | <b>7,153,522</b>     | <b>7,163,277</b>     | <b>8,521,841</b>     | <b>10,139,010</b>    | <b>11,498,773</b>    | <b>10,332,420</b>    | <b>11,319,496</b>    |
| <b>Plan fiduciary net position, ending of year</b>                                  | <b>\$ 5,928,466</b>  | <b>\$ 6,332,620</b>  | <b>\$ 7,153,522</b>  | <b>\$ 7,163,277</b>  | <b>\$ 8,521,841</b>  | <b>\$ 10,139,010</b> | <b>\$ 11,498,773</b> | <b>\$ 10,332,420</b> | <b>\$ 11,319,496</b> | <b>\$ 11,959,763</b> |
| <b>Employer net pension liability</b>   | <b>\$ 4,747,171</b>  | <b>\$ 5,125,023</b>  | <b>\$ 5,074,074</b>  | <b>\$ 5,644,296</b>  | <b>\$ 4,394,395</b>  | <b>\$ 3,451,083</b>  | <b>\$ 2,766,309</b>  | <b>\$ 4,395,775</b>  | <b>\$ 3,634,012</b>  | <b>\$ 3,616,855</b>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b>   | <b>56%</b>           | <b>55%</b>           | <b>59%</b>           | <b>56%</b>           | <b>66%</b>           | <b>75%</b>           | <b>81%</b>           | <b>70%</b>           | <b>76%</b>           | <b>77%</b>           |
| <b>Covered employee payroll</b>   | <b>\$ 1,409,673</b>  | <b>\$ 1,256,307</b>  | <b>\$ 1,576,491</b>  | <b>\$ 1,668,776</b>  | <b>\$ 1,609,345</b>  | <b>\$ 1,705,930</b>  | <b>\$ 1,782,025</b>  | <b>\$ 1,766,136</b>  | <b>\$ 1,870,670</b>  | <b>\$ 1,472,058</b>  |
| <b>Employer's net pension liability as a percentage of covered employee payroll</b> | <b>337%</b>          | <b>408%</b>          | <b>322%</b>          | <b>338%</b>          | <b>273%</b>          | <b>202%</b>          | <b>155%</b>          | <b>249%</b>          | <b>194%</b>          | <b>246%</b>          |

**Notes to schedule:**

Above dates are based on a December 31, measurement date.



**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | 2015   | 2016              | 2017              | 2018              | 2019              | 2020              | 2021             | 2022              | 2023              | 2024              |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Actuarially determined contributions                                 | \$ 376,152   | \$ 366,192        | \$ 437,460        | \$ 470,448        | \$ 521,628        | \$ 552,744        | \$ 582,180       | \$ 589,000        | \$ 576,480        | \$ 608,412        |
| Contributions in relation to the actuarially determined contribution | <u>498,792</u>   | <u>508,482</u>    | <u>667,663</u>    | <u>1,065,147</u>  | <u>1,135,488</u>  | <u>1,152,526</u>  | <u>676,103</u>   | <u>717,585</u>    | <u>711,683</u>    | <u>777,420</u>    |
| Contribution excess (deficiency)                                     | <u>\$ 122,640</u>  | <u>\$ 142,290</u> | <u>\$ 230,203</u> | <u>\$ 594,699</u> | <u>\$ 613,860</u> | <u>\$ 599,782</u> | <u>\$ 93,923</u> | <u>\$ 128,585</u> | <u>\$ 135,203</u> | <u>\$ 169,008</u> |
| Covered employee payroll   | \$ 1,399,784   | \$ 1,256,307      | \$ 1,576,491      | \$ 1,576,491      | \$ 4,952,025      | \$ 4,831,208      | \$ 4,831,208     | \$ 1,766,136      | \$ 1,870,670      | \$ 1,472,058      |
| Contributions as a percentage of covered employee payroll            | 36%  | 40%               | 42%               | 68%               | 23%               | 24%               | 14%              | 41%               | 38%               | 53%               |
| Actuarial cost method  | Entry Age  |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Amortization method  | Level percentage of payroll, open                                |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Remaining amortization period  | 16 years   |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Asset valuation method   | 5 year smoothed  |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Inflation  | 2.50%  |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Salary increases   | 3.00% (3.75% for 2015 through 2019)                              |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Investment rate of return  | 7.00% (7.35% for 2020 through 2021, 7.75% for 2015 through 2019) |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Retirement age   | Varies depending on plan adoption                                |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Mortality  | 50% female/ 50% male RP-2019 mortality table                     |                   |                   |                   |                   |                   |                  |                   |                   |                   |

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**DEFINED BENEFIT OPEB PLAN**  
**SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB**  
**LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

|  | 2018                 | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total OPEB liability</b>  |                      |                     |                     |                     |                     |                     |                     |
| Service cost   | \$ 84,409            | \$ 87,279           | \$ 73,071           | \$ 64,745           | \$ 28,150           | \$ 16,850           | \$ 13,711           |
| Interest   | 208,495              | 208,114             | 250,107             | 173,392             | 240,238             | 239,181             | 225,294             |
| Experience (Gains/Losses)  | -                    | (141,420)           | (1,440,437)         | (69,503)            | (167,156)           | (132,012)           | (64,898)            |
| Changes in benefit terms   | -                    | -                   | -                   | -                   | -                   | -                   | -                   |
| Difference between expected and actual experience                                | -                    | -                   | -                   | -                   | -                   | -                   | -                   |
| Changes in assumptions   | -                    | (402,224)           | 239,912             | (969,366)           | (88,989)            | 108,799             | 169,757             |
| Benefit payments including employee refunds                                      | (344,330)            | (269,649)           | (256,951)           | (201,375)           | (220,867)           | (223,957)           | (219,397)           |
| Other  | -                    | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Net change in total OPEB liability</b>  | <b>(51,426)</b>      | <b>(517,900)</b>    | <b>(1,134,298)</b>  | <b>(1,002,107)</b>  | <b>(208,624)</b>    | <b>8,861</b>        | <b>124,467</b>      |
| <b>Total OPEB liability, beginning of year</b>                                   | <b>6,219,971</b>     | <b>6,168,545</b>    | <b>5,650,645</b>    | <b>4,516,347</b>    | <b>3,514,240</b>    | <b>3,305,616</b>    | <b>3,314,477</b>    |
| <b>Total OPEB liability, end of year</b>   | <b>\$ 6,168,545</b>  | <b>\$ 5,650,645</b> | <b>\$ 4,516,347</b> | <b>\$ 3,514,240</b> | <b>\$ 3,305,616</b> | <b>\$ 3,314,477</b> | <b>\$ 3,438,944</b> |
| <b>Plan Fiduciary Net Position</b>   |                      |                     |                     |                     |                     |                     |                     |
| Contributions-employer   | \$ 520,000           | \$ 500,000          | \$ 800,008          | \$ 333,340          | \$ 200,004          | \$ -                | \$ -                |
| Contributions/benefit payments made from general operating funds                 | 344,330              | 269,649             | 256,951             | 201,375             | 220,867             | 223,957             | -                   |
| Net investment income  | (29,215)             | 128,666             | 242,288             | 253,378             | (346,410)           | 431,853             | 223,478             |
| Benefit payments including employee refunds                                      | (344,330)            | (269,649)           | (256,951)           | (201,375)           | (220,867)           | (223,957)           | (219,397)           |
| Administrative expense   | (575)                | (1,159)             | (7,826)             | (12,517)            | (12,748)            | (13,996)            | (6,198)             |
| Other  | -                    | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Net change in plan fiduciary net position</b>                                 | <b>490,210</b>       | <b>627,507</b>      | <b>1,034,470</b>    | <b>574,201</b>      | <b>(159,154)</b>    | <b>417,857</b>      | <b>(2,117)</b>      |
| <b>Plan fiduciary net position, beginning of year</b>                            | <b>-</b>             | <b>490,210</b>      | <b>1,117,717</b>    | <b>2,152,187</b>    | <b>2,726,388</b>    | <b>2,567,234</b>    | <b>2,985,091</b>    |
| <b>Plan fiduciary net position, end of year</b>                                  | <b>\$ 490,210</b>    | <b>\$ 1,117,717</b> | <b>\$ 2,152,187</b> | <b>\$ 2,726,388</b> | <b>\$ 2,567,234</b> | <b>\$ 2,985,091</b> | <b>\$ 2,982,974</b> |
| <b>Employer net OPEB liability</b>   | <b>\$ 5,678,335</b>  | <b>\$ 4,532,928</b> | <b>\$ 2,364,160</b> | <b>\$ 787,852</b>   | <b>\$ 738,382</b>   | <b>\$ 329,386</b>   | <b>\$ 455,970</b>   |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>   | <b>7.95%</b>         | <b>19.78%</b>       | <b>47.65%</b>       | <b>77.58%</b>       | <b>77.66%</b>       | <b>90.06%</b>       | <b>86.74%</b>       |
| <b>Covered employee payroll</b>  | <b>Not available</b> | <b>\$ 840,951</b>   | <b>\$ 833,246</b>   | <b>\$ 842,000</b>   | <b>\$ 894,000</b>   | <b>\$ 789,396</b>   | <b>\$ 2,120,974</b> |
| <b>Employer's net OPEB liability as a percentage of covered employee payroll</b> | <b>Not available</b> | <b>539%</b>         | <b>284%</b>         | <b>94%</b>          | <b>83%</b>          | <b>42%</b>          | <b>21%</b>          |

**Notes to schedule:**

Above information is based on measurement date of December 31

No assets of the OPEB plan are being accumulated in a qualified trust to pay the related benefits.

The schedule is being accumulated prospectively until 10 years of information is presented.

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**DEFINED BENEFIT OPEB PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

| Fiscal Year end | Actuarially<br>determined<br>contributions | Contributions<br>in relation to<br>the actuarially<br>determined<br>contribution | Contribution<br>deficiency<br>(excess) | Covered<br>employee<br>payroll | Contributions<br>as a<br>percentage of<br>covered<br>employee<br>payroll |
|-----------------|--|--|--|--------------------------------|--|
| 12/31/2018      | \$ 1,250,738                               | \$ 864,330   | \$ 386,408                             | N/A                            | N/A  |
| 12/31/2019      | 1,344,332                                  | 769,649  | 574,683                                | 840,963                        | 92%  |
| 12/31/2020      | 1,338,975                                  | 1,056,959  | 282,016                                | 833,235                        | 127%   |
| 12/31/2021      | 917,072                                    | 534,715  | 382,357                                | 841,938                        | 64%  |
| 12/31/2022      | 465,875                                    | 420,871  | 45,004                                 | 894,000                        | 47%  |
| 12/31/2023      | 429,046                                    | 223,957  | 205,089                                | 789,396                        | 28%  |
| 12/31/2024      | 367,114                                    | -  | 367,114                                | 2,120,974                      | 0%   |

**Notes to schedule**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry Age  |
| Amortization method           | Level dollar, closed   |
| Remaining amortization period | 1 year   |
| Asset valuation method        | Market value   |
| Inflation                     | N/A  |
| Healthcare cost trend rates   | Pre-65: 7.25% graded down to 4.5% by 0.25% per year<br>Post-65: 5.5% graded down to 4.5% by 0.25% per year |
| Discount rate                 | 6.15%, (7% 2023; 7.45% 2022; 7% 2021)  |
| Salary increases              | 3.00%  |
| Investment rate of return     | N/A  |
| Retirement age                | Varies depending on plan adoption  |
| Mortality                     | Public General 2010 Employee and Healthy Retiree,<br>Headcount weighted, MP-2021 improvement               |

**Notes to schedule:**

The schedule is being accumulated prospectively until 10 years of information is presented.

|   | Schedule of Investment Returns |             |             |             |             |             |
|---|--------------------------------|-------------|-------------|-------------|-------------|-------------|
|   | <u>2019</u>                    | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Annual money-weighted rate<br>net of investment expense | 17.38%                         | 15.96%      | 10.93%      | -12.26%     | 16.82%      | 7.49%       |

**State of Michigan PA 202 information**

|  |            |
|--|------------|
| Actuarially recommended contributions                | \$ 367,114 |
| Minimum required contribution under PA 202           | 148,366    |
| Actual contribution                                  | -          |
| Contribution for employees hired after June 30, 2018 | n/a        |

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**GENERAL FUND  
SCHEDULES**

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**SCHEDULE OF CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

---

|   | <u>Primary<br/>Road</u> | <u>Local<br/>Road</u> | <u>County<br/>Road</u> | <u>Total</u>         |
|---|-------------------------|-----------------------|------------------------|----------------------|
| <b>Fund balances, beginning of year</b> | <u>\$ 377,202</u>       | <u>\$ 3,117,967</u>   | <u>\$ 10,877,552</u>   | <u>\$ 14,372,721</u> |
| Revenues                                | 7,362,568               | 3,689,000             | 2,894,162              | 13,945,730           |
| Expenditures                            | <u>7,618,399</u>        | <u>3,976,232</u>      | <u>2,421,626</u>       | <u>14,016,257</u>    |
| Revenues over (under) expenditures      | <u>(255,831)</u>        | <u>(287,232)</u>      | <u>472,536</u>         | <u>(70,527)</u>      |
| <b>Fund balances, end of year</b>       | <u>\$ 121,371</u>       | <u>\$ 2,830,735</u>   | <u>\$ 11,350,088</u>   | <u>\$ 14,302,194</u> |

