

County of
Wexford, Michigan



Year Ended
December 31,
2018

Financial
Statements and
Single Audit Act
Compliance

COUNTY OF WEXFORD, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 3, 2019

Honorable Members of the
Board of Commissioners
County of Wexford, Michigan
Cadillac, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Wexford, Michigan* (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cadillac-Wexford Transit Authority, Wexford County Airport Authority, Cadillac-Wexford Public Library or Wexford County Road Commission discretely presented component units, which collectively represent 100 percent of the total assets and deferred outflows of resources, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Wexford County Road Commission were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wexford, Michigan as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

As management of the County of Wexford, Michigan (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,422,297 (net position). Of this amount, \$7,168,005 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position decreased by \$26,688.
- Total government-wide liabilities and deferred inflows of resources increased by \$1,341,659 during the current fiscal year. Liabilities and deferred inflows of resources for governmental activities increased by \$1,260,153 while liabilities remained consistent with the prior year for business-type activities. The net increase in governmental activities liabilities was primarily due to an increase in the net pension liability of \$1,854,734 and a decrease in long-term debt as a result of scheduled payments on these obligations of \$424,236.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,305,519, an increase of \$681,716 in comparison with the prior year. The increase in fund balance can be attributed to an increase in property tax revenue, intergovernmental revenue and a reduction in transfers out of the General Fund. Approximately 69.1% of this total amount, or \$5,742,240, represents unassigned fund balance of the General Fund. The unassigned fund balance of the General Fund was 45.0% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, and community and economic development. The business-type activities of the County include delinquent tax collection and administration, landfill, and water and wastewater systems.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate Transit Authority, Airport Authority, Public Library and Road Commission, for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

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

The County reports a variety of governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety, Community Development Block Grant and Council on Aging, all of which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County is legally obligated to adopt an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison statements have been provided for these major funds to demonstrate compliance with this budget.

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Delinquent Tax funds, Unrestricted Treasurer's Fund, the liability associated with a landfill formerly owned by the County, various Water and Wastewater Systems, and other nonmajor enterprise fund activities. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its risk management and employee benefit programs. One internal service fund, that more significantly benefits governmental rather than business-type functions, is included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the 2017 Delinquent Tax, Landfill, Unrestricted Treasurer's, and Cedar Creek Water System, each of which are considered to be major proprietary funds of the County. The County's internal service fund is presented in the proprietary fund financial statements in the Internal Service Funds column.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management discussion and analysis and the schedules for the County pension plan.

Government-Wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,422,297 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$13,380,200	\$12,315,280	\$11,343,395	\$11,919,695	\$24,723,595	\$24,234,975
Capital assets, net	19,802,571	20,102,023	1,522,693	1,722,730	21,325,264	21,824,753
Total assets	33,182,771	32,417,303	12,866,088	13,642,425	46,048,859	46,059,728
Deferred outflows of resources	2,263,765	937,925	-	-	2,263,765	937,925
Long-term debt outstanding	14,686,808	15,111,044	-	-	14,686,808	15,111,044
Other liabilities	12,184,731	10,511,555	835,587	754,081	13,020,318	11,265,636
Total liabilities	26,871,539	25,622,599	835,587	754,081	27,707,126	26,376,680
Deferred inflows of resources	3,183,201	3,171,988	-	-	3,183,201	3,171,988
Net position:						
Net investment in capital assets	5,500,975	5,437,001	1,522,693	1,722,730	7,023,668	7,159,731
Restricted	2,804,325	2,959,861	426,299	1,227,843	3,230,624	4,187,704
Unrestricted (deficit)	(2,913,504)	(3,836,221)	10,081,509	9,937,771	7,168,005	6,101,550
Total net position	\$ 5,391,796	\$ 4,560,641	\$12,030,501	\$12,888,344	\$17,422,297	\$17,448,985

A substantial portion of the County's net position, \$7,023,668 (40.3 percent), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

An additional portion of the County's net position of \$3,230,624 (18.6 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net position of \$7,168,005 (41.1 percent) to meet its ongoing obligations to citizens and creditors.

There was a net decrease in restricted net position of \$957,080 due primarily to a contribution of \$702,298 made from the excess proceeds from the sale of the landfill in a previous year to the County's pension plan held with MERS for the former DPW plan participants.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 3,769,034	\$ 3,604,534	\$ 510,173	\$ 813,139	\$ 4,279,207	\$ 4,417,673
Operating grants	2,938,807	2,513,124	-	-	2,938,807	2,513,124
General revenues:						
Property taxes	9,189,034	9,217,991	-	-	9,189,034	9,217,991
State shared revenue	686,248	680,477	-	-	686,248	680,477
Unrestricted investment earnings	24,998	15,605	363,365	260,052	388,363	275,657
Rental income	111,336	96,785	-	-	111,336	96,785
Total revenues	16,719,457	16,128,516	873,538	1,073,191	17,592,995	17,201,707
Expenses:						
Legislative	66,650	63,705	-	-	66,650	63,705
Judicial	3,041,732	2,857,586	-	-	3,041,732	2,857,586
General government	3,685,022	3,618,112	-	-	3,685,022	3,618,112
Public safety	6,746,401	6,425,611	-	-	6,746,401	6,425,611
Public works	798,237	116,680	-	-	798,237	116,680
Health and welfare	2,396,967	2,223,242	-	-	2,396,967	2,223,242
Recreation and culture	62,093	132,305	-	-	62,093	132,305
Community and economic development	98,343	256,285	-	-	98,343	256,285
Interest and fiscal charges	393,204	282,122	-	-	393,204	282,122
Tax collection	-	-	112,022	100,426	112,022	100,426
Landfill	-	-	84,877	71,984	84,877	71,984
Water and wastewater	-	-	92,388	80,550	92,388	80,550
Other	-	-	41,747	26,381	41,747	26,381
Total expenses	17,288,649	15,975,648	331,034	279,341	17,619,683	16,254,989

COUNTY OF WEXFORD, MICHIGAN

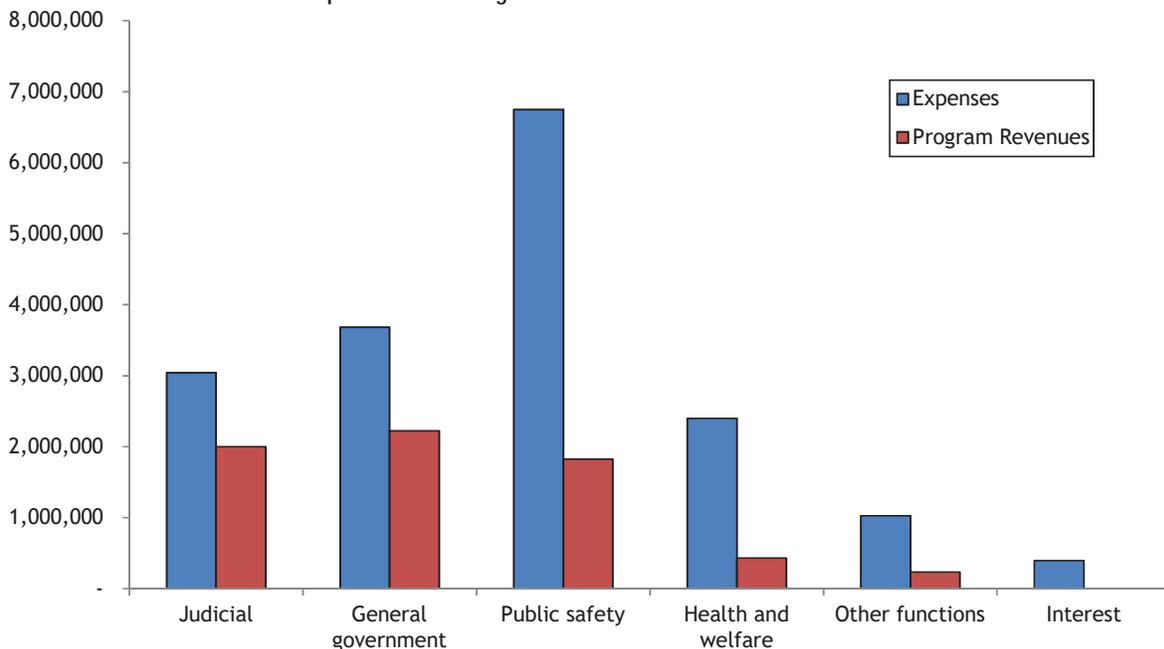
Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Change in net position before transfers	\$ (569,192)	\$ 152,868	\$ 542,504	\$ 793,850	\$ (26,688)	\$ 946,718
Transfers	1,400,347	259,952	(1,400,347)	(259,952)	-	-
Change in net position	831,155	412,820	(857,843)	533,898	(26,688)	946,718
Net position:						
Beginning of year	4,560,641	4,147,821	12,888,344	12,354,446	17,448,985	16,502,267
End of year	<u>\$ 5,391,796</u>	<u>\$ 4,560,641</u>	<u>\$12,030,501</u>	<u>\$12,888,344</u>	<u>\$17,422,297</u>	<u>\$17,448,985</u>

Governmental Activities. Governmental activities increased the County's net position by \$831,155. Key components of the current year activity are as follows:

- Total revenue increased by \$590,941. Operating grants increased \$425,683 due to the indigent defense funding of \$129,351 and an overall funding increase for various grants. Charges for services increased \$164,500 due to the 911 surcharge fees.
- Total expenses increased by \$1,313,001, primarily as a result of an increase in public safety expenses of \$320,790 and an increase in public works expense of \$681,557. Increases in these expenses and other areas were due in part to certain non-capitalized expenses related to the jail construction project, and the overall increase in the net pension liability and related deferred items.

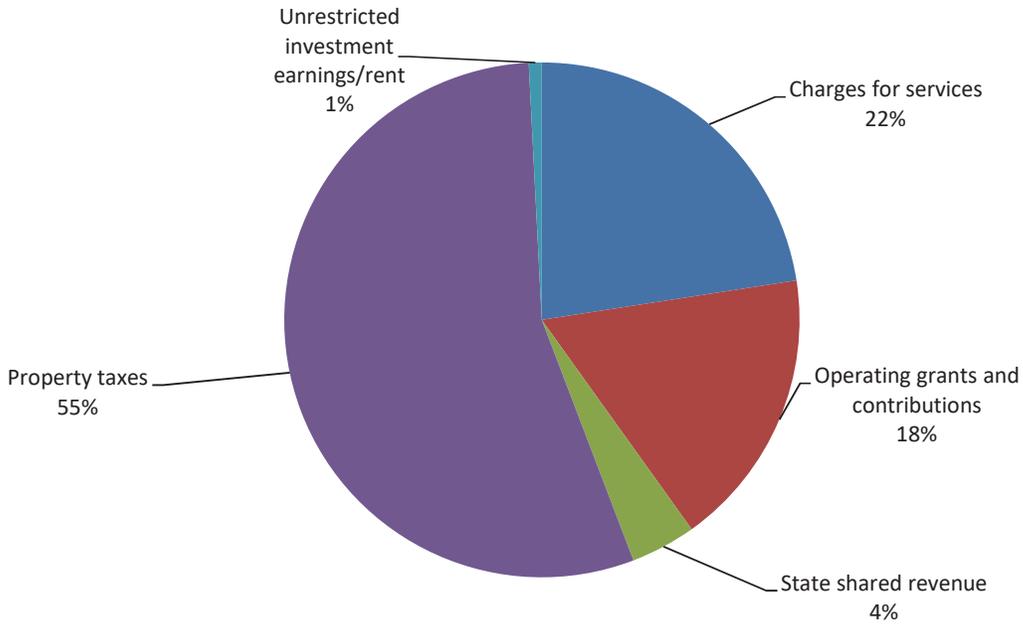
Expenses and Program Revenues - Governmental Activities