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

|   | <u>Primary<br/>Road</u> | <u>Local<br/>Road</u> | <u>County<br/>Road</u> | <u>Total</u>         |
|---|-------------------------|-----------------------|------------------------|----------------------|
| <b>Revenues</b>                                       |                         |                       |                        |                      |
| Michigan Transportation Fund                          |                         |                       |                        |                      |
| Engineering   | \$ 6,273                | \$ 3,727              | \$ -                   | \$ 10,000            |
| Allocation  | 4,173,840               | 2,479,311             | -                      | 6,653,151            |
| Urban road  | 496,255                 | 225,594               | -                      | 721,849              |
| Snow removal  | 288,803                 | 171,808               | -                      | 460,611              |
|   | <u>4,965,171</u>        | <u>2,880,440</u>      | <u>-</u>               | <u>7,845,611</u>     |
| Total Michigan Transportation Fund                    |                         |                       |                        |                      |
|   | <u>4,965,171</u>        | <u>2,880,440</u>      | <u>-</u>               | <u>7,845,611</u>     |
| Federal and other state sources                       |                         |                       |                        |                      |
| Surface transportation program                        | 419,983                 | -                     | -                      | 419,983              |
| Forest road   | 85,110                  | -                     | -                      | 85,110               |
|   | <u>505,093</u>          | <u>-</u>              | <u>-</u>               | <u>505,093</u>       |
| Total federal and other state sources                 |                         |                       |                        |                      |
|   | <u>505,093</u>          | <u>-</u>              | <u>-</u>               | <u>505,093</u>       |
| State trunkline maintenance                           | -                       | -                     | 1,079,341              | 1,079,341            |
| State trunkline nonmaintenance                        | -                       | -                     | 1,249,109              | 1,249,109            |
| Local units of government                             | 655,000                 | 425,000               | -                      | 1,080,000            |
| County millage  | 1,103,815               | 257,406               | -                      | 1,361,221            |
| Salvage sales   | -                       | -                     | 3,022                  | 3,022                |
| Interest  | 15,296                  | 126,154               | 440,171                | 581,621              |
| Property rentals                                      | -                       | -                     | 29,397                 | 29,397               |
| Licenses and permits                                  | -                       | -                     | 85,772                 | 85,772               |
| Other revenues  | 118,193                 | -                     | 7,350                  | 125,543              |
|   | <u>7,362,568</u>        | <u>3,689,000</u>      | <u>2,894,162</u>       | <u>13,945,730</u>    |
| Total Revenues  |                         |                       |                        |                      |
|   | <u>7,362,568</u>        | <u>3,689,000</u>      | <u>2,894,162</u>       | <u>13,945,730</u>    |
| Other financing sources (uses)                        |                         |                       |                        |                      |
| Sales of capital assets                               | -                       | -                     | -                      | -                    |
|   | <u>-</u>                | <u>-</u>              | <u>-</u>               | <u>-</u>             |
| <b>Total revenues and other<br/>financing sources</b> |                         |                       |                        |                      |
|   | <u>\$ 7,362,568</u>     | <u>\$ 3,689,000</u>   | <u>\$ 2,894,162</u>    | <u>\$ 13,945,730</u> |

**OTSEGO COUNTY ROAD COMMISSION**  
(a Component Unit of Otsego County)

**SCHEDULE OF EXPENDITURES**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

---

|                                    | <u>Primary<br/>Road</u> | <u>Local<br/>Road</u> | <u>County<br/>Road</u> | <u>Total</u>         |
|------------------------------------|-------------------------|-----------------------|------------------------|----------------------|
| <b>Expenditures</b>                |                         |                       |                        |                      |
| Primary road                       |                         |                       |                        |                      |
| Construction and heavy maintenance | \$ 5,217,185            | \$ -                  | \$ -                   | \$ 5,217,185         |
| Maintenance                        | 2,078,002               | -                     | -                      | 2,078,002            |
| Local road                         |                         |                       |                        |                      |
| Construction and heavy maintenance | -                       | 1,312,584             | -                      | 1,312,584            |
| Maintenance                        | -                       | 2,502,069             | -                      | 2,502,069            |
| State trunkline maintenance        | -                       | -                     | 1,186,227              | 1,186,227            |
| State trunkline nonmaintenance     | -                       | -                     | 1,250,581              | 1,250,581            |
| Other                              |                         |                       |                        |                      |
| Equipment expenditures, net        | (8,372)                 | (11,807)              | (5,760)                | (25,939)             |
| Administrative expenditures, net   | 331,584                 | 173,386               | -                      | 504,970              |
| Capital outlay net of depreciation | -                       | -                     | (9,422)                | (9,422)              |
| <b>Total expenditures</b>          | <u>\$ 7,618,399</u>     | <u>\$ 3,976,232</u>   | <u>\$ 2,421,626</u>    | <u>\$ 14,016,257</u> |



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## **INTERNAL CONTROL AND COMPLIANCE**



## Vredeveld Haefner LLC

CPAs and Consultants

10302 20<sup>th</sup> Avenue

Grand Rapids, MI 49534

Fax (616) 828-0307

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

April 7, 2025

Otsego County Road Commission  
Board of Commissioners  
Gaylord, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund and the aggregate remaining funds of the Otsego County Road Commission (the Commission), a component unit of Otsego County, Michigan, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 7, 2025.

#### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Oradexold Haefner LLC*





## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Michael J. Vredeveld, CPA  
(616) 648-8447

April 7, 2025

Members of the Board  
Otsego County Road Commission  
Gaylord, Michigan

We have audited the financial statements of the governmental activities, the general fund and the aggregate remaining fund information, of the Otsego County Road Commission (the Commission) for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 3, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Results

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful lives of capital assets, the allowance for uncollectible accounts receivable, and the valuation of the pension and other postemployment benefit plan obligations.

Management's estimate of the useful lives and uncollectible accounts is based on previous history and expectations and the estimate of pension and other post-employment benefit plan obligations is based on actuarial valuations of the Plans. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed and management posted an adjustment to record a prior period adjustment related to OPEB reimbursement of expenses.

#### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 7, 2025.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

We also noted the following items during the performance of our audit:

#### **Investment Held by Otsego County**

Otsego County is performing the investment management and banking function for most of the Commission's investment and depository balances. Investments and select depository balances reported within the Commission's financial statements are held by the County in the County's name. The notes to the Commission's financial statements further describe the methodology used by the County to record investment balance, unrealized gains and losses and noncompliance with County investment policy.

### Other Matters

We applied certain limited procedures to items, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

### Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Orlando Haefner LLC*



## **Otsego County Road Commission Agenda Item Report**

---

**FROM:** Rebecca Hilmert, Finance Manager  
**MEETING DATE:** April 10, 2025  
**AGENDA ITEM:** 8. B  
**SUBJECT:** 2024 Year-End Act 51 Report

### **DESCRIPTION**

Recipients of Michigan Transportation Funds (MTF) are required to report their annual revenue and expenditures to the Michigan Department of Transportation (MDOT). MDOT reviews the financial reports submitted by all local road agencies in Michigan and determines compliance with reporting requirements. The attached year-end Act 51 report accurately reflects the revenues and expenditures of all road work and funds by systems for the Otsego County Road Commission, and conforms with the requirements of Act 51, Public Acts of 1951, as amended.

### **BUDGET ACTION REQUIRED**

N/A

### **LEGAL REVIEW**

N/A

### **SAMPLE MOTION**

Motion to **approve/deny** the Otsego County Road Commission 2024 year-end Act 51 report as submitted.

**2024**  
**FISCAL YEAR**  
**ANNUAL FINANCIAL REPORT**  
**BOARD OF COUNTY ROAD COMMISSIONERS**  
**Otsego County**  
**Michigan**  
**Year Ended 2024**

**The financial report accurately reflects the Revenues and Expenditures of all road work and funds by systems, and conforms with the requirements of Act 51, Public Acts of 1951, as amended**

**ATTEST**

---

Chief Financial Officer

---

Chairman

---

Date



Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**BALANCE SHEET****Assets****General Operating Fund**

|  |                |
|--|----------------|
| 1. Cash                                    | \$9,824,611.71 |
| 2. Investments                             | 5,544,850.25   |
| 3. Accounts Receivable :                   |                |
| a. Michigan Transportation Fund            | 1,444,011.91   |
| b. State Trunkline Maintenance             | 189,370.53     |
| c. State Transportation Department - Other | 30,036.47      |
| d. Due on County Road Agreement            | 100,000.00     |
| e. Due on Special Assesment                | 0.00           |
| f. Sundry Accounts Receivable              | 1,435,643.80   |

**Inventories/Pre-Paid Insurance/Other**

|                                   |            |
|-----------------------------------|------------|
| 4. Deferred Expense State Aid     | 0.00       |
| 5. Road Materials                 | 595,529.64 |
| 6. Equipment Materials and Parts  | 355,444.54 |
| 7. Prepaid Insurance              | 131,224.16 |
| 8. Deferred Expense - Federal Aid | 0.00       |
| 9. Other                          | 219,397.12 |

**10. TOTAL ASSETS****\$19,870,120.13**

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**Liabilities and Fund Balances****Liabilities**

|  |              |
|--|--------------|
| 11. Accounts Payable                               | \$224,139.03 |
| 12. Notes Payable (Short Term)                     | 0.00         |
| 13. Accrued Liability                              | 146,015.26   |
| 14. Advances                                       | 483,983.00   |
| 15. Deferred Revenue - Special Assessment District | 0.00         |
| 16. Deferred Revenue - EDF Forest Rd.(E)           | 0.00         |
| 17. Deferred Revenue                               | 1,432,986.30 |
| 18. Other  | 3,056,842.16 |

**Fund Balances**

|                                 |                      |
|---------------------------------|----------------------|
| 19. Primary Road Fund           | 123,521.66           |
| 20. Local Road Fund             | 2,826,719.21         |
| 21. County Road Commission Fund | 11,575,913.51        |
| <b>22. Total Fund Balances</b>  | <b>14,526,154.38</b> |

**23. TOTAL LIABILITIES AND FUND BALANCES****\$19,870,120.13**

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**CAPITAL ASSETS ACCOUNT GROUP**

| <u>Assets</u>                        | (A)             | (B)                    |
|--------------------------------------|-----------------|------------------------|
| 24. Land                             |                 | \$125,501.18           |
| 25. Land Improvements                | \$13,398,340.52 |                        |
| 25 a.Less: Accumulated Depreciation  | 0.00            | 13,398,340.52          |
| 26. Depletable Assets                | 0.00            |                        |
| 26 a.Less: Accumulated Depreciation  | 0.00            | 0.00                   |
| 27. Buildings                        | 4,305,731.42    |                        |
| 27 a.Less: Accumulated Depreciation  | (2,568,643.94)  | 1,737,087.48           |
| 28. Equipment - Road                 | 10,273,177.33   |                        |
| 28 a.Less: Accumulated Depreciation  | (8,859,484.78)  | 1,413,692.55           |
| 29. Equipment - Shop                 | 97,486.33       |                        |
| 29 a.Less: Accumulated Depreciation  | (95,681.43)     | 1,804.90               |
| 30. Equipment - Engineers            | 8,583.15        |                        |
| 30 a.Less: Accumulated Depreciation  | (8,583.15)      | 0.00                   |
| 31. Equipment - Yard and Storage     | 1,799.69        |                        |
| 31 a.Less: Accumulated Depreciation  | (1,799.69)      | 0.00                   |
| 32. Equipment and Furniture - Office | 46,844.63       |                        |
| 32 a.Less: Accumulated Depreciation  | (46,844.63)     | 0.00                   |
| 33. Infrastructure                   | 50,917,445.13   |                        |
| 33 a.Less: Accumulated Depreciation  | (20,865,770.70) | 30,051,674.43          |
| 34. Vehicles                         | 0.00            |                        |
| 34 a.Less: Accumulated Depreciation  | 0.00            | 0.00                   |
| 35. Construction Work in Progress    |                 | 0.00                   |
| <b>36. Total Assets</b>              |                 | <b>\$46,728,101.06</b> |

Equities

|                                |               |                        |
|--------------------------------|---------------|------------------------|
| 37. Plant and Equipment Equity |               |                        |
| 37 a.Primary                   | 0.00          |                        |
| 37 b.Local                     | 0.00          |                        |
| 37 c.Co. Road Comm.            | 16,676,426.63 |                        |
| 37 d.Infrastructure            | 30,051,674.43 |                        |
| <b>38. Total Equities</b>      |               | <b>\$46,728,101.06</b> |

Long Term Debt

|  |            |                     |
|--|------------|---------------------|
| 39. Bonds Payable (Act 51)                 | 0.00       |                     |
| 40. Notes Payable (Act 143)                | 0.00       |                     |
| 41. Vested Vacation and Sick Leave Payable | 226,464.89 |                     |
| 42. Installment/Lease Purchase Payable     | 0.00       |                     |
| 43. Other                                  | 0.00       |                     |
| <b>44. Total Liabilities</b>               |            | <b>\$226,464.89</b> |

Fiduciary Fund

|  |  |                       |
|--|--|-----------------------|
| 45. Deferred Compensation (Pension) Plan |  | <b>\$3,454,213.00</b> |
|--|--|-----------------------|

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**STATEMENT OF REVENUES**

|  | Primary Road<br>Fund<br>(P) | Local Road<br>Fund<br>(L) | Co. Road<br>Comm. Fund<br>(C) | Total<br>(T)          |
|--|-----------------------------|---------------------------|-------------------------------|-----------------------|
| <b><u>Taxes</u></b>                        |                             |                           |                               |                       |
| 46. County Wide Millage                    | \$1,103,814.66              | \$257,406.83              | \$0.00                        | \$1,361,221.49        |
| 47. Other                                  | 0.00                        | 0.00                      | 0.00                          | 0.00                  |
| 48. Total Taxes                            | <u>1,103,814.66</u>         | <u>257,406.83</u>         | <u>0.00</u>                   | <u>1,361,221.49</u>   |
| <b><u>Licenses and Permits</u></b>         |                             |                           |                               |                       |
| 49. Specify                                | 0.00                        | 0.00                      | 85,771.20                     | 85,771.20             |
| <b><u>Federal Sources</u></b>              |                             |                           |                               |                       |
| 50. Surface Tran. Program (STP)            | 419,983.08                  | 0.00                      | 0.00                          | 419,983.08            |
| 51. C Funds - Federal                      | 0.00                        | 0.00                      | 0.00                          | 0.00                  |
| 52. D Funds - Federal                      | 0.00                        | 0.00                      | 0.00                          | 0.00                  |
| 53. Bridge                                 | 0.00                        | 0.00                      | 0.00                          | 0.00                  |
| 54. High Priority                          | 0.00                        | 0.00                      | 0.00                          | 0.00                  |
| 55. Other                                  | 0.00                        | 0.00                      | 0.00                          | 0.00                  |
| 56. Total Federal Sources                  | <u>419,983.08</u>           | <u>0.00</u>               | <u>0.00</u>                   | <u>419,983.08</u>     |
| <b>STATE SOURCES</b>                       |                             |                           |                               |                       |
| <b><u>Michigan Transportation Fund</u></b> |                             |                           |                               |                       |
| 57. Engineering                            | 6,273.48                    | 3,726.52                  |                               | 10,000.00             |
| 58. Snow Removal                           | 288,803.07                  | 171,807.89                |                               | 460,610.96            |
| 59. Urban Road                             | 496,255.48                  | 225,594.41                |                               | 721,849.89            |
| 60. Allocation                             | 4,173,840.28                | 2,479,310.83              |                               | 6,653,151.11          |
| 61. Total MTF                              | <u>4,965,172.31</u>         | <u>2,880,439.65</u>       |                               | <u>7,845,611.96</u>   |
| <b><u>Other</u></b>                        |                             |                           |                               |                       |
| 62. Local Bridge                           | 0.00                        | 0.00                      |                               | 0.00                  |
| 63. Other                                  | 0.00                        | 0.00                      | 0.00                          | 0.00                  |
| 64. Total Other                            | <u>0.00</u>                 | <u>0.00</u>               | <u>0.00</u>                   | <u>0.00</u>           |
| <b><u>Economic Development Fund</u></b>    |                             |                           |                               |                       |
| 65. Target Industries (A)                  | 0.00                        | 0.00                      |                               | 0.00                  |
| 66. Urban Congestion (C)                   | 0.00                        | 0.00                      |                               | 0.00                  |
| 67. Rural Primary (D)                      | 0.00                        | 0.00                      |                               | 0.00                  |
| 68. Forest Road (E)                        | 85,110.00                   | 0.00                      |                               | 85,110.00             |
| 69. Urban Area (F)                         | 0.00                        | 0.00                      |                               | 0.00                  |
| 70. Other                                  | 0.00                        | 0.00                      |                               | 0.00                  |
| 71. Total EDF                              | <u>85,110.00</u>            | <u>0.00</u>               |                               | <u>85,110.00</u>      |
| <b>72. Total State Sources</b>             | <u>\$5,050,282.31</u>       | <u>\$2,880,439.65</u>     | <u>\$0.00</u>                 | <u>\$7,930,721.96</u> |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

## STATEMENT OF REVENUES

|  | Primary Road<br>Fund<br>(P) | Local Road<br>Fund<br>(L) | Co. Road<br>Comm. Fund<br>(C) | Total<br>(T)           |
|--|-----------------------------|---------------------------|-------------------------------|------------------------|
| <b>Contributions From Local Units</b>                    |                             |                           |                               |                        |
| 73. City and Village                                     | \$0.00                      | \$0.00                    | \$0.00                        | \$0.00                 |
| 74. Township Contr.                                      | 655,000.00                  | 425,000.00                | 0.00                          | 1,080,000.00           |
| 75. Other  | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 76. Total Contributions                                  | 655,000.00                  | 425,000.00                | 0.00                          | 1,080,000.00           |
| <b>Charges for Service</b>                               |                             |                           |                               |                        |
| 77. Trunkline Maintenance                                | 0.00                        |                           | 1,079,341.08                  | 1,079,341.08           |
| 78. Trunkline Non-maintenance                            | 0.00                        |                           | 1,249,108.80                  | 1,249,108.80           |
| 79. Salvage Sales  | 0.00                        | 0.00                      | 3,022.47                      | 3,022.47               |
| 80. Other  | 0.00                        | 0.00                      | 870.00                        | 870.00                 |
| 81. Total Charges  | 0.00                        | 0.00                      | 2,332,342.35                  | 2,332,342.35           |
| <b>Interest and Rents</b>                                |                             |                           |                               |                        |
| 82. Interest Earned                                      | 17,448.65                   | 122,140.53                | 442,032.38                    | 581,621.56             |
| 83. Property Rentals                                     | 0.00                        | 0.00                      | 29,397.05                     | 29,397.05              |
| 84. Total Interest/Rents                                 | 17,448.65                   | 122,140.53                | 471,429.43                    | 611,018.61             |
| <b>Other</b>   |                             |                           |                               |                        |
| 85. Special Assessments                                  | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 86. Land and Bldg. Sales                                 | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 87. Sundry Refunds                                       | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 88. Gain (Loss) Equip. Disp.                             | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 89. Contributions from Private Sources                   | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 90. Other  | 118,193.00                  | 0.00                      | 6,480.50                      | 124,673.50             |
| 91. Total Other  | 118,193.00                  | 0.00                      | 6,480.50                      | 124,673.50             |
| <b>Other Financing Sources</b>                           |                             |                           |                               |                        |
| 92. County Appropriation                                 | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 93. Bond Proceeds  | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 94. Note Proceeds  | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 95. Inst. Purch./Leases                                  | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 96. Total Other Fin. Sources                             | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| <b>97. TOTAL REVENUE AND OTHER<br/>FINANCING SOURCES</b> | <b>\$7,364,721.70</b>       | <b>\$3,684,987.01</b>     | <b>\$2,896,023.48</b>         | <b>\$13,945,732.19</b> |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

## STATEMENT OF EXPENDITURES

|  | Primary Road<br>Fund<br>(P) | Local Road<br>Fund<br>(L) | Co. Road<br>Comm. Fund<br>(C) | Total<br>(T)           |
|--|-----------------------------|---------------------------|-------------------------------|------------------------|
| <b>Construction/Capacity Improvement</b>                 |                             |                           |                               |                        |
| 98. Roads  | \$0.00                      | \$0.00                    |                               | \$0.00                 |
| 99. Structures   | 0.00                        | 0.00                      |                               | 0.00                   |
| 100. Roadside Parks                                      | 0.00                        | 0.00                      |                               | 0.00                   |
| 101. Special Assessments                                 | 0.00                        | 0.00                      |                               | 0.00                   |
| 102. Other   | 0.00                        | 0.00                      |                               | 0.00                   |
| 103. Total Construction/Cap. Imp.                        | 0.00                        | 0.00                      |                               | 0.00                   |
| <b>Preservation - Structural Improvements</b>            |                             |                           |                               |                        |
| 104. Roads   | 5,217,185.91                | 1,312,584.66              |                               | 6,529,770.57           |
| 105. Structures  | 0.00                        | 0.00                      |                               | 0.00                   |
| 106. Safety Projects                                     | 0.00                        | 0.00                      |                               | 0.00                   |
| 107. Roadside Parks                                      | 0.00                        | 0.00                      |                               | 0.00                   |
| 108. Special Assessments                                 | 0.00                        | 0.00                      |                               | 0.00                   |
| 109. Other   | 0.00                        | 0.00                      |                               | 0.00                   |
| 110. Total Preservation - Struct. Imp.                   | 5,217,185.91                | 1,312,584.66              |                               | 6,529,770.57           |
| <b>Maintenance</b>                                       |                             |                           |                               |                        |
| 111. Roads   | 859,085.46                  | 1,891,503.81              |                               | 2,750,589.27           |
| 112. Structures  | 0.00                        | 0.00                      |                               | 0.00                   |
| 113. Roadside Parks                                      | 0.00                        | 0.00                      |                               | 0.00                   |
| 114. Winter Maintenance                                  | 979,925.65                  | 544,878.39                |                               | 1,524,804.04           |
| 115. Traffic Control                                     | 238,994.39                  | 65,688.44                 |                               | 304,682.83             |
| 116. Total Maintenance                                   | 2,078,005.50                | 2,502,070.64              |                               | 4,580,076.14           |
| 117. Total Construction, Preservation And<br>Maintenance | 7,295,191.41                | 3,814,655.30              |                               | 11,109,846.71          |
| <b>Other</b>   |                             |                           |                               |                        |
| 118. Trunkline Maintenance                               | 0.00                        |                           | 1,186,223.48                  | 1,186,223.48           |
| 119. Trunkline Non-maintenance                           | 0.00                        |                           | 1,250,582.49                  | 1,250,582.49           |
| 120. Administrative Expense                              | 331,583.03                  | 173,384.75                |                               | 504,967.78             |
| 121. Equipment - Net                                     | (8,372.28)                  | (11,807.21)               | (5,765.26)                    | (25,944.75)            |
| 122. Capital Outlay - Net                                | 0.00                        | 0.00                      | (9,420.97)                    | (9,420.97)             |
| 123. Debt Principal Payment                              | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 124. Interest Expense                                    | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 125. Drain Assessment                                    | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 126. Other   | 0.00                        | 0.00                      | 0.00                          | 0.00                   |
| 127. Total Other   | 323,210.75                  | 161,577.54                | 2,421,619.74                  | 2,906,408.03           |
| <b>128. Total Expenditures</b>                           | <b>\$7,618,402.16</b>       | <b>\$3,976,232.84</b>     | <b>\$2,421,619.74</b>         | <b>\$14,016,254.74</b> |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

## STATEMENT OF CHANGES IN FUND BALANCES

|  | Primary Road<br>Fund<br>(P) | Local Road<br>Fund<br>(L) | Co. Road<br>Comm. Fund<br>(C) | Total<br>(T)    |
|--|-----------------------------|---------------------------|-------------------------------|-----------------|
| 129. Total Revenues And Other<br>Financing Sources                                       | \$7,364,721.70              | \$3,684,987.01            | \$2,896,023.48                | \$13,945,732.19 |
| 130. Total Expenditures  | 7,618,402.16                | 3,976,232.84              | 2,421,619.74                  | 14,016,254.74   |
| 131. Excess of Revenues Over<br>(Under) Expenditures                                     | (253,680.46)                | (291,245.83)              | 474,403.74                    | (70,522.55)     |
| 132. Optional Transfers  |                             |                           |                               |                 |
| 132 a. Primary to Local (50%)  | 0.00                        | 0.00                      |                               | 0.00            |
| 132 b. Local to Primary (15%)  | 0.00                        | 0.00                      |                               | 0.00            |
| 133. Emergency Transfers<br>(Local to Primary)   | 0.00                        | 0.00                      |                               | 0.00            |
| 134. Total Optional Transfers  | 0.00                        | 0.00                      |                               | 0.00            |
| 135. Excess of Revenues and<br>Other Sources Over (Under)<br>Expenditures and Other Uses | (253,680.46)                | (291,245.83)              | 474,403.74                    | (70,522.55)     |
| 136. Beginning Fund  | 377,202.12                  | 3,117,965.04              | 10,877,553.11                 | 14,372,720.27   |
| 137. Adjustment  | 0.00                        | 0.00                      | 223,956.66                    | 223,956.66      |
| 138. Beginning Fund<br>Balance Restated  | 377,202.12                  | 3,117,965.04              | 11,101,509.77                 | 14,596,676.93   |
| 139. Interfund Transfer(County<br>to Primary and/or Local)                               | 0.00                        | 0.00                      | 0.00                          | 0.00            |
| 140. Ending Fund Balance   | \$123,521.66                | \$2,826,719.21            | \$11,575,913.51               | \$14,526,154.38 |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**EQUIPMENT EXPENSE**

## Direct Equipment Expense

|                                |              |                     |
|--------------------------------|--------------|---------------------|
| 141. Labor and Fringe Benefits | \$558,661.30 |                     |
| 142. Depreciation              | 501,160.94   |                     |
| 143. Other                     | 503,303.90   |                     |
| <b>144. Total Direct</b>       |              | <b>1,563,126.14</b> |

|                                 |  |            |
|---------------------------------|--|------------|
| 145. Indirect Equipment Expense |  | 585,429.03 |
|---------------------------------|--|------------|

## Operating Equipment Expense

|                                |            |                     |
|--------------------------------|------------|---------------------|
| 146. Labor and Fringe Benefits | 0.00       |                     |
| 147. Operating Expenses        | 355,264.47 |                     |
| <b>148. Total Operating</b>    |            | <b>\$355,264.47</b> |

**149. TOTAL EQUIPMENT EXPENSE** \$2,503,819.64

**Equipment Rental Credits:**

|  | <u>Primary</u> | <u>Local</u> | <u>County</u> | <u>Total</u> |
|--|----------------|--------------|---------------|--------------|
| 150. Construction/Capacity Improvement     | 0.00           | 0.00         |               | 0.00         |
| 151. Preservation - Structural Improvement | 31,584.05      | 78,905.33    |               | 110,489.38   |
| 152. Maintenance                           | 784,762.18     | 1,072,366.85 |               | 1,857,129.03 |
| 153. Inventory Operations                  | 0.00           | 0.00         | 5,806.90      | 5,806.90     |
| 154. MDOT                                  | 0.00           |              | 516,237.09    | 516,237.09   |
| 155. Other Reimbursable Charges            | 0.00           | 0.00         | 0.00          | 0.00         |
| 156. All Other Charges                     | 0.00           | 0.00         | 40,101.99     | 40,101.99    |
| 157. Total Equipment Rental Credits        | 816,346.23     | 1,151,272.18 | 562,145.98    | 2,529,764.39 |
|  | (A)            | (B)          | (C)           | (D)          |
| 158. (Gain) or Loss on Usage of Equipment  |                |              |               | (25,944.75)  |

**PRORATION OF EQUIPMENT USAGE GAIN OR LOSS**

(Net Equipment Expense)

|   |              |                |              |                |
|---|--------------|----------------|--------------|----------------|
| 159. Equipment Rental Credits                               | \$816,346.23 | \$1,151,272.18 | \$562,145.98 | \$2,529,764.39 |
|   | (A)          | (B)            | (C)          | (D)            |
| 160. Percent of Total                                       | 32.27 %      | 45.51 %        | 22.22 %      | 100.00 %       |
| 161. Prorated Total Equipment Expense                       | 807,973.95   | 1,139,464.97   | 556,380.72   | 2,503,819.64   |
| 162. Prorated Gain/Loss On Usage<br>(Net Equipment Expense) | (8,372.28)   | (11,807.21)    | (5,765.26)   | (25,944.75)    |



Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**DISTRIBUTIVE EXPENSE - FRINGE BENEFITS**

|  | <b>Total Labor<br/>Charge</b> | <b>Distributive<br/>Calc.</b>            |
|--|-------------------------------|--|
| 163. Primary Construction/Cap. Imp.      | \$0.00                        | \$0.00                                   |
| 164. Primary Preservation - Struct. Imp. | 16,996.65                     | 18,566.95                                |
| 165. Primary Maintenance                 | 319,667.22                    | 349,200.95                               |
| 166. Local Construction/Cap. Imp.        | 0.00                          | 0.00                                     |
| 167. Local Preservation - Struct. Imp.   | 27,339.12                     | 29,864.95                                |
| 168. Local Maintenance                   | 454,202.40                    | 496,165.70                               |
| 169. Inventory                           | 1,870.50                      | 2,043.31                                 |
| 170. Equipment Expense - Direct          | 266,996.84                    | 291,664.40                               |
| 171. Equipment Expense - Indirect        | 120,030.78                    | 131,120.30                               |
| 172. Equipment Expense - Operating       | 0.00                          | 0.00                                     |
| 173. Administration                      | 280,974.18                    | 306,933.10                               |
| 174. State Trunkline Maintenance         | 373,439.87                    |  |
| 175. Sundry Account Rec.                 | 0.00                          |  |
| 176. Capital Outlay                      | 0.00                          | 0.00                                     |
| 177. Other                               | 0.00                          | 0.00                                     |
| <b>178. Total Payroll</b>                | <b>\$1,861,517.56</b>         |  |
| 179. Less Applicable Payroll             | (373,439.87)                  |  |
| <b>180. Total Applicable Labor Cost</b>  | <b>\$1,488,077.69</b>         | <b>Total Distributive \$1,625,559.66</b> |

|                                 | <b>709-714<br/>Vacation<br/>Holiday<br/>Sick Leave<br/>Longevity</b> | <b>719<br/>Workers<br/>Comp.<br/>Insurance</b> | <b>715 - 718<br/>Soc. Sec.<br/>Retirement</b> | <b>716<br/>Health<br/>Insurance</b> | <b>717<br/>Life and<br/>Disability<br/>Insurance</b> | <b>720 - 725<br/>Other</b> | <b>Distributive<br/>Total Calc.</b> |
|---------------------------------|--|--|---|-------------------------------------|--|----------------------------|-------------------------------------|
| 181. Total Fringe Benefits      | \$244,415.70   | \$16,172.59                                    | \$965,561.17                                  | \$700,256.16                        | \$35,112.23  | \$5,260.38                 | \$1,966,778.23                      |
| 182. Less: Benefits Recovered   | 0.00   | 0.00   | 0.00  | 0.00                                | 0.00   | (341,218.57)               | (341,218.57)                        |
| 183. Less: Refunds              | 0.00   | 0.00   | 0.00  | 0.00                                | 0.00   | 0.00                       | 0.00                                |
| 184. Benefits to be Distributed | 244,415.70   | 16,172.59                                      | 965,561.17                                    | 700,256.16                          | 35,112.23  | (335,958.19)               | 1,625,559.66                        |
| 185. Applicable Labor Cost      | 1,488,077.69   | 1,488,077.69                                   | 1,488,077.69                                  | 1,488,077.69                        | 1,488,077.69   | 1,488,077.69               |                                     |
| 186. Factor                     | 0.164249   | 0.010868                                       | 0.648865                                      | 0.470578                            | 0.023596   | (0.225767)                 | 1.092389                            |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**DISTRIBUTIVE EXPENSE - OVERHEAD**  
**Account No. 705 - 957**

|   | <b>Cost of<br/>Operations</b> | <b>Distributed<br/>Total</b> |
|---|-------------------------------|------------------------------|
| 187. Primary Construction/Cap. Imp.     | \$0.00                        | \$0.00                       |
| 188. Primary Preservation - Struct Imp. | 5,100,835.82                  | 97,783.02                    |
| 189. Primary Maintenance                | 1,696,286.56                  | 32,517.81                    |
| 190. Local Construction/Cap. Imp.       | 0.00                          | 0.00                         |
| 191. Local Preservation - Struct. Imp.  | 1,258,592.48                  | 24,127.22                    |
| 192. Local Maintenance                  | 1,968,175.01                  | 37,729.91                    |
| 193. Other                              | 0.00                          | 0.00                         |
| <b>194. TOTAL</b>                       | <b>\$10,023,889.87</b>        | <b>\$192,157.96</b>          |

|                                | <b>790<br/>Small<br/>Road Tools</b> | <b>791<br/>Inventory<br/>Adjustment</b> | <b>882<br/>Liability</b> | <b>716<br/>Health<br/>Insurance</b> | <b>Other</b>  | <b>Total</b> |
|--------------------------------|-------------------------------------|---|--------------------------|-------------------------------------|---------------|--------------|
| 195. Expenses Distributed      | 6,855.93                            | 6,032.71                                | 16,130.97                | 0.00                                | 163,138.74    | \$192,158.35 |
| 196. Applicable Operation Cost | 10,023,889.87                       | 10,023,889.87                           | 10,023,889.87            | 10,023,889.87                       | 10,023,889.87 |              |
| 197. Factor                    | 0.000684                            | 0.000602                                | 0.001609                 | 0.000000                            | 0.016275      | \$0.019170   |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**ANALYSIS OF CONSTRUCTION AND MAINTENANCE**

Optional for noncontract counties

|                            | Performed by County          |                              | Performed by Contractor      |                            | Totals                       |                              |
|----------------------------|------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|------------------------------|
|                            | <u>Primary</u>               | <u>Local</u>                 | <u>Primary</u>               | <u>Local</u>               | <u>Primary</u>               | <u>Local</u>                 |
| 198. Constr/Cap. Imp.      | \$0.00                       | \$0.00                       | \$0.00                       | \$0.00                     | \$0.00                       | \$0.00                       |
| 199. Preser - Struct. Imp. | 0.00                         | 440,598.18                   | 5,217,185.91                 | 871,986.48                 | 5,217,185.91                 | 1,312,584.66                 |
| 200. Special Assessment    | 0.00                         | 0.00                         | 0.00                         | 0.00                       | 0.00                         | 0.00                         |
| 201. Maintenance           | 2,078,005.50                 | 2,393,383.48                 | 0.00                         | 108,687.16                 | 2,078,005.50                 | 2,502,070.64                 |
| <b>202. Total</b>          | <b><u>\$2,078,005.50</u></b> | <b><u>\$2,833,981.66</u></b> | <b><u>\$5,217,185.91</u></b> | <b><u>\$980,673.64</u></b> | <b><u>\$7,295,191.41</u></b> | <b><u>\$3,814,655.30</u></b> |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**ANALYSIS OF ACCOUNTS RECEIVABLE**

Optional for noncontract counties

|  | <b>Trunkline<br/>Maintenance</b> | <b>MDOT<br/>Other</b> |
|--|----------------------------------|-----------------------|
| 203. Labor                                 | \$228,915.83                     | \$144,524.04          |
| 204. Fringe Benefits                       | 282,280.38                       | 58,988.89             |
| 205. Equipment Rental                      | 508,038.11                       | 8,198.98              |
| 206. Materials                             | 17,419.74                        | 28.37                 |
| 207. Handling Charges                      | 23,409.22                        | 940,932.77            |
| 208. Overhead                              | 126,160.20                       | 97,838.41             |
| 209. Other                                 | (108,206.64)                     | 0.00                  |
| <b>210. Total Charges for Current Year</b> | <b>\$1,078,016.84</b>            | <b>\$1,250,511.46</b> |
| 211. Beginning Balance                     | 146,053.35                       | 15,219.61             |
| 212. Sub-Total                             | 1,224,070.19                     | 1,265,731.07          |
| 213. Less Credits                          | (1,034,699.66)                   | (1,235,694.60)        |
| <b>214. Ending Balance</b>                 | <b>\$189,370.53</b>              | <b>\$30,036.47</b>    |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**SCHEDULE OF CAPITAL OUTLAY**

|   |                     |
|---|---------------------|
| 215. Land and Improvements (971 - 974)  | \$0.00              |
| 216. Buildings (975)                    | 0.00                |
| 217. Equipment Road (976, 981)          | 616,162.28          |
| 218. Equipment Shop (977)               | 0.00                |
| 219. Equipment Engineers (978)          | 0.00                |
| 220. Equipment - Yard and Storage (979) | 0.00                |
| 221. Equipment Office (980)             | 0.00                |
| 222. Depletable Assets (987)            | 0.00                |
| 223. Total Capital Outlay:              | <u>\$616,162.28</u> |

|   | <u>Primary</u> | <u>Local</u>  | <u>County</u>       | <u>Total</u>        |
|---|----------------|---------------|---------------------|---------------------|
| 224. Total Capital Outlay:                | 0.00           | 0.00          | 616,162.28          | 616,162.28          |
| 225. Less: Equipment Retirements 689      | 0.00           | 0.00          | 0.00                | 0.00                |
| 226. Sub-total                            | 0.00           | 0.00          | 616,162.28          | 616,162.28          |
| 227. Less: Depreciation and Depletion 968 | 0.00           | 0.00          | (625,583.25)        | (625,583.25)        |
| 228. Net Capital Outlay Expenditure       | <u>\$0.00</u>  | <u>\$0.00</u> | <u>\$(9,420.97)</u> | <u>\$(9,420.97)</u> |

**DISTRIBUTION OF GAIN OR LOSS ON DISPOSAL OF ASSETS**

|   | <u>Primary</u> | <u>Local</u> | <u>County</u> | <u>Total</u> |
|---|----------------|--------------|---------------|--------------|
| 229. Beginning Capital Asset Balance<br>Prior Year's Report (Pg. 3) | 0.00           | 0.00         | 3,287,406.88  | 3,287,406.88 |
| 230. Percentage of Total  | 0.00 %         | 0.00 %       | 100.00 %      | 100.00 %     |
| 231. Gain or (loss) on disposal of assets 693                       | 0.00           | 0.00         | 0.00          | 0.00         |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**PRESERVATION EXPENDITURES - 90% OF MTF RETURNS**

(For Compliance with Section 12(16) of Act 51)

|  | Primary<br>Road Fund  | Local<br>Road Fund    | Total                 |
|--|-----------------------|-----------------------|-----------------------|
| 232. Michigan Transportation Fund (MTF) Returns        |                       |                       | <u>\$7,845,611.96</u> |
| <b>DEDUCTIONS</b>                                      |                       |                       |                       |
| 233. Administrative Expense (from Page 6 Expenditures) |                       |                       | <u>504,967.78</u>     |
| 234. Total Capital Outlay (from Page 13)               |                       |                       | <u>616,162.28</u>     |
| 235. Debt Principal Payment (from Page 6 Expenditures) |                       |                       | <u>0.00</u>           |
| 236. Interest Expense (from Page 6 Expenditures)       |                       |                       | <u>0.00</u>           |
| 236 a. Total Deductions                                |                       |                       | <u>1,121,130.06</u>   |
| 236 b. Adjusted MTF Returns                            |                       |                       | <u>6,724,481.90</u>   |
| 237. Preser - Struct Imp (from Page 6 Expenditures)    | <u>\$5,217,185.91</u> | <u>\$1,312,584.66</u> | <u>6,529,770.57</u>   |
| 238. Routine Maintenance (from Page 6 Expenditures)    | <u>2,078,005.50</u>   | <u>2,502,070.64</u>   | <u>4,580,076.14</u>   |
| 239. Less Federal Aid for Preser - Struct Imp          | <u>(419,983.08)</u>   | <u>0.00</u>           | <u>(419,983.08)</u>   |
| 240. TOTAL RD EXPENSE (Excluding Fed Aid)              | <u>6,875,208.33</u>   | <u>3,814,655.30</u>   | <u>10,689,863.63</u>  |
| 241. 90% of Adjusted MTF Returns                       |                       |                       | <u>6,052,033.71</u>   |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

TEN YEARS OF QUALIFIED EXPENDITURES  
FOR NON MOTORIZED IMPROVEMENTS  
(for Compliance with Section 10K of Act 51)

| Fiscal Year       | 2015       | 2016       | 2017       | 2018           | 2019       |
|-------------------|------------|------------|------------|----------------|------------|
| Expenditures (\$) | 320,696.28 | 419,216.64 | 164,542.36 | 244,727.03     | 128,764.58 |
| Fiscal Year       | 2020       | 2021       | 2022       | 2023           | 2024       |
| Expenditures (\$) | 0.00       | 0.00       | 0.00       | 0.00           | 0.00       |
| 242. TOTAL        |            |            |            | \$1,277,946.89 |            |

Total must equal or exceed 1% of your Fiscal Year MTF returns multiplied by 10

7,845,611.96 x .10 = 784,561.20

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**INDIRECT EQUIPMENT AND STORAGE EXPENSE**  
**Activity 511**

| Account Number    | Account Name                                  | Amount Recorded     |
|-------------------|---|---------------------|
| 707               | Wages - Shop and Garage                       | \$265,504.48        |
| 712-724           | Fringe Benefits - Shop Employees              | 0.00                |
| 721               | Drug Testing                                  | 7,369.54            |
| 728               | Office Supplies - Shop                        | 260.57              |
| 731               | Janitor Supplies - Shop                       | 3,357.31            |
| 733               | Welding Supplies                              | 2,710.82            |
| 734               | Safety Supplies - Shop                        | 3,932.27            |
| 736               | Tire Shop Supplies                            | 8,271.70            |
| 737               | Shop Supplies                                 | 27,299.47           |
| 791               | Equipment Material/Parts Inventory Adjustment | 0.00                |
| 801               | Contractual Services - Shop                   | 0.00                |
| 805               | Health Services                               | 0.00                |
| 806               | Laundry Services                              | 4,719.90            |
| 807               | Data Processing - Shop                        | 0.00                |
| 810               | Education Expense - Shop                      | 0.00                |
| 850-859           | Communications - Shop                         | 2,424.66            |
| 861               | Travel and Mileage - Shop Employees           | 0.00                |
| 862               | Freight Costs                                 | 0.00                |
| 875               | Insurance - Shop Buildings                    | 43,072.40           |
| 876               | Insurance - Boiler and Machine                | 0.00                |
| 878               | Insurance - Fleet                             | 9,286.55            |
| 883               | Insurance - Underground Tank                  | 0.00                |
| 921-923           | Utilities - Shop and Storage Buildings        | 33,612.39           |
| 931               | Buildings Repairs and Maintenance             | 63,205.75           |
| 932               | Yard and Storage Repairs and Maintenance      | 83.58               |
| 933               | Shop Equipment Repairs and Maintenance        | 0.00                |
| 934               | Office Equipment Repairs and Maintenance      | 0.00                |
| 941               | Equipment Rental - Shop Pickup/Wrecker        | 0.00                |
| 944-947           | Underground Storage Tank Expense              | 0.00                |
| 956               | Safety Expense - Shop                         | 0.00                |
| 968               | Depreciation - Shop Building                  | 84,495.45           |
| 968               | Depreciation - Storage Building               | 0.00                |
| 968               | Depreciation - Shop Equipment                 | 644.04              |
| 968               | Depreciation - Stockroom Expense              | 0.00                |
| 707               | Other:  | 25,178.15           |
| <b>243. TOTAL</b> |   | <b>\$585,429.03</b> |



Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**ADMINISTRATIVE EXPENSE SCHEDULE AND ALLOCATION**  
(for Compliance with Section 14(4) of Act 51)

| Account Number | Account Name                                  | Amount Recorded     |
|----------------|---|---------------------|
| 703-708        | Salaries and Wages                            | \$518,326.17        |
| 709-714        | Administrative Leave                          | 71,787.77           |
| 724            | Fringe Benefits                               | 0.00                |
| 727            | Postage                                       | 674.63              |
| 728            | Office Supplies                               | 5,525.58            |
| 730            | Dues and Subscriptions                        | 25,299.06           |
| 801            | Contractual Services                          | 25,462.18           |
| 803            | Legal Services                                | 0.00                |
| 804            | Auditing and Accounting Services              | 13,156.25           |
| 807            | Data Processing                               | 22.70               |
| 810            | Education                                     | 0.00                |
| 850-853        | Communications                                | 4,942.17            |
| 861            | Travel and Mileage                            | 7,212.18            |
| 862            | Freight                                       | 0.00                |
| 873            | Public Relations                              | 0.00                |
| 874            | Advertising                                   | 0.00                |
| 875            | Insurance - Building and Contents             | 34,469.74           |
| 876            | Insurance - Boiler and Machinery              | 0.00                |
| 877            | Insurance - Bonds                             | 0.00                |
| 880            | Insurance - Umbrella                          | 235.63              |
| 881            | Insurance - Errors and Omissions              | 10,601.96           |
| 882            | Insurance - General Liability                 | 0.00                |
| 920-923        | Utilities                                     | 10,915.76           |
| 931            | Building Repair/Maintenance                   | 0.00                |
| 934            | Office Equipment Repair/Maintenance           | 0.00                |
| 942            | Building Rental                               | 0.00                |
| 955-956        | Miscellaneous                                 | 0.00                |
| 966-967        | Overhead                                      | 0.00                |
| 968            | Depreciation - Buildings                      | 0.00                |
| 968            | Depreciation - Engineering Equipment          | 0.00                |
| 968            | Depreciation - Office Equipment and Furniture | 456.34              |
|                | Other:  | 0.00                |
|                | <b>244. TOTAL</b>                             | <b>\$729,088.12</b> |