COUNTY OF WEXFORD, MICHIGAN

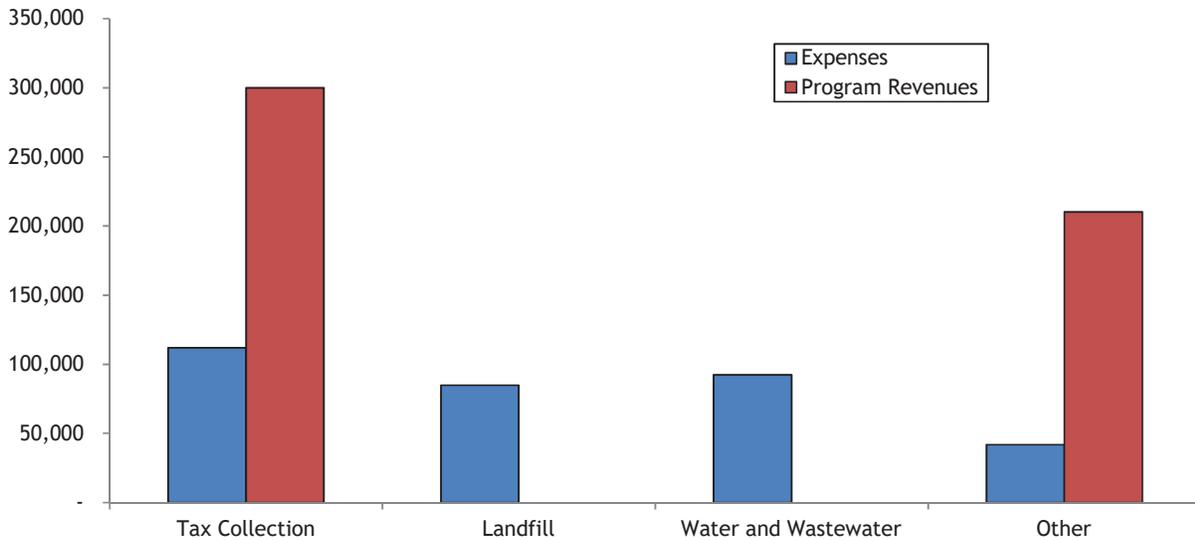
Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities decreased the County’s net position by \$857,843. The primary reason for the decrease was a result of a transfer out of the Landfill Fund in the amount of \$702,298 to the General Fund which was subsequently contributed to the County's MERS pension plan.

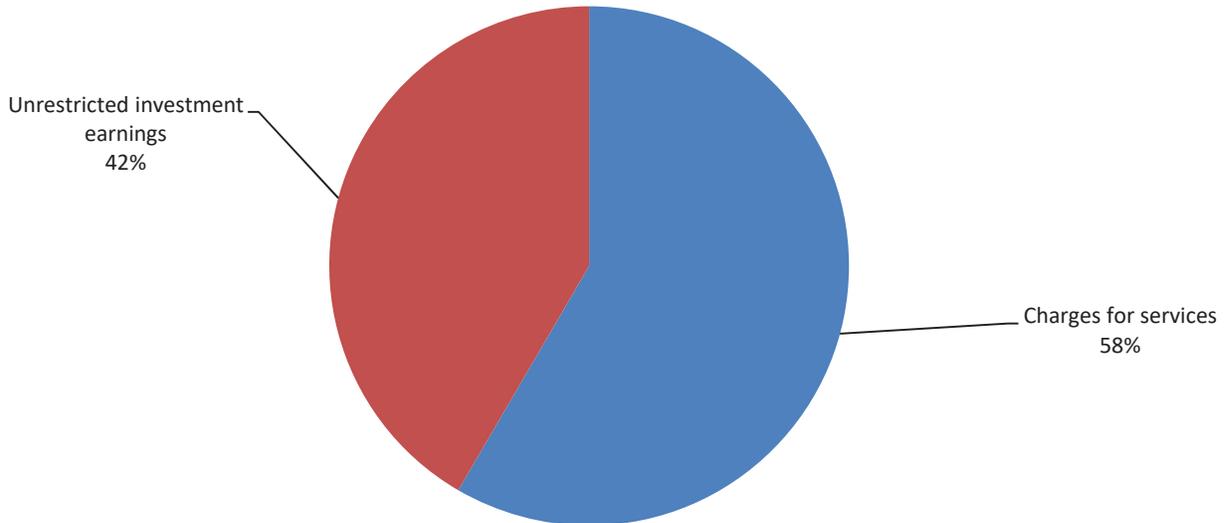
Expenses and Program Revenues - Business-type Activities



COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

Revenues by Source - Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$8,305,519, an increase of \$681,716 in comparison with the prior year. Of this amount, 69.1 percent (\$5,742,240) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it is classified as one of the following: A) Nonspendable (\$3,107); B) restricted for use per various external agreements (\$1,300,337); or C) committed for various purposes (\$1,259,835).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,742,240 while total fund balance amounted to \$5,808,717. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45.0 percent of total General Fund expenditures, while total fund balance represents 45.5 percent of that same amount.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

The fund balance of the County's General Fund increased by \$755,554 during the current fiscal year. Key factors in this change are as follows:

- The Dispatch center was previously a department in the General fund which was a cost of approximately \$200,000 to the County in 2017. For 2018 these operations were in 911 Wireless fund.
- Other revenues were approximately \$339,000 more than the prior year for sales of county property.