**Less: Credits to Administrative Expense**

|     |  |                       |
|-----|--|-----------------------|
| 646 | Handling Charges on Materials Sold             | 0.00                  |
| 629 | Overhead - State Trunkline Maintenance         | (224,120.34)          |
| 691 | Purchase Discounts                             | 0.00                  |
|     | Other:   | 0.00                  |
|     | <b>Total Credits to Administrative Expense</b> | <b>\$(224,120.34)</b> |
|     | <b>245. Net Administrative Expense</b>         | <b>\$504,967.78</b>   |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

Forest Road Report

This information is required by Act 231, P.A. of 1987, as amended.

| Road Name  | Location       | Amount Spent (\$) | Project Type   |
|------------|----------------|-------------------|----------------|
| Sparr Road | Dover Township | 85,110.00         | Reconstruction |
| 246. Total |                | \$85,110.00       |                |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

CONSTRUCTION / CAPACITY IMPROVEMENTS / STRUCTURAL IMPROVEMENTS  
Summary

CONSTRUCTION / CAPACITY IMPROVEMENTS

|                                      | Primary System |   |              | Local System |  |              |
|--------------------------------------|----------------|---|--------------|--------------|--|--------------|
|                                      | *Unit          |   | Expenditures | *Unit        |  | Expenditures |
| ROADS                                |                |   |              |              |  |              |
| 247. New Construction, New Location  | 0.00 mi.       | x | \$0.00       | 0.00 mi.     |  | \$0.00       |
| 248. Widening                        | 0.00 mi.       |   | 0.00         | 0.00 mi.     |  | 0.00         |
| BRIDGES                              |                |   |              |              |  |              |
| 249. New Location                    | 0.00 ea.       |   | 0.00         | 0.00 ea.     |  | 0.00         |
| 250. TOTAL CONSTRUCTION/CAPACITY IMP |                |   | \$0.00       |              |  | \$0.00       |

PRESERVATION - STRUCTURAL IMPROVEMENTS

|                                      | Primary System |   |                | Local System |  |                |
|--------------------------------------|----------------|---|----------------|--------------|--|----------------|
|                                      | *Unit          |   | Expenditures   | *Unit        |  | Expenditures   |
| ROADS                                |                |   |                |              |  |                |
| 251. Reconstruction                  | 13.12 mi.      | x | \$4,632,341.28 | 0.00 mi.     |  | \$0.00         |
| 252. Resurfacing                     | 0.00 mi.       |   | 0.00           | 4.23 mi.     |  | 871,986.48     |
| 253. Gravel Surfacing                | 0.00 mi.       |   | 0.00           | 4.18 mi.     |  | 440,598.18     |
| 254. Paving Gravel Roads             | 0.00 mi.       |   | 0.00           | 0.00 mi.     |  | 0.00           |
| SAFETY PROJECTS                      |                |   |                |              |  |                |
| 255. Intersection Improvements       | 0.00 ea.       |   | 0.00           | 0.00 ea.     |  | 0.00           |
| 256. Railroad Crossing Improvements  | 0.00 ea.       |   | 0.00           | 0.00 ea.     |  | 0.00           |
| 257. Other                           | 0.00 ea.       |   | 0.00           | 0.00 ea.     |  | 0.00           |
| MISCELLANEOUS                        |                |   |                |              |  |                |
| 258. Roadside Parks                  | 0.00 ea.       |   | 0.00           | 0.00 ea.     |  | 0.00           |
| 259. Other                           | 12.00 ea.      |   | 584,844.63     | 0.00 ea.     |  | 0.00           |
| 260. Subtotals                       |                |   | 5,217,185.91   |              |  | 1,312,584.66   |
| BRIDGES                              |                |   |                |              |  |                |
| 261. Replacement                     | 0.00 ea.       |   | 0.00           | 0.00 ea.     |  | 0.00           |
| 262. Recondition or Repair           | 0.00 ea.       |   | 0.00           | 0.00 ea.     |  | 0.00           |
| 263. Replace with Culvert            | 0.00 ea.       |   | 0.00           | 0.00 ea.     |  | 0.00           |
| 264. Bridge Subtotals                |                |   | 0.00           |              |  | 0.00           |
| 265. TOTAL PRESERVATION - STRUCT IMP |                |   | \$5,217,185.91 |              |  | \$1,312,584.66 |

\*All Units are to be reported in the Fiscal Year that the project is opened for use.

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

SCHEDULE OF TOWNSHIP MILEAGE AND POPULATION

| Township                       | Local Roads                  |                  |                     | Primary Roads                    |                    |                     |                                   |                     |
|--------------------------------|------------------------------|------------------|---------------------|----------------------------------|--------------------|---------------------|-----------------------------------|---------------------|
|                                | Miles Outside Municipalities |                  | Funds Received (\$) | Miles Outside Municipalities     |                    | Funds Received (\$) | Population Outside Municipalities | Funds Received (\$) |
|                                | Total Local (mi)             | Local Urban (mi) |                     | Total Primary (mi)               | Primary Urban (mi) |                     |                                   |                     |
| Bagley                         | 70.02                        | 39.36            | 348,864.29          | 23.70                            | 17.64              | 378,584.87          | 5,867                             | 134,706.32          |
| Charlton                       | 87.24                        | 0.00             | 292,690.19          | 43.90                            | 0.00               | 133,631.60          | 1,350                             | 30,996.00           |
| Chester                        | 66.75                        | 0.00             | 223,946.25          | 22.90                            | 0.00               | 69,707.60           | 1,300                             | 29,848.00           |
| Corwith                        | 104.55                       | 0.00             | 350,765.26          | 48.88                            | 0.00               | 148,790.72          | 1,210                             | 27,781.60           |
| Dover                          | 28.52                        | 0.00             | 95,684.60           | 17.06                            | 0.00               | 51,930.64           | 632                               | 14,510.72           |
| Elmira                         | 43.62                        | 0.00             | 146,345.10          | 14.54                            | 0.00               | 44,259.76           | 1,714                             | 39,353.44           |
| Hayes                          | 77.91                        | 0.00             | 261,388.06          | 17.27                            | 0.00               | 52,569.88           | 2,725                             | 62,566.00           |
| Livingston                     | 46.24                        | 12.02            | 189,933.11          | 25.31                            | 4.16               | 149,311.16          | 2,652                             | 60,889.92           |
| Otsego Lake                    | 74.58                        | 26.41            | 326,672.86          | 20.59                            | 6.72               | 179,415.80          | 2,857                             | 65,596.72           |
| 266. Totals                    | 599.43                       | 77.79            | \$2,236,289.72      | 234.15                           | 28.52              | \$1,208,202.03      | 20,307                            | \$466,248.72        |
|                                |                              |                  |                     |                                  |                    |                     |                                   |                     |
| Local Road Rate Per Mile       |                              |                  | 3355                | Primary Road Rate Per Mile       |                    |                     | 3044                              |                     |
| Local Urban Road Rate Per Mile |                              |                  | 2895                | Primary Urban Road Rate Per Mile |                    |                     | 17372                             |                     |
| Population Rate Per Capita     |                              |                  | 22.96               |                                  |                    |                     |                                   |                     |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**SCHEDULE OF TOWNSHIP EXPENDITURES AND CONTRIBUTIONS**  
**Expenditures**

| <b>Township</b>    | <b>Construction/<br/>Capacity<br/>Improvement (\$)</b> | <b>Preservation -<br/>Struct<br/>Improvement (\$)</b> | <b>Total (\$)</b>     | <b>Township<br/>Contributions* (\$)</b> |
|--------------------|--|---|-----------------------|---|
| Bagley             | 0.00   | 406,014.81  | 406,014.81            | 100,000.00                              |
| Charlton           | 0.00   | 1,460,234.48  | 1,460,234.48          | 150,000.00                              |
| Chester            | 0.00   | 1,348,523.23  | 1,348,523.23          | 250,000.00                              |
| Corwith            | 0.00   | 476,007.22  | 476,007.22            | 100,000.00                              |
| Dover              | 0.00   | 1,685,210.54  | 1,685,210.54          | 155,000.00                              |
| Elmira             | 0.00   | 209,772.95  | 209,772.95            | 0.00                                    |
| Hayes              | 0.00   | 302,374.24  | 302,374.24            | 0.00                                    |
| Livingston         | 0.00   | 11,022.55   | 11,022.55             | 0.00                                    |
| Otsego Lake        | 0.00   | 630,610.42  | 630,610.42            | 325,000.00                              |
| <b>267. Totals</b> | <b>\$0.00</b>  | <b>\$6,529,770.44</b>                                 | <b>\$6,529,770.44</b> | <b>\$1,080,000.00</b>                   |

\*The Township Contributions Totals and the Funds expended for Construction and Preservation amount may not balance. The Township Contributions list all funds contributed by each township and will balance back to the amount reported on the Statement of Revenues, Line 74, Township Contributions.

The total funds expended are for Construction and Preservation only. They do not contain funds expended for Routine Preventative Maintenance.

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

**ASSET MANAGEMENT**  
**Projects Completed During the County Fiscal Year****Work Type:** Bituminous Reconstruction

| <b>Project ID/Name</b>         | <b>Total Project Cost</b> | <b>Date Open to Traffic</b> | <b>Pavement Type</b> |
|--------------------------------|---------------------------|-----------------------------|----------------------|
| Wilkinson Rd over Pigeon River | 225,342.69                | 10/31/2024                  | Asphalt              |

**Work Type:** Bituminous Resurfacing

| <b>Project ID/Name</b> | <b>Total Project Cost</b> | <b>Date Open to Traffic</b> | <b>Pavement Type</b> |
|------------------------|---------------------------|-----------------------------|----------------------|
| Michawye Ct            | 264,117.42                | 10/31/2024                  | Asphalt              |

**Work Type:** Crush & Shape & Resurf

| <b>Project ID/Name</b>      | <b>Total Project Cost</b> | <b>Date Open to Traffic</b> | <b>Pavement Type</b> |
|-----------------------------|---------------------------|-----------------------------|----------------------|
| Patrick, Greentree, Pinetum | 178,413.83                | 10/31/2024                  | Asphalt              |
| Sturgeon Valley Rd          | 476,007.22                | 10/31/2024                  | Asphalt              |
| Highlands                   | 366,493.00                | 10/31/2024                  | Asphalt              |
| Sparr Rd                    | 663,575.41                | 09/12/2024                  | Asphalt              |
| Spar Rd                     | 1,460,234.48              | 09/11/2024                  | Asphalt              |
| Sparr Road                  | 1,018,474.15              | 09/11/2024                  | Asphalt              |
| Old State Road              | 1,321,817.89              | 10/31/2024                  | Asphalt              |

**Work Type:** Hot Mixed Asphalt Resurfacing (One Course)

| <b>Project ID/Name</b> | <b>Total Project Cost</b> | <b>Date Open to Traffic</b> | <b>Pavement Type</b> |
|------------------------|---------------------------|-----------------------------|----------------------|
| Lake Manuka            | 62,962.23                 | 10/31/2024                  | Asphalt              |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

## Sub Ledger Report

## Line: 9 Other (Identify)

| Account | Description                   | Amount (\$) |
|---------|-------------------------------|-------------|
| 020     | Deferred Millage              | 0.00        |
| 078-4   | FY21 MDOT Audit-Owed to State | 0.00        |
| 084     | OPEB Trust Fund Receivable    | 219,397.13  |
| 390     | Adjustment                    | (0.01)      |

## Line: 18 Other (Identify)

| Account | Description              | Amount (\$)  |
|---------|--------------------------|--------------|
| 228     | Due to State of Michigan | 73,868.22    |
| 342     | MERS Retiree HFV         | 2,982,973.94 |

## Line: 43 Other - B

| Account | Description | Amount (\$) |
|---------|-------------|-------------|
| 195-3   | OPEB        | 0.00        |

## Line: 49 Specify - County

| Account | Description | Amount (\$) |
|---------|-------------|-------------|
| 450     | Permits     | 85,771.20   |

## Line: 55 FS-Other - County

| Account | Description     | Amount (\$) |
|---------|-----------------|-------------|
| 501     | FHIP COVID Fund | 0.00        |

## Line: 63 OTH-Other - Local

| Account | Description             | Amount (\$) |
|---------|-------------------------|-------------|
| 546-1   | Balance to audit report | 0.00        |

## Line: 63 OTH-Other - Primary

| Account | Description             | Amount (\$) |
|---------|-------------------------|-------------|
| 546-1   | Balance to audit report | 0.00        |

## Line: 75 CFL-Other - County

| Account  | Description | Amount (\$) |
|----------|-------------|-------------|
| 675-Rd C | Rd Comm     | 0.00        |

## Line: 75 CFL-Other - Primary

| Account | Description    | Amount (\$) |
|---------|----------------|-------------|
| 580     | Huron Pines    | 0.00        |
| 675     | Misc - Primary | 0.00        |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

## Line: 80 SC-Other - County

| Account | Description            | Amount (\$) |
|---------|------------------------|-------------|
| 627-2   | +/- State Audit Refund | 0.00        |
| 646     | Sign revenue           | 870.00      |

## Line: 90 Other2 Other - County

| Account | Description    | Amount (\$) |
|---------|----------------|-------------|
| 671     | Other-Oil Well | 4,097.04    |
| 676     | Reimbursements | 2,383.46    |

## Line: 90 Other2 Other - Primary

| Account | Description | Amount (\$) |
|---------|-------------|-------------|
| 580     | Huron Pine  | 118,193.00  |

## Line: 109 Other - Local

| Account | Description      | Amount (\$) |
|---------|------------------|-------------|
| A488    | Culvert Replace. | 0.00        |

## Line: 109 Other - Primary

| Account | Description         | Amount (\$) |
|---------|---------------------|-------------|
| A459    | Culvert replacement | 0.00        |

## Line: 126 Other - County

| Account | Description      | Amount (\$) |
|---------|------------------|-------------|
| A515    | Admin reallocate | 0.00        |

## Line: 126 Other - Local

| Account | Description      | Amount (\$) |
|---------|------------------|-------------|
| A515    | Audit difference | 0.00        |

## Line: 126 Other - Primary

| Account | Description      | Amount (\$) |
|---------|------------------|-------------|
| A515    | Admin audit diff | 0.00        |

## Line: 137 Adjustment - County

| Account | Description                  | Amount (\$) |
|---------|------------------------------|-------------|
| 257/390 | FY23 Auditor OPEB/FB Adjust. | 223,956.66  |

## Line: 143 Other - Primary

| Account | Description | Amount (\$) |
|---------|-------------|-------------|
| A510    | TV          | (1,164.54)  |
| A510    | Vouchers    | 316,481.66  |
| A510    | Receipts    | (30.00)     |
| A510    | Equipment   | 12,795.25   |



Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

|      |                    |            |
|------|--------------------|------------|
| A510 | Materials-Supplies | 175,221.53 |
|------|--------------------|------------|

**Line: 156 All Other Charges - County**

| Account | Description    | Amount (\$) |
|---------|----------------|-------------|
| A510    | Direct         | 12,795.25   |
| A511    | Indirect       | 22,466.66   |
| A514    | Distributive   | 2,633.41    |
| A515    | Administrative | 2,206.67    |

**Line: 181 Total Fringe Benefits - Other**

| Account | Description     | Amount (\$) |
|---------|-----------------|-------------|
| A513    | Comp Time Taken | 5,260.38    |

**Line: 182 Less Benefits Recovered - Other**

| Account | Description                 | Amount (\$)  |
|---------|-----------------------------|--------------|
| 725     | Trunkline Fringes Recovered | (341,218.57) |

**Line: 195 Expenses Distributed - Other**

| Account | Description            | Amount (\$) |
|---------|------------------------|-------------|
| 703-704 | Msc labor              | 57,114.74   |
| 705     | Engineering costs      | 48,047.50   |
| 734     | Safety supplies        | 18,050.35   |
| 735     | Signs/mailboxes        | 766.65      |
| 741     | Misc road supplies     | 208.32      |
| 802     | Engineer service       | 0.00        |
| 860     | Education-training     | 0.00        |
| 861     | Travel                 | 0.00        |
| 968     | Salt Shed Depreciation | 38,826.48   |
| 969     | Misc expense           | 124.70      |
| 990     | Emergency Response     | 0.00        |

**Line: 209 Other - Trunkline Maintenance**

| Account | Description                   | Amount (\$)  |
|---------|-------------------------------|--------------|
| 078-4   | FY21 MDOT Audit-Owed to State | (108,206.64) |

**Line: 243 707 Other**

| Account | Description        | Amount (\$) |
|---------|--------------------|-------------|
| 704     | Meetings           | 6,527.36    |
| 732     | Computer           | 6,598.04    |
| 741     | Misc. Supplies     | 5,615.45    |
| 860     | Education/Training | 899.56      |
| 935     | Shop small tools   | 5,537.74    |
| 936     | Tire Chain Repairs | 0.00        |

**Line: 244 244 Other**

| Account | Description | Amount (\$) |
|---------|-------------|-------------|
| 969     | Misc. Exp.  | 0.00        |

Year Ended - 2024

Start: 01/01/2024 End: 12/31/2024

Line: 259 Other Local System \*Unit

| Account | Description         | Amount (\$) |
|---------|---------------------|-------------|
| A489    | Culvert Replacement | 0.00        |
| A489    | Engineering         | 0.00        |

Line: 259 Other Local System Expenditure

| Account | Description         | Amount (\$) |
|---------|---------------------|-------------|
| A489    | Culvert Replacement | 0.00        |
| A489    | Engineering         | 0.00        |

Line: 259 Other Primary System \*Unit

| Account | Description | Amount (\$) |
|---------|-------------|-------------|
| A459    | Culverts    | 4.00        |
| A459    | Guardrail   | 0.00        |
| A459    | Engineering | 8.00        |

Line: 259 Other Primary System Expenditure

| Account | Description            | Amount (\$) |
|---------|------------------------|-------------|
| A459    | Culvert replacement    | 533,110.56  |
| A459    | Guardrail Installation | 0.00        |
| A459    | Engineering            | 51,734.07   |



## Otsego County Road Commission Agenda Item Report

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**FROM:** Kirk Harrier, Managing Director  
**MEETING DATE:** April 10, 2025  
**AGENDA ITEM:** 8. C  
**SUBJECT:** Resolution R25-4 (MDOT Contract 25-5140 Wilkinson Rd)

### **DESCRIPTION**

MDOT requires a resolution approving the contract between the Road Commission and MDOT for the Wilkinson Rd. improvements. The work will consist of hot mix asphalt base crushing, shaping and resurfacing.

The complete MDOT contract is attached to this agenda item report.

### **BUDGET ACTION REQUIRED**

N/A

### **LEGAL REVIEW**

N/A

### **SAMPLE MOTION**

Motion to **approve/deny** Resolution R25-4 as presented.

**OTSEGO COUNTY ROAD COMMISSION  
RESOLUTION R25-4**

**A RESOLUTION APPROVING MDOT CONTRACT 25-5140 FOR WILKINSON ROAD  
FROM CITY LIMITS OF GAYLORD TO GOSLOW ROAD; AND ALL TOGETHER  
WITH NECESSARY RELATED WORK**

**WHEREAS**, the Otsego County Board of County Road Commissioners desires to improve Wilkinson Road consisting of hot mix asphalt base crushing, shaping and resurfacing along Wilkinson Road from City Limits of Gaylord to Goslow Road and all together with necessary related work; and

**WHEREAS**, the Michigan Department of Transportation requires the Otsego County Board of County Road Commissioners to approve a contract for cost sharing for funding.

**NOW, THEREFORE, BE IT RESOLVED that:**

- 1.) Contract No. 25-5140, Control Section STL 69000 , Job Number 215384CON, by and between the Michigan Department of Transportation and the Otsego County Board of County Road Commissioners is hereby accepted and the Managing Director, Kirk Harrier, is authorized to sign the said contract.
- 2.) All resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

AYES: \_\_\_\_\_

NAYS: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

**ADOPTED** April 10, 2025

**OTSEGO COUNTY ROAD COMMISSION**

BY: \_\_\_\_\_  
Troy Huff, Chairman

**CERTIFICATION**

I, Rebecca Hilmert, the duly appointed Board Secretary of the Otsego County Road Commission, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Otsego County Board of Road Commissioners at a regular meeting held April 10, 2025, in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, the minutes of the meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Rebecca Hilmert, Board Secretary

TED (D)  
FED NON FED

|                 | CAB   |
|-----------------|---|
| Control Section | STL 69000   |
| Job Number      | 215384CON   |
| Project         | 25A0409   |
| CFDA No.        | 20.205 (Highway<br>Research Planning &<br>Construction) |
| Contract No.    | 25-5140   |

### PART I

THIS CONTRACT, consisting of PART I and PART II (Standard Agreement Provisions), is made by and between the MICHIGAN DEPARTMENT OF TRANSPORTATION, hereinafter referred to as the "DEPARTMENT"; and the BOARD OF COUNTY ROAD COMMISSIONERS OF THE COUNTY OF OTSEGO, MICHIGAN, hereinafter referred to as the "REQUESTING PARTY"; for the purpose of fixing the rights and obligations of the parties in agreeing to the following improvements, in Otsego County, Michigan, hereinafter referred to as the "PROJECT" and estimated in detail on EXHIBIT "I", dated March 10, 2025, attached hereto and made a part hereof:

Hot mix asphalt base crushing, shaping and resurfacing, aggregate shoulder, permanent signing and pavement markings along Wilkinson Road from city limits of Gaylord to Goslow Road; and all together with necessary related work.

WITNESSETH:

WHEREAS, the PROJECT has been approved for financing in part with funds appropriated to the Transportation Economic Development Fund, hereinafter referred to as "TED FUNDS", pursuant to PA 234 of the Public Acts of 1987, MCL 247.660; and

WHEREAS, it was determined that the PROJECT as described by this contract qualifies for funding pursuant to PA 233, Section 2(2); Public Act of 1987 and categorized as:

### D FUNDED PROJECT

WHEREAS, the reference "FHWA" in PART I and PART II refers to the United States Department of Transportation, Federal Highway Administration; and

09/06/89 TEDM.FOR 3/10/25

4. The REQUESTING PARTY, at no cost to the PROJECT or to the DEPARTMENT, shall:

- A. Design or cause to be designed the plans for the PROJECT.
- B. Appoint a project engineer who shall be in responsible charge of the PROJECT and ensure that the plans and specifications are followed.
- C. Perform or cause to be performed the construction engineering, construction materials testing, and inspection services necessary for the completion of the PROJECT.

The REQUESTING PARTY will furnish the DEPARTMENT proposed timing sequences for trunkline signals that, if any, are being made part of the improvement. No timing adjustments shall be made by the REQUESTING PARTY at any trunkline intersection without prior issuances by the DEPARTMENT of Standard Traffic Signal Timing Permits.

5. The PROJECT COST shall be met by contributions by the Federal Government and/or TED FUNDS. Federal Surface Transportation Funds shall be applied to the eligible items of the PROJECT COST at a participation ratio equal to 68.06 percent with State TED FUNDS Category D applied to the eligible items of the PROJECT COST up to the lesser of: (1) \$254,256.85, or (2) 31.94 percent. The remaining balance of the PROJECT COST, after deduction of Federal Funds and/or TED FUNDS, shall be charged to and paid by the REQUESTING PARTY in the manner and at the times hereinafter set forth.

In order to fulfill the obligations assumed by the REQUESTING PARTY under the provisions of this contract, the REQUESTING PARTY shall make prompt payments of its share, if any, of the PROJECT COST upon receipt of progress billings from the DEPARTMENT as herein provided. All payments will be made within 30 days of receipt of billings from the DEPARTMENT. Billings to the REQUESTING PARTY will be based upon the REQUESTING PARTY'S share of the actual costs incurred less Federal Funds and/or TED FUNDS earned as the PROJECT progresses.

Any items of PROJECT COST not reimbursed by Federal Funds and/or TED FUNDS will be the sole responsibility of the REQUESTING PARTY.

6. A working capital deposit by the REQUESTING PARTY will not be required for this PROJECT.

7. Upon completion of construction of the PROJECT, the REQUESTING PARTY will promptly cause to be enacted and enforced such ordinances or regulations as may be necessary to prohibit parking in the roadway right-of-way throughout the limits of the PROJECT.

09/06/89 TEDM.FOR 3/10/25

12. The DEPARTMENT'S sole reason for entering into this contract is to enable the REQUESTING PARTY to obtain and use funds provided by the state and/or the FHWA.

Any and all approvals of, reviews of, and recommendations regarding contracts, agreements, permits, plans, specifications, or documents, of any nature, or any inspections of work by the DEPARTMENT pursuant to the terms of this contract are done to assist the REQUESTING PARTY in meeting program guidelines in order to qualify for available funds. Such approvals, reviews, inspections and recommendations by the DEPARTMENT shall not relieve the REQUESTING PARTY and the local agencies, as applicable, of their ultimate control and shall not be construed as a warranty of their propriety or that the DEPARTMENT is assuming any liability, control or jurisdiction.

The providing of recommendations or advice by the DEPARTMENT does not relieve the REQUESTING PARTY and the local agencies, as applicable, of their exclusive jurisdiction of the highway and responsibility under MCL 691.1402 et seq., as amended.

When providing approvals, reviews and recommendations under this contract, the DEPARTMENT is performing a governmental function, as that term is defined in MCL 691.1401 et seq., as amended, which is incidental to the completion of the PROJECT.

Upon completion of the PROJECT, the REQUESTING PARTY shall accept the facilities constructed as built to specifications within the contract documents. It is understood that the REQUESTING PARTY shall own the facilities and shall operate and maintain the facilities in accordance with all applicable Federal and State laws and regulations, including, but not limited to, Title II of the Americans with Disabilities Act (ADA), 42 USC 12131 et seq., and its associated regulations and standards, and DEPARTMENT Road and Bridge Standard Plans and the Standard Specifications for Construction.

13. The DEPARTMENT, by executing this contract, and rendering services pursuant to this contract, has not and does not assume jurisdiction of the highway, described as the PROJECT for purposes of MCL 691.1402 et seq., as amended. Exclusive jurisdiction of such highway for the purposes of MCL 691.1402 et seq., as amended, rests with the REQUESTING PARTY and other local agencies having respective jurisdiction.

14. The REQUESTING PARTY shall approve all of the plans and specifications to be used on the PROJECT and shall be deemed to have approved all changes to the plans and specifications when put into effect. It is agreed that ultimate responsibility and control over the PROJECT rests with the REQUESTING PARTY and local agencies, as applicable.

15. The REQUESTING PARTY agrees that the costs reported to the DEPARTMENT for this contract will represent only those items that are properly chargeable in accordance with this contract. The REQUESTING PARTY also certifies that it has read the contract terms and has

09/06/89 TEDM.FOR 3/10/25

- C. Comply with the requirements of notice of cancellation and reduction of insurance set forth in the current standard specifications for construction and to provide, upon request, copies of notices and reports prepared to those insured.



March 10, 2025

EXHIBIT I

|                 |           |
|-----------------|-----------|
| CONTROL SECTION | STL 69000 |
| JOB NUMBER      | 215384CON |
| PROJECT         | 25A0409   |

ESTIMATED COST

CONTRACTED WORK

|                |              |
|----------------|--------------|
| Estimated Cost | \$881,800.00 |
|----------------|--------------|

COST PARTICIPATION

|   |                     |
|---|---------------------|
| GRAND TOTAL ESTIMATED COST                | \$881,800.00        |
| Less Federal Surface Transportation Funds | \$600,153.08        |
| Less State TED FUNDS*                     | <u>\$254,256.85</u> |
| BALANCE (REQUESTING PARTY'S SHARE)        | \$ 27,390.07        |

\*State TED FUNDS shall be applied to the eligible items of the PROJECT COST at a participation ratio equal to 31.94 percent up to an amount not to exceed \$254,256.85.