The fund balance of the Public Safety special revenue fund, which accounts for the proceeds from a voted millage that is to provide public safety services to County residents, decreased by \$77,229 during the year, and ending fund balance totaled \$20,712.

The fund balance of the Community Development Block Grant special revenue fund, which accounts for the expenditure of grants received from HUD and the repayment of loans made to residents, decreased by \$69,873 during the year, and ending fund balance totaled \$32,221.

The fund balance of the Council on Aging special revenue fund, which accounts for the proceeds from a voted millage that is to provide special services to aging County residents, decreased by \$34,176 during the year, and ending fund balance totaled \$4,441.

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

The net position of the 2017 Delinquent Tax fund, which accounts for the collection and remittance of delinquent property taxes levied in 2017, increased by \$296,249 during the year, and ending net position totaled \$296,722.

The Landfill was sold to a private entity on September 30, 2011. The County has continuing remediation obligations for groundwater contamination cleanup which are reflected in the liability of \$819,916. The net position of the Landfill decreased during the year by \$803,842, to an ending balance of \$426,299.

The net position of the Unrestricted Treasurer's fund, which accounts for the surplus accumulated through the collection, administration and operation of each delinquent tax fund, increased by \$43,783 during the year, and ending net position totaled \$7,717,416.

The net position of the Cedar Creek Water System fund, which accounts for the operation and maintenance of the water & sewer system serving Cedar Creek Township, decreased by \$12,118 during the year, and ending net position totaled \$1,723,727.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

During the year, there was a \$1,237,690 increase in appropriations between the original and final amended budget. Significant increases related to General government (\$311,778) and Public works (\$693,598). The actual expenditures for the year were \$759,872 more than the original budget and \$477,818 less than the amended budget.

The General Fund budgeted for a decrease in fund balance of \$47,393 and the actual increase in fund balance was \$755,554. Significant changes in budgetary variances are as follows:

- The General fund received \$139,902 more revenues than budgeted due to conservative budgeting. Greater amounts for both property taxes and state shared revenues were received compared to the estimates that were given during budget adoption.
- Overall, expenditures were over-budgeted by \$477,818. Wages and benefit expenditures were significantly less due to various position vacancies during the year. Public safety expenditures were \$199,545 under budget. The jail building was in its first year of operations and expenditures were less than budgeted.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2018 amounted to \$21,325,264 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, motor vehicles, drains and utility systems. The total decrease of \$499,489 in the County's investment in capital assets for the current fiscal year was primarily a result of the increased depreciation due to the capitalization of the jail.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 189,562	\$ 125,562	\$ -	\$ -	\$ 189,562	\$ 125,562
Buildings and improvements	18,744,661	19,157,005	-	152,464	18,744,661	19,309,469
Equipment and furniture	577,848	520,473	-	-	577,848	520,473
Vehicles	290,500	298,983	-	-	290,500	298,983
Water distribution system	-	-	1,522,693	1,570,266	1,522,693	1,570,266
Total capital assets, net	\$19,802,571	\$20,102,023	\$ 1,522,693	\$ 1,722,730	\$21,325,264	\$21,824,753

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

Long-Term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$14,686,808.

	Long-Term Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 3,180,000	\$ 3,360,000	\$ -	\$ -	\$ 3,180,000	\$ 3,360,000
USDA Community Facilities						
Loans	11,168,000	11,334,000	-	-	11,168,000	11,334,000
Capital lease obligations	13,012	37,864	-	-	13,012	37,864
Compensated absences	325,796	379,180	-	-	325,796	379,180
Total long-term debt	\$14,686,808	\$15,111,044	\$ -	\$ -	\$14,686,808	\$15,111,044

The County's total long-term debt decreased as a result of scheduled principal payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$115,298,951, which is significantly higher than the County's outstanding general obligation debt. Additional information regarding capital assets and long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The County continues to contribute higher rates to the retirement in efforts to increase the pension plan funded ratio.
- Health Insurance continues to be a significant cost to the County and has been steadily increasing in recent years.
- The County is planning to construct a new central dispatch building in 2019 at an estimated cost of \$1.2 million, which will be financed through bonding.
- The County continues to look for ways to improve the services it provides to its residents in a manner that is financially responsible.

The County considered these factors in preparing the County's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County of Wexford's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the County Clerk, County Administration Building, 437 E. Division Street, Cadillac, Michigan 49601.

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BASIC FINANCIAL STATEMENTS

COUNTY OF WEXFORD, MICHIGAN

Statement of Net Position

December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and short-term investments	\$ 8,000,320	\$ 8,414,522	\$ 16,414,842	\$ 4,326,400
Receivables	5,376,773	1,682,658	7,059,431	2,979,461
Inventories	-	-	-	985,656
Prepays	3,107	-	3,107	73,586
Restricted ash and investments	-	1,246,215	1,246,215	-
Capital assets not being depreciated	189,562	-	189,562	9,249,525
Capital assets being depreciated, net	19,613,009	1,522,693	21,135,702	45,346,363
Total assets	33,182,771	12,866,088	46,048,859	62,960,991
Deferred outflows of resources				
Deferred charge on refunding	59,416	-	59,416	-
Deferred pension amounts	2,204,349	-	2,204,349	2,364,317
Deferred other postemployment benefits amounts	-	-	-	1,850
Total deferred outflows of resources	2,263,765	-	2,263,765	2,366,167
Liabilities				
Payables	527,494	15,671	543,165	1,647,029
Unearned revenue	163,364	-	163,364	92,293
Long-term debt:				
Due within one year	698,808	-	698,808	30,110
Due in more than one year	13,988,000	-	13,988,000	57,989
Landfill remediation liability	-	819,916	819,916	-
Net pension liability (due in more than one year)	11,493,873	-	11,493,873	3,011,209
Net other postemployment benefits liability (due in more than one year)	-	-	-	749,898
Total liabilities	26,871,539	835,587	27,707,126	5,588,528
Deferred inflows of resources				
Property taxes levied for subsequent year	2,791,185	-	2,791,185	763,855
Deferred pension amounts	392,016	-	392,016	486,889
Total deferred inflows of resources	3,183,201	-	3,183,201	1,250,744
Net position				
Net investment in capital assets	5,500,975	1,522,693	7,023,668	54,595,888
Restricted for:				
Public library	-	-	-	20,226
Public safety	1,070,921	-	1,070,921	-
Health and welfare	182,064	-	182,064	-
Community and economic development	1,551,238	-	1,551,238	-
Recreation and culture	102	-	102	-
Landfill	-	426,299	426,299	-
Unrestricted (deficit)	(2,913,504)	10,081,509	7,168,005	3,871,772
Total net position	\$ 5,391,796	\$ 12,030,501	\$ 17,422,297	\$ 58,487,886