NO DEPOSIT

## SECTION I

### COMPLIANCE WITH REGULATIONS AND DIRECTIVES

- A. To qualify for eligible cost, all work shall be documented in accordance with the requirements and procedures of the DEPARTMENT.
- B. All work on projects for which reimbursement with Federal funds is requested shall be performed in accordance with the requirements and guidelines set forth in the following Directives of the Federal-Aid Policy Guide (FAPG) of the FHWA, as applicable, and as referenced in pertinent sections of Title 23 and Title 49 of the Code of Federal Regulations (CFR), and all supplements and amendments thereto.
  - 1. Engineering
    - a. FAPG (6012.1): Preliminary Engineering
    - b. FAPG (23 CFR 172): Administration of Engineering and Design Related Service Contracts
    - c. FAPG (23 CFR 635A): Contract Procedures
    - d. FAPG (49 CFR 18.22): Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments—Allowable Costs
  - 2. Construction
    - a. FAPG (23 CFR 140E): Administrative Settlement Costs-Contract Claims
    - b. FAPG (23 CFR 140B): Construction Engineering Costs
    - c. FAPG (23 CFR 17): Recordkeeping and Retention Requirements for Federal-Aid Highway Records of State Highway Agencies
    - d. FAPG (23 CFR 635A): Contract Procedures
    - e. FAPG (23 CFR 635B): Force Account Construction
    - f. FAPG (23 CFR 645A): Utility Relocations, Adjustments and Reimbursement

## SECTION II

### PROJECT ADMINISTRATION AND SUPERVISION

- A. The DEPARTMENT shall provide such administrative guidance as it determines is required by the PROJECT in order to facilitate the obtaining of available federal and/or state funds.
- B. The DEPARTMENT will advertise and award all contracted portions of the PROJECT work. Prior to advertising of the PROJECT for receipt of bids, the REQUESTING PARTY may delete any portion or all of the PROJECT work. After receipt of bids for the PROJECT, the REQUESTING PARTY shall have the right to reject the amount bid for the PROJECT prior to the award of the contract for the PROJECT only if such amount exceeds by ten percent (10%) the final engineer's estimate therefor. If such rejection of the bids is not received in writing within two (2) weeks after letting, the DEPARTMENT will assume concurrence. The DEPARTMENT may, upon request, readvertise the PROJECT. Should the REQUESTING PARTY so request in writing within the aforesaid two (2) week period after letting, the PROJECT will be cancelled and the DEPARTMENT will refund the unused balance of the deposit less all costs incurred by the DEPARTMENT.
- C. The DEPARTMENT will perform such inspection services on PROJECT work performed by the REQUESTING PARTY with its own forces as is required to ensure compliance with the approved plans & specifications.
- D. On those projects funded with Federal monies, the DEPARTMENT shall as may be required secure from the FHWA approval of plans and specifications, and such cost estimates for FHWA participation in the PROJECT COST.
- E. All work in connection with the PROJECT shall be performed in conformance with the Michigan Department of Transportation Standard Specifications for Construction, and the supplemental specifications, Special Provisions and plans pertaining to the PROJECT and all materials furnished and used in the construction of the PROJECT shall conform to the aforesaid specifications. No extra work shall be performed nor changes in plans and specifications made until said work or changes are approved by the project engineer and authorized by the DEPARTMENT.

- J. The REQUESTING PARTY shall be responsible for the payment of all costs and expenses incurred in the performance of the work it agrees to undertake and perform.
- K. The REQUESTING PARTY shall pay directly to the party performing the work all billings for the services performed on the PROJECT which are authorized by or through the REQUESTING PARTY.
- L. The REQUESTING PARTY shall submit to the DEPARTMENT all paid billings for which reimbursement is desired in accordance with DEPARTMENT procedures.
- M. All work by a consulting firm will be performed in compliance with the applicable provisions of 1980 PA 299, Subsection 2001, MCL 339.2001; MSA 18.425(2001), as well as in accordance with the provisions of all previously cited Directives of the FHWA.
- N. The project engineer shall be subject to such administrative guidance as may be deemed necessary to ensure compliance with program requirement and, in those instances where a consultant firm is retained to provide engineering and inspection services, the personnel performing those services shall be subject to the same conditions.
- O. The DEPARTMENT, in administering the PROJECT in accordance with applicable Federal and State requirements and regulations, neither assumes nor becomes liable for any obligations undertaken or arising between the REQUESTING PARTY and any other party with respect to the PROJECT.
- P. In the event it is determined by the DEPARTMENT that there will be either insufficient Federal funds or insufficient time to properly administer such funds for the entire PROJECT or portions thereof, the DEPARTMENT, prior to advertising or issuing authorization for work performance, may cancel the PROJECT, or any portion thereof, and upon written notice to the parties this contract shall be void and of no effect with respect to that cancelled portion of the PROJECT. Any PROJECT deposits previously made by the parties on the cancelled portions of the PROJECT will be promptly refunded.
- Q. Those projects funded with Federal monies will be subject to inspection at all times by the DEPARTMENT and the FHWA.

arrangements to conveniently and reasonably make that documentation available for review by the DEPARTMENT. The RESPONSE shall refer to and apply the language of the contract. The REQUESTING PARTY agrees that failure to submit a RESPONSE within the sixty (60) day period constitutes agreement with any disallowance of an item of expense and authorizes the DEPARTMENT to finally disallow any items of questioned or no opinion expressed cost.

The DEPARTMENT shall make its decision with regard to any Notice of Audit Results and RESPONSE within one hundred twenty (120) days after the date of the Notice of Audit Results. If the DEPARTMENT determines that an overpayment has been made to the REQUESTING PARTY, the REQUESTING PARTY shall repay that amount to the DEPARTMENT or reach agreement with the DEPARTMENT on a repayment schedule within thirty (30) days after the date of an invoice from the DEPARTMENT. If the REQUESTING PARTY fails to repay the overpayment or reach agreement with the DEPARTMENT on a repayment schedule within the thirty (30) day period, the REQUESTING PARTY agrees that the DEPARTMENT shall deduct all or a portion of the overpayment from any funds then or thereafter payable by the DEPARTMENT to the REQUESTING PARTY under this contract or any other agreement, or payable to the REQUESTING PARTY under the terms of 1951 PA 51, as applicable. Interest will be assessed on any partial payments or repayment schedules based on the unpaid balance at the end of each month until the balance is paid in full. The assessment of interest will begin thirty (30) days from the date of the invoice. The rate of interest will be based on the Michigan Department of Treasury common cash funds interest earnings. The rate of interest will be reviewed annually by the DEPARTMENT and adjusted as necessary based on the Michigan Department of Treasury common cash funds interest earnings. The REQUESTING PARTY expressly consents to this withholding or offsetting of funds under those circumstances, reserving the right to file a lawsuit in the Court of Claims to contest the DEPARTMENT'S decision only as to any item of expense the disallowance of which was disputed by the REQUESTING PARTY in a timely filed RESPONSE.

The REQUESTING PARTY shall comply with the Single Audit Act of 1984, as amended, including, but not limited to, the Single Audit Amendments of 1996 (31 USC 7501-7507).

The REQUESTING PARTY shall adhere to the following requirements associated with audits of accounts and records:

- a. Agencies expending a total of \$500,000 or more in federal funds, from one or more funding sources in its fiscal year, shall comply with the requirements of the federal Office of Management and Budget (OMB) Circular A-133, as revised or amended.

or end of fiscal year billing. All billings shall be labeled either "Progress Bill Number \_\_\_\_\_", or "Final Billing".

4. Final billing under this contract shall be submitted in a timely manner but not later than six months after completion of the work. Billings for work submitted later than six months after completion of the work will not be paid.
5. Upon receipt of billings for reimbursement for work undertaken by the REQUESTING PARTY on projects funded with Federal monies, the DEPARTMENT will act as billing agent for the REQUESTING PARTY, consolidating said billings with those for its own force account work and presenting these consolidated billings to the FHWA for payment. Upon receipt of reimbursement from the FHWA, the DEPARTMENT will promptly forward to the REQUESTING PARTY its share of said reimbursement.
6. Upon receipt of billings for reimbursement for work undertaken by the REQUESTING PARTY on projects funded with non-Federal monies, the DEPARTMENT will promptly forward to the REQUESTING PARTY reimbursement of eligible costs.

B. Payment of Contracted and DEPARTMENT Costs:

1. As work on the PROJECT commences, the initial payments for contracted work and/or costs incurred by the DEPARTMENT will be made from the working capital deposit. Receipt of progress payments of Federal funds, and where applicable, State Critical Bridge funds, will be used to replenish the working capital deposit. The REQUESTING PARTY shall make prompt payments of its share of the contracted and/or DEPARTMENT incurred portion of the PROJECT COST upon receipt of progress billings from the DEPARTMENT. Progress billings will be based upon the REQUESTING PARTY'S share of the actual costs incurred as work on the PROJECT progresses and will be submitted, as required, until it is determined by the DEPARTMENT that there is sufficient available working capital to meet the remaining anticipated PROJECT COSTS. All progress payments will be made within thirty (30) days of receipt of billings. No monthly billing of a lesser amount than \$1,000.00 will be made unless it is a final or end of fiscal year billing. Should the DEPARTMENT determine that the available working capital exceeds the remaining anticipated PROJECT COSTS, the DEPARTMENT may reimburse the REQUESTING PARTY such excess. Upon completion of the PROJECT, payment of all PROJECT COSTS, receipt of all applicable monies from the FHWA, and completion of necessary audits, the REQUESTING PARTY will be reimbursed the balance of its deposit.

4. The DEPARTMENT shall maintain and keep accurate records and accounts relative to the cost of the PROJECT and upon completion of the PROJECT, payment of all items of PROJECT COST, receipt of all Federal Aid, if any, and completion of final audit by the DEPARTMENT and if applicable, by the FHWA, shall make final accounting to the REQUESTING PARTY. The final PROJECT accounting will not include interest earned or charged on working capital deposited for the PROJECT which will be accounted for separately at the close of the State of Michigan fiscal year and as set forth in Section C(1).
5. The costs of engineering and other services performed on those projects involving specific program funds and one hundred percent (100%) local funds will be apportioned to the respective portions of that project in the same ratio as the actual direct construction costs unless otherwise specified in PART I.

- B. On projects for the removal of roadside obstacles, the parties, upon completion of construction of each part of the PROJECT, at no cost to the PROJECT or the DEPARTMENT, will, within their respective jurisdictions, take such action as is necessary to assure that the roadway right-of-way, cleared as the PROJECT, will be maintained free of such obstacles.
- C. On projects for the construction of bikeways, the parties will enact no ordinances or regulations prohibiting the use of bicycles on the facility hereinbefore described as the PROJECT, and will amend any existing restrictive ordinances in this regard so as to allow use of this facility by bicycles. No motorized vehicles shall be permitted on such bikeways or walkways constructed as the PROJECT except those for maintenance purposes.
- D. Failure of the parties hereto to fulfill their respective responsibilities as outlined herein may disqualify that party from future Federal-aid participation in projects on roads or streets for which it has maintenance responsibility. Federal Aid may be withheld until such time as deficiencies in regulations have been corrected, and the improvements constructed as the PROJECT are brought to a satisfactory condition of maintenance.



**APPENDIX A**  
**PROHIBITION OF DISCRIMINATION IN STATE CONTRACTS**

In connection with the performance of work under this contract; the contractor agrees as follows:

1. In accordance with Public Act 453 of 1976 (Elliott-Larsen Civil Rights Act), the contractor shall not discriminate against an employee or applicant for employment with respect to hire, tenure, treatment, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, or marital status. A breach of this covenant will be regarded as a material breach of this contract. Further, in accordance with Public Act 220 of 1976 (Persons with Disabilities Civil Rights Act), as amended by Public Act 478 of 1980, the contractor shall not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. A breach of the above covenants will be regarded as a material breach of this contract.
2. The contractor hereby agrees that any and all subcontracts to this contract, whereby a portion of the work set forth in this contract is to be performed, shall contain a covenant the same as hereinabove set forth in Section 1 of this Appendix.
3. The contractor will take affirmative action to ensure that applicants for employment and employees are treated without regard to their race, color, religion, national origin, age, sex, height, weight, marital status, or any disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Such action shall include, but not be limited to, the following: employment; treatment; upgrading; demotion or transfer; recruitment; advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
4. The contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, age, sex, height, weight, marital status, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position.
5. The contractor or its collective bargaining representative shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising such labor union or workers' representative of the contractor's commitments under this Appendix.
6. The contractor shall comply with all relevant published rules, regulations, directives, and orders of the Michigan Civil Rights Commission that may be in effect prior to the taking of bids for any individual state project.

**APPENDIX B**  
**TITLE VI ASSURANCE**

During the performance of this contract, the contractor, for itself, its assignees, and its successors in interest (hereinafter referred to as the "contractor"), agrees as follows:

1. **Compliance with Regulations:** For all federally assisted programs, the contractor shall comply with the nondiscrimination regulations set forth in 49 CFR Part 21, as may be amended from time to time (hereinafter referred to as the Regulations). Such Regulations are incorporated herein by reference and made a part of this contract.
2. **Nondiscrimination:** The contractor, with regard to the work performed under the contract, shall not discriminate on the grounds of race, color, sex, or national origin in the selection, retention, and treatment of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including employment practices, when the contractor covers a program set forth in Appendix B of the Regulations.
3. **Solicitation for Subcontracts, Including Procurements of Materials and Equipment:** All solicitations made by the contractor, either by competitive bidding or by negotiation for subcontract work, including procurement of materials or leases of equipment, must include a notification to each potential subcontractor or supplier of the contractor's obligations under the contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and facilities as may be determined to be pertinent by the Department or the United States Department of Transportation (USDOT) in order to ascertain compliance with such Regulations or directives. If required information concerning the contractor is in the exclusive possession of another who fails or refuses to furnish the required information, the contractor shall certify to the Department or the USDOT, as appropriate, and shall set forth the efforts that it made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the Department shall impose such contract sanctions as it or the USDOT may determine to be appropriate, including, but not limited to, the following:
  - a. Withholding payments to the contractor until the contractor complies; and/or
  - b. Canceling, terminating, or suspending the contract, in whole or in part.

## **APPENDIX C**

### **TO BE INCLUDED IN ALL FINANCIAL ASSISTANCE AGREEMENTS WITH LOCAL AGENCIES**

#### **Assurance that Recipients and Contractors Must Make (Excerpts from US DOT Regulation 49 CFR 26.13)**

- A. Each financial assistance agreement signed with a DOT operating administration (or a primary recipient) must include the following assurance:**

The recipient shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any US DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of US DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26 and as approved by US DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

- B. Each contract MDOT signs with a contractor (and each subcontract the prime contractor signs with a subcontractor) must include the following assurance:**

The contractor, sub recipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of US DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.