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Activities
For the Year Ended December 31, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 66,650	\$ -	\$ -	\$ -	\$ (66,650)
Judicial	3,041,732	769,154	1,227,374	-	(1,045,204)
General government	3,685,022	1,504,507	720,247	-	(1,460,268)
Public safety	6,746,401	1,262,715	561,350	-	(4,922,336)
Public works	798,237	203,246	-	-	(594,991)
Health and welfare	2,396,967	1,182	429,836	-	(1,965,949)
Recreation and culture	62,093	-	-	-	(62,093)
Community and economic development	98,343	28,230	-	-	(70,113)
Interest and fiscal charges	393,204	-	-	-	(393,204)
Total governmental activities	17,288,649	3,769,034	2,938,807	-	(10,580,808)
Business-type activities:					
Tax collection	112,022	299,854	-	-	187,832
Landfill	84,877	-	-	-	(84,877)
Water and wastewater	92,388	-	-	-	(92,388)
Other	41,747	210,319	-	-	168,572
Total business-type activities	331,034	510,173	-	-	179,139
Total primary government	\$ 17,619,683	\$ 4,279,207	\$ 2,938,807	\$ -	\$ (10,401,669)
Component units					
Transit Authority	\$ 2,758,573	\$ 380,723	\$ 1,491,764	\$ 293,105	\$ (592,981)
Airport Authority	605,833	313,975	83,000	342,898	134,040
Public Library	1,018,223	2,869	209,179	2,692	(803,483)
Road Commission	6,548,912	2,094,794	16,539,894	334,410	12,420,186
Total component units	\$ 10,931,541	\$ 2,792,361	\$ 18,323,837	\$ 973,105	\$ 11,157,762

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COUNTY OF WEXFORD, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (10,580,808)	\$ 179,139	\$ (10,401,669)	\$ 11,157,762
General revenues:				
Property taxes	9,189,034	-	9,189,034	1,305,492
State shared revenue	686,248	-	686,248	-
Contributions not restricted to specific programs	-	-	-	89,353
Unrestricted investment earnings	24,998	363,365	388,363	11,200
Rental income	111,336	-	111,336	-
Gain on sale of capital assets	-	-	-	1,130
Other revenue	-	-	-	182,725
Transfers - internal activities	1,400,347	(1,400,347)	-	-
Total general revenues and transfers	11,411,963	(1,036,982)	10,374,981	1,589,900
Change in net position	831,155	(857,843)	(26,688)	12,747,662
Net position, beginning of year, as restated	4,560,641	12,888,344	17,448,985	45,740,224
Net position, end of year	\$ 5,391,796	\$ 12,030,501	\$ 17,422,297	\$ 58,487,886

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

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COUNTY OF WEXFORD, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2018

	General Fund	Public Safety	Community Development Block Grant
Assets			
Cash and short-term investments	\$ 5,172,821	\$ 120,630	\$ 32,221
Accounts receivable	59,010	104	-
Property taxes receivable	528,551	1,285,428	-
Interest receivable	14,509	-	-
Due from other governments	346,273	-	-
Loans receivable	-	-	1,503,545
Prepays	2,664	-	-
Total assets	\$ 6,123,828	\$ 1,406,162	\$ 1,535,766
Liabilities			
Accounts payable	\$ 185,445	\$ -	\$ -
Accrued liabilities	129,666	-	-
Unearned revenue	-	-	-
Total liabilities	315,111	-	-
Deferred inflows of resources			
Unavailable revenue - loans	-	-	1,503,545
Property taxes levied for subsequent year	-	1,385,450	-
Total deferred inflows of resources	-	1,385,450	1,503,545
Fund balances			
Nonspendable	2,664	-	-
Restricted	10,227	20,712	32,221
Committed	53,586	-	-
Unassigned	5,742,240	-	-
Total fund balances	5,808,717	20,712	32,221
Total liabilities, deferred inflows of resources and fund balances	\$ 6,123,828	\$ 1,406,162	\$ 1,535,766

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 73,312	\$ 2,352,745	\$ 7,751,729
109	290	59,513
886,503	416,677	3,117,159
-	-	14,509
-	335,774	682,047
-	-	1,503,545
-	443	3,107
<u>\$ 959,924</u>	<u>\$ 3,105,929</u>	<u>\$ 13,131,609</u>
\$ -	\$ 26,911	\$ 212,356
-	25,974	155,640
-	163,364	163,364
<u>-</u>	<u>216,249</u>	<u>531,360</u>
-	-	1,503,545
955,483	450,252	2,791,185
<u>955,483</u>	<u>450,252</u>	<u>4,294,730</u>
-	443	3,107
4,441	1,232,736	1,300,337
-	1,206,249	1,259,835
-	-	5,742,240
<u>4,441</u>	<u>2,439,428</u>	<u>8,305,519</u>
<u>\$ 959,924</u>	<u>\$ 3,105,929</u>	<u>\$ 13,131,609</u>

COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
 To Net Position of Governmental Activities
 December 31, 2018

Fund balances - total governmental funds	\$ 8,305,519
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	189,562
Capital assets being depreciated, net	19,613,009
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Unavailable loans receivable	1,503,545
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.	
Net position of governmental activities accounted for in internal service fund - Self-insurance	248,591
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.	
Net pension liability	(11,493,873)
Deferred outflows related to the net pension liability	2,204,349
Deferred inflows related to the net pension liability	(392,016)
Certain liabilities, such as bonds, loans and leases payable are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds, loans and leases payable	(14,361,012)
Compensated absences	(325,796)
Deferred charge on refunding	59,416
Accrued interest on long-term debt	(159,498)
Net position of governmental activities	<u>\$ 5,391,796</u>

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

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COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended December 31, 2018

	General Fund	Public Safety	Community Development Block Grant
Revenues			
Taxes	\$ 6,911,624	\$ 894,448	\$ -
Licenses and permits	13,530	-	-
Intergovernmental	2,653,234	-	-
Charges for services	1,934,662	-	28,415
Fines and forfeitures	56,509	-	-
Interest and rent	136,342	323	55
Other	634,112	-	-
Total revenues	12,340,013	894,771	28,470
Expenditures			
Current:			
Legislative	66,650	-	-
Judicial	2,891,028	-	-
General government	3,629,135	-	-
Public safety	4,529,743	-	-
Public works	798,908	-	-
Health and welfare	639,915	-	-
Recreation and culture	69,586	-	-
Community and economic development	-	-	98,343
Capital outlay	148,443	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	12,773,408	-	98,343
Revenues over (under) expenditures	(433,395)	894,771	(69,873)
Other financing sources (uses)			
Transfers in	2,056,377	-	-
Transfers out	(867,428)	(972,000)	-
Total other financing sources (uses)	1,188,949	(972,000)	-
Net change in fund balances	755,554	(77,229)	(69,873)
Fund balances, beginning of year	5,053,163	97,941	102,094
Fund balances, end of year	\$ 5,808,717	\$ 20,712	\$ 32,221

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 940,623	\$ 442,339	\$ 9,189,034
-	9,657	23,187
-	1,700,187	4,353,421
-	303,260	2,266,337
-	-	56,509
42	1,525	138,287
-	23,422	657,534
<u>940,665</u>	<u>2,480,390</u>	<u>16,684,309</u>
-	-	66,650
-	150,872	3,041,900
-	166,611	3,795,746
-	1,522,147	6,051,890
-	-	798,908
974,841	782,211	2,396,967
-	-	69,586
-	-	98,343
-	182,433	330,876
-	370,852	370,852
-	381,222	381,222
<u>974,841</u>	<u>3,556,348</u>	<u>17,402,940</u>
<u>(34,176)</u>	<u>(1,075,958)</u>	<u>(718,631)</u>
-	1,276,828	3,333,205
-	(93,430)	(1,932,858)
-	1,183,398	1,400,347
(34,176)	107,440	681,716
<u>38,617</u>	<u>2,331,988</u>	<u>7,623,803</u>
<u>\$ 4,441</u>	<u>\$ 2,439,428</u>	<u>\$ 8,305,519</u>

COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Net Change in Fund Balances of Governmental Funds
 To Change in Net Position of Governmental Activities
 For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ 681,716
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Purchase/construction of capital assets	293,608
Depreciation expense	(593,060)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Net change in unavailable loans receivable	35,034
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term debt and capital leases	370,852
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 governmental funds.	
Change in accrued interest payable on long-term debt	(11,982)
Change in the accrual for compensated absences	53,384
Change in the net pension liability and related deferred amounts	1,547
An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.	
Investment earnings from internal service fund - Self-insurance	114
Operating loss from governmental activities in internal service fund - Self-insurance	(58)
Change in net position of governmental activities	<u>\$ 831,155</u>

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 6,733,200	\$ 6,774,430	\$ 6,911,624	\$ 137,194
Licenses and permits	11,510	11,510	13,530	2,020
Intergovernmental	2,608,312	2,706,316	2,653,234	(53,082)
Charges for services	1,796,196	1,854,328	1,934,662	80,334
Fines and forfeitures	30,000	75,000	56,509	(18,491)
Interest and rent	122,287	122,287	136,342	14,055
Other	166,210	656,240	634,112	(22,128)
Total revenues	11,467,715	12,200,111	12,340,013	139,902
Expenditures				
Current:				
Legislative	63,472	66,477	66,650	173
Judicial	2,863,311	2,970,542	2,891,028	(79,514)
General government	3,431,317	3,743,095	3,629,135	(113,960)
Public safety	4,608,043	4,729,288	4,529,743	(199,545)
Public works	157,546	851,144	798,908	(52,236)
Health and welfare	626,740	650,740	639,915	(10,825)
Recreation and culture	58,000	58,000	69,586	11,586
Other	12,742	12,742	-	(12,742)
Capital outlay	192,365	169,198	148,443	(20,755)
Total expenditures	12,013,536	13,251,226	12,773,408	(477,818)
Revenues over (under) expenditures	(545,821)	(1,051,115)	(433,395)	617,720
Other financing sources (uses)				
Transfers in	1,036,479	1,871,900	2,056,377	184,477
Transfers out	(516,576)	(868,178)	(867,428)	(750)
Total other financing sources (uses)	519,903	1,003,722	1,188,949	185,227
Net change in fund balance	(25,918)	(47,393)	755,554	802,947
Fund balance, beginning of year	5,053,163	5,053,163	5,053,163	-
Fund balance, end of year	\$ 5,027,245	\$ 5,005,770	\$ 5,808,717	\$ 802,947

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual - Public Safety Special Revenue Fund For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 887,000	\$ 887,000	\$ 894,448	\$ 7,448
Interest and rent	-	-	323	323
Total revenues	887,000	887,000	894,771	7,771
Other financing uses				
Transfers out	(919,000)	(972,000)	(972,000)	-
Net change in fund balance	(32,000)	(85,000)	(77,229)	7,771
Fund balance, beginning of year	97,941	97,941	97,941	-
Fund balance, end of year	\$ 65,941	\$ 12,941	\$ 20,712	\$ 7,771

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Community Development Block Grant Special Revenue Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Charges for services	20,000	20,000	28,415	8,415
Interest and rent	20	20	55	35
	<u>120,020</u>	<u>120,020</u>	<u>28,470</u>	<u>(91,550)</u>
Total revenues	120,020	120,020	28,470	(91,550)
Expenditures				
Current:				
Community and economic development	<u>120,020</u>	<u>191,020</u>	<u>98,343</u>	<u>(92,677)</u>
Net change in fund balance	-	(71,000)	(69,873)	1,127
Fund balance, beginning of year	<u>102,094</u>	<u>102,094</u>	<u>102,094</u>	<u>-</u>
Fund balance, end of year	<u>\$ 102,094</u>	<u>\$ 31,094</u>	<u>\$ 32,221</u>	<u>\$ 1,127</u>

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual - Council on Aging Special Revenue Fund For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 938,500	\$ 938,500	\$ 940,623	\$ 2,123
Interest and rent	25	25	42	17
Total revenues	938,525	938,525	940,665	2,140
Expenditures				
Current:				
Health and welfare	938,525	976,345	974,841	(1,504)
Net change in fund balance	-	(37,820)	(34,176)	3,644
Fund balance, beginning of year	38,617	38,617	38,617	-
Fund balance, end of year	\$ 38,617	\$ 797	\$ 4,441	\$ 3,644

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

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COUNTY OF WEXFORD, MICHIGAN

Statement of Net Position
 Proprietary Funds
 December 31, 2018

	Business-type Activities - Enterprise Funds			
	2017 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Assets				
Current assets:				
Cash and short-term investments	\$ 619,708	\$ -	\$ 5,871,380	\$ 201,034
Accounts receivable	44,452	-	43,474	-
Taxes receivable	1,110,612	-	-	-
Accrued interest receivable	121,950	-	2,562	-
Total current assets	<u>1,896,722</u>	<u>-</u>	<u>5,917,416</u>	<u>201,034</u>
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	119,936	-	-
Investments	-	1,126,279	-	-
Advance to other funds	-	-	1,800,000	-
Capital assets being depreciated, net	-	-	-	1,522,693
Total noncurrent assets	<u>-</u>	<u>1,246,215</u>	<u>1,800,000</u>	<u>1,522,693</u>
Total assets	<u>1,896,722</u>	<u>1,246,215</u>	<u>7,717,416</u>	<u>1,723,727</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:				
Advance from other funds	1,600,000	-	-	-
Landfill remediation liability	-	819,916	-	-
Total noncurrent liabilities	<u>1,600,000</u>	<u>819,916</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,600,000</u>	<u>819,916</u>	<u>-</u>	<u>-</u>
Net position				
Investment in capital assets	-	-	-	1,522,693
Restricted for landfill	-	426,299	-	-
Unrestricted	296,722	-	7,717,416	201,034
Total net position	<u>\$ 296,722</u>	<u>\$ 426,299</u>	<u>\$ 7,717,416</u>	<u>\$ 1,723,727</u>

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

Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 1,722,400	\$ 8,414,522	\$ 248,591
18,346	106,272	-
251,522	1,362,134	-
89,740	214,252	-
<u>2,082,008</u>	<u>10,097,180</u>	<u>248,591</u>
-	119,936	-
-	1,126,279	-
-	1,800,000	-
-	1,522,693	-
-	<u>4,568,908</u>	-
<u>2,082,008</u>	<u>14,666,088</u>	<u>248,591</u>
15,161	15,161	-
510	510	-
<u>15,671</u>	<u>15,671</u>	-
200,000	1,800,000	-
-	819,916	-
<u>200,000</u>	<u>2,619,916</u>	-
<u>215,671</u>	<u>2,635,587</u>	-
-	1,522,693	-
-	426,299	-
<u>1,866,337</u>	<u>10,081,509</u>	<u>248,591</u>
<u>\$ 1,866,337</u>	<u>\$ 12,030,501</u>	<u>\$ 248,591</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	2017 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Operating revenues				
Charges for services	\$ 112,839	\$ -	\$ 14,627	\$ -
Interest and penalties	-	-	-	-
Premiums - health insurance	-	-	-	-
Other	-	-	-	7,663
Total operating revenues	112,839	-	14,627	7,663
Operating expenses				
Contractual services	538	84,877	-	41,736
Employee health care	-	-	-	-
Repairs and maintenance	-	-	-	-
Depreciation	-	-	-	47,573
Other services and charges	-	-	7,015	1,619
Total operating expenses	538	84,877	7,015	90,928
Operating income (loss)	112,301	(84,877)	7,612	(83,265)
Nonoperating revenues (expenses)				
Investment gains (losses)	183,948	(16,667)	68,006	13,147
Loss on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	183,948	(16,667)	68,006	13,147
Income (loss) before transfers	296,249	(101,544)	75,618	(70,118)
Transfers				
Transfers in	-	-	509,214	58,000
Transfers out	-	(702,298)	(541,049)	-
Total transfers	-	(702,298)	(31,835)	58,000
Change in net position	296,249	(803,842)	43,783	(12,118)
Net position, beginning of year	473	1,230,141	7,673,633	1,735,845
Net position, end of year	\$ 296,722	\$ 426,299	\$ 7,717,416	\$ 1,723,727

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

Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 286,154	\$ 413,620	\$ -
88,890	88,890	-
-	-	1,380,235
-	7,663	-
<u>375,044</u>	<u>510,173</u>	<u>1,380,235</u>
111,484	238,635	-
-	-	1,380,293
503	503	-
-	47,573	-
13,225	21,859	-
<u>125,212</u>	<u>308,570</u>	<u>1,380,293</u>
<u>249,832</u>	<u>201,603</u>	<u>(58)</u>
114,931	363,365	114
(22,464)	(22,464)	-
<u>92,467</u>	<u>340,901</u>	<u>114</u>
<u>342,299</u>	<u>542,504</u>	<u>56</u>
-	567,214	-
(724,214)	(1,967,561)	-
<u>(724,214)</u>	<u>(1,400,347)</u>	<u>-</u>
(381,915)	(857,843)	56
<u>2,248,252</u>	<u>12,888,344</u>	<u>248,535</u>
<u>\$ 1,866,337</u>	<u>\$ 12,030,501</u>	<u>\$ 248,591</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	2017 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Cash flows from operating activities				
Receipts from customers and users	\$ 1,704,051	\$ -	\$ -	\$ 8,282
Receipts from internal services provided	-	-	-	-
Payments to vendors	(12,854)	(2,201)	(10,788)	(46,466)
Delinquent taxes purchased	(2,868,226)	-	-	-
Net cash provided by (used in) operating activities	(1,177,029)	(2,201)	(10,788)	(38,184)
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances from other funds	1,600,000	-	200,000	-
Transfers in	-	-	509,214	58,000
Transfers out	-	(702,298)	(541,049)	-
Net cash provided by (used in) noncapital financing activities	1,600,000	(702,298)	168,165	58,000
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Cash flows from investing activities				
Interest received	183,948	-	68,006	13,147
Sale of investments	-	700,070	-	-
Net cash provided by investing activities	183,948	700,070	68,006	13,147
Net increase (decrease) in cash and short-term investments	606,919	(4,429)	225,383	32,963
Cash and short-term investments, beginning of year	12,789	124,365	5,645,997	168,071
Cash and short-term investments, end of year	\$ 619,708	\$ 119,936	\$ 5,871,380	\$ 201,034
Classified on the statement of net position as:				
Cash and short-term investments	\$ 619,708	\$ -	\$ 5,871,380	\$ 201,034
Restricted cash and short-term investments	-	119,936	-	-
	\$ 619,708	\$ 119,936	\$ 5,871,380	\$ 201,034

Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 1,185,685	\$ 2,898,018	\$ -
-	-	1,380,235
(125,474)	(197,783)	(1,380,293)
-	(2,868,226)	-
<u>1,060,211</u>	<u>(167,991)</u>	<u>(58)</u>
(1,600,000)	200,000	-
-	567,214	-
<u>(724,214)</u>	<u>(1,967,561)</u>	<u>-</u>
<u>(2,324,214)</u>	<u>(1,200,347)</u>	<u>-</u>
130,000	130,000	-
114,931	380,032	114
-	700,070	-
<u>114,931</u>	<u>1,080,102</u>	<u>114</u>
(1,019,072)	(158,236)	56
<u>2,741,472</u>	<u>8,692,694</u>	<u>248,535</u>
<u>\$ 1,722,400</u>	<u>\$ 8,534,458</u>	<u>\$ 248,591</u>
\$ 1,722,400	\$ 8,414,522	\$ 248,591
-	119,936	-
<u>\$ 1,722,400</u>	<u>\$ 8,534,458</u>	<u>\$ 248,591</u>

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COUNTY OF WEXFORD, MICHIGAN

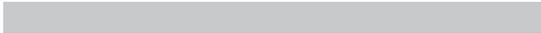
Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	2017 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Cash flows from operating activities				
Operating income (loss)	\$ 112,301	\$ (84,877)	\$ 7,612	\$ (83,265)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	-	47,573
Change in landfill remediation liability	-	82,676	-	-
Change in:				
Accounts receivable	(44,452)	-	(16,498)	619
Taxes receivable	(1,110,612)	-	-	-
Accrued interest receivable	(121,950)	-	(1,902)	-
Accounts payable	(12,316)	-	-	(3,111)
Due to other governments	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (1,177,029)</u>	<u>\$ (2,201)</u>	<u>\$ (10,788)</u>	<u>\$ (38,184)</u>

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



Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 249,832	\$ 201,603	\$ (58)
-	47,573	-
-	82,676	-
22,853	(37,478)	-
747,932	(362,680)	-
24,827	(99,025)	-
14,257	(1,170)	-
510	510	-
<u>\$ 1,060,211</u>	<u>\$ (167,991)</u>	<u>\$ (58)</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Agency Funds
December 31, 2018

Assets	
Cash and short-term investments	\$ 427,431
Liabilities	
Accounts payable	\$ 22,660
Accrued liabilities	2,563
Undistributed receipts	41,436
Due to other governments	360,772
Total liabilities	\$ 427,431

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

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position
Discretely Presented Component Units
December 31, 2018

	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Assets					
Cash and short-term investments	\$ 618,999	\$ 191,209	\$ 457,979	\$ 3,058,213	\$ 4,326,400
Accounts receivable	40,400	15,765	293	559,092	615,550
Taxes receivable	-	-	763,855	-	763,855
Due from other governments	167,227	34,380	-	1,398,449	1,600,056
Inventories	-	19,934	-	965,722	985,656
Prepays	47,150	13,932	12,504	-	73,586
Capital assets not being depreciated	445,960	125,000	-	8,678,565	9,249,525
Capital assets being depreciated, net	3,051,003	3,619,023	710,290	37,966,047	45,346,363
Total assets	4,370,739	4,019,243	1,944,921	52,626,088	62,960,991
Deferred outflows of resources					
Deferred pension amounts	194,516	-	68,168	2,101,633	2,364,317
Deferred other postemployment benefits amounts	-	-	-	1,850	1,850
Total deferred outflows