## **Otsego County Road Commission Agenda Item Report**

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**FROM:** Rebecca Hilmert, Finance Manager  
**MEETING DATE:** April 10, 2025  
**AGENDA ITEM:** 8.D  
**SUBJECT:** Telephone System

### **DESCRIPTION**

OCRC's telephone and intercom system was purchased and installed in 1986. We have been advised that parts are no longer available to service the system, and we are on borrowed time for functionality. We obtained two proposals for an updated internet-based telephone system. Both proposals have similar systems.

### **BUDGET ACTION REQUIRED**

N/A

### **LEGAL REVIEW**

N/A

### **SAMPLE MOTION**

N/A

## Visual Edge IT™ Connect Services

### Quote Information:

**Quote #: 034011**

Version: 1

Delivery Date: 01/29/2025

Expiration Date: 02/12/2025

### Prepared for:

**Otsego County Road Commission**

669 McCoy Rd W.

Gaylord, MI 49735

Rebecca Hilmert

hilmert@ocrc-mi.org

### Prepared by:

**Visual Edge IT**

Chris Hardester

800-369-2679

chardester@visualedgeit.com

## One Time Payment Summary

| Description   | Amount     |
|---|------------|
| Visual Edge IT™ Connect Hardware                        |            |
| Visual Edge IT™ Connect - One-Time Taxes, Fees, Charges |            |
| Visual Edge IT™ Connect Professional Services           |            |
| Hardware  |            |
| Subtotal:   | \$4,935.82 |
| Shipping:   | \$63.36    |
| Total:  | \$4,999.18 |

## Monthly Recurring Summary

| Description  | Amount   |
|--|----------|
| Visual Edge IT™ Connect Services Detail                  |          |
| Visual Edge IT™ Connect - Recurring Taxes, Fees, Charges |          |
| Monthly Total:   | \$565.86 |

This agreement shall be enforceable from date of signing and shall remain in effect through no less than 60 consecutive monthly payments for Visual Edge IT Managed Services.

All services will be invoiced in the month services begin and will be invoiced until service is terminated.

All taxes, shipping, and handling fees on quote are estimated.

Billing Invoice will have all actual taxes, shipping and fees.

By endorsing, you agree that you have read and accept the Terms and Conditions of the Master Services Agreement v. 2024.01.

## Visual Edge IT™ Connect Services Detail

| Description  | Recurring | Qty | Ext. Recurring  |
|--|-----------|-----|-----------------|
| <b>Visual Edge IT™ Connect - Pro</b> <ul style="list-style-type: none"> <li>Hosted PBX with unlimited use extensions</li> <li>Executive Desk phones included free</li> <li>Unlimited call paths with Auto Attendant</li> <li>Unlimited local and free long distance US, Canada, and Puerto Rico</li> <li>Detailed reporting including QoS, Call Analytics, Call History and much more</li> <li>Remote management and low-touch deployment</li> <li>Mobile &amp; Desktop Apps, Instant Messaging, File Sharing, and Online meeting platform</li> <li>Remote Phones</li> <li>Full feature set including Caller ID, Call Transfer, Call Waiting, and Call Parking</li> <li>Call recording</li> <li>Voicemail with transcription and audio to email</li> </ul> | \$23.50   | 7   | \$164.50        |
| <b>Visual Edge IT™ Connect - Cloud PBX Resource (500 Min)</b> <ul style="list-style-type: none"> <li>One line of service used for a single lobby, conference, paging device or general purpose phone.</li> <li>Includes 500 min of usage.</li> </ul>   | \$12.99   | 14  | \$181.86        |
| <b>Visual Edge IT™ Connect - Auto Attendant Included with each account</b> <ul style="list-style-type: none"> <li>One Auto Attendant is included free with each account.</li> </ul>  | \$0.00    | 1   | \$0.00          |
| <b>Visual Edge IT™ Connect - Web Fax Included with each eligible user license</b>  | \$0.00    | 7   | \$0.00          |
| <b>Visual Edge IT™ Connect - End-User Support</b> <ul style="list-style-type: none"> <li>Unlimited access to the Telecom Support Desk</li> <li>Monday - Friday, 8:00 - 5:00</li> </ul>   | \$2.50    | 21  | \$52.50         |
| <b>AI Assistant (Beta)</b><br>AI Assistant (Beta) - AI Assistant is a business productivity tool using Generative AI to help users access information more easily and automate repetitive or time-consuming tasks  | \$0.00    | 7   | \$0.00          |
| <b>Archiving: 30 Day Retention</b>   | \$0.00    | 7   | \$0.00          |
| Monthly Subtotal:  |           |     | <b>\$398.86</b> |

## Visual Edge IT™ Connect Hardware

| Description   | Price    | Qty | Ext. Price        |
|---|----------|-----|-------------------|
| <b>Yealink T34W Phone</b>   | \$120.00 | 12  | \$1,440.00        |
| <b>Yealink T44W Phone</b>   | \$0.00   | 7   | \$0.00            |
| <b>Yealink W56H Cordless Phone</b><br>Yealink W56H Cordless phone<br>*Requires W60B Cordless Base | \$94.00  | 1   | \$94.00           |
| <b>Yealink W70B Cordless Base</b><br>Yealink W60 Base for Cordless Phone                          | \$86.00  | 1   | \$86.00           |
| Subtotal:   |          |     | <b>\$1,620.00</b> |

## Visual Edge IT™ Connect - One-Time Taxes, Fees, Charges

| Description   | Price    | Qty | Ext. Price      |
|---|----------|-----|-----------------|
| <b>Visual Edge IT™ Connect - Estimated Taxes, Fees, Charges (One-Time)</b>  | \$164.06 | 1   | \$164.06        |
| <b>Visual Edge IT™ Connect - Local Number Porting Activation Fee (One-Time)</b><br>One time charge for Local Number Portability (LNP) which provides the ability to transfer a local phone number from any existing carrier to our service. | \$3.00   | 5   | \$15.00         |
| Subtotal:   |          |     | <b>\$179.06</b> |

## Visual Edge IT™ Connect - Recurring Taxes, Fees, Charges

| Description   | Recurring | Qty | Ext. Recurring  |
|---|-----------|-----|-----------------|
| <b>Visual Edge IT™ Connect - Estimated Taxes, Fees, Charges (Recurring)</b> | \$167.00  | 1   | \$167.00        |
| Monthly Subtotal:   |           |     | <b>\$167.00</b> |

## Visual Edge IT™ Connect Shipping

| Description                             | Price   | Qty | Ext. Price     |
|---|---------|-----|----------------|
| <b>Visual Edge IT™ Connect Shipping</b> | \$63.36 | 1   | \$63.36        |
| Subtotal:                               |         |     | <b>\$63.36</b> |

## Visual Edge IT™ Connect Professional Services

| Description  | Price             | Qty      | Ext. Price        |
|--|-------------------|----------|-------------------|
| <b>Visual Edge IT™ Connect Implementation Services</b> | <b>\$2,825.00</b> | <b>1</b> | <b>\$2,825.00</b> |
| Subtotal:  |                   |          | <b>\$2,825.00</b> |

## Hardware

| Description   | Price           | Qty      | Ext. Price      |
|---|-----------------|----------|-----------------|
| <b>Yealink IP Phone Expansion T2x Series</b>            | <b>\$110.00</b> | <b>1</b> | <b>\$110.00</b> |
| Yealink IP Phone Expansion T4x Series                   |                 |          |                 |
| <b>PA System</b>  | <b>\$173.00</b> | <b>1</b> | <b>\$173.00</b> |
| PA System   |                 |          |                 |
| <b>Power supply for amplifier</b>                       | <b>\$15.00</b>  | <b>1</b> | <b>\$15.00</b>  |
| Power supply for amplifier                              |                 |          |                 |
| <b>Yealink Mounting Bracket for IP Phone - Vertical</b> | <b>\$6.88</b>   | <b>2</b> | <b>\$13.76</b>  |
| Subtotal:   |                 |          | <b>\$311.76</b> |



**Base Quote: TelNet Hosted Phone System with Phone Equipment Rental**

- Service Term: 36 Months
- Unlimited Nationwide Calling
- Fax Bundle
- Mobile Package
- Auto Attendant
- Intuitive Web-Based Customer Portal
- (1) Fanvil Paging Gateway
- (7) Yealink T54W Desk Phone
- (11) YealinkT33G Desk Phone
- (1) Yealink EXP50 Expansion Module
- 24/7 Support
- Warranty on phones for full length of service term
- Cost savings because your existing phone service is not needed for this system
- Instructor led training, at customer site
- Ascomnorth or TelNet provided installation – phone setup & placement

**Pricing for the TelNet Hosted Phone System/Service**

**Up-Front Cost: \$1,500.00 Non-Recurring**

**Recurring Cost: \$340.89 / Month (36-Month Service Term)**

See the complete TelNet proposal documentation, attached.

**Alternate Quote: Alcatel-Lucent On-Premises VoIP Hybrid Phone System**

- (1) Alcatel-Lucent OXO Connect IP Enabled Voice Server – Wall Mount Cabinet
- (1) Paging Gateway
- (1) Alcatel-Lucent ALE-400 Enterprise Desk Phone (Admin Phone)
- (6) Alcatel-Lucent ALE-30H Essential Desk Phone
- (11) Alcatel-Lucent ALE-20H Essential Desk Phone
- (1) Alcatel-Lucent EM200 Smart Expansion Module, Color LCD, 20 Programmable Keys
- (18) Power Supplies for Alcatel-Lucent Desk Phones
- (1) Lightning and AC Power Surge Protection
- (1) Emergency Battery Backup Uninterrupted Power Supply
- (1) Remote Access for Off-Site Programming and Service
- Instructor led training, at customer site
- Ascomnorth provided installation
- Service term/service contract: none
- Keep your existing phone service provider
- 24/7 Support
- One Year Warranty on Alcatel-Lucent equipment and Ascomnorth labor
- Terms: 50% down, remainder upon completion

**Installed Price for Alcatel-Lucent On-Premises Phone System: \$16,135.00**

(Price does not include sales tax, electrical upgrades, wiring or conduit)

**Recurring Cost: No Contract**

The preceding proposed Alcatel Lucent Platform will be installed complete including Design, Programming Training, and 30 days of programming changes at no charge, 24-hour emergency service, and One Year Warranty on the core system, One Year Warranty on Voice Messaging Server, and a One Year Warranty on all other products and labor for the above price plus applicable sales tax.

This proposal clearly sets forth the scope of work for the indicated project and I agree with all terms and conditions.

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**Accepted by:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_



TELNET

## TelNet Proposal

TelNet Worldwide  
21005 Lahser Road  
Southfield, MI 48033

**TelNet Worldwide Quote Prepared for Otsego County Road Commission**

**Term: 36Months**

Prepared on: February 13, 2025

Expires on: May 14, 2025  
Payment terms: Net 20

| Quote Prepared for:   | Quote Prepared by:  |
|---|---|
| Rebecca Hilmert<br>669 West McCoy Road<br>Gaylord, MI<br>49735<br><br>hilmert@ocrc-mi.org | Sara Clancy<br>TelNet Worldwide<br>Account Manager<br><br>P: (248) 485-7083<br>sclancy@telnetww.com |

### Cloud PBX Bundle

| PRODUCT                                       | UNIT PRICE | QTY | Monthly Total | Non Recurring Total |
|---|------------|-----|---------------|---------------------|
| Unlimited Nationwide Calling-PBX              | \$0.00     | 1   | \$0.00        | \$0.00              |
| Enhanced Huntgroup                            | \$0.00     | 1   | \$0.00        | \$0.00              |
| Auto Attendant                                | \$0.00     | 1   | \$0.00        | \$0.00              |
| Meet-Me Conference Bridge                     | \$0.00     | 1   | \$0.00        | \$0.00              |
| Voice Portal                                  | \$0.00     | 1   | \$0.00        | \$0.00              |
| HD Voice                                      | \$0.00     | 1   | \$0.00        | \$0.00              |
| 24/7 US Support                               | \$0.00     | 1   | \$0.00        | \$0.00              |
| Office  | \$12.99    | 1   | \$12.99       | \$0.00              |
| Fanvil PA2S SIP Paging Gateway (Subscription) | \$12.50    | 1   | \$12.50       | \$0.00              |
| Mobile  | \$12.99    | 18  | \$233.78      | \$0.00              |
| Yealink T54W Desk Phone (Subscription)        | \$3.00     | 7   | \$21.00       | \$0.00              |
| Yealink T33G Desk Phone (Subscription)        | \$2.50     | 11  | \$27.50       | \$0.00              |



TelNet Worldwide  
21005 Lahser Road  
Southfield, MI 48033

## TELNET

### Yealink EXP50 Expansion Module (Subscription)

|        |   |        |        |
|--------|---|--------|--------|
| \$3.13 | 1 | \$3.13 | \$0.00 |
|--------|---|--------|--------|

### Instructor led training; at customer site

|            |   |        |            |
|------------|---|--------|------------|
| \$1,000.00 | 1 | \$0.00 | \$1,000.00 |
|------------|---|--------|------------|

### TelNet Provided Installation - Phone Setup & Placement

|          |   |        |          |
|----------|---|--------|----------|
| \$500.00 | 1 | \$0.00 | \$500.00 |
|----------|---|--------|----------|

### Digital Fax

|        |   |        |        |
|--------|---|--------|--------|
| \$0.00 | 1 | \$0.00 | \$0.00 |
|--------|---|--------|--------|

### Fax Number

|        |   |        |        |
|--------|---|--------|--------|
| \$0.00 | 1 | \$0.00 | \$0.00 |
|--------|---|--------|--------|

|                  |           |                 |                   |
|------------------|-----------|-----------------|-------------------|
| <b>Subtotal:</b> | <b>50</b> | <b>\$310.90</b> | <b>\$1,500.00</b> |
|------------------|-----------|-----------------|-------------------|

### TelNet Insight Bundle

| PRODUCT | UNIT PRICE | QTY | Monthly Total | Non Recurring Total |
|---------|------------|-----|---------------|---------------------|
|---------|------------|-----|---------------|---------------------|

|                         |         |   |         |        |
|-------------------------|---------|---|---------|--------|
| TelNet Insight Sidekick | \$30.00 | 1 | \$30.00 | \$0.00 |
|-------------------------|---------|---|---------|--------|

|                  |          |                |               |
|------------------|----------|----------------|---------------|
| <b>Subtotal:</b> | <b>1</b> | <b>\$30.00</b> | <b>\$0.00</b> |
|------------------|----------|----------------|---------------|

|                       |                             |
|-----------------------|-----------------------------|
| <b>MONTHLY TOTAL:</b> | <b>NON RECURRING TOTAL:</b> |
| <b>\$340.89</b>       | <b>\$1,500.00</b>           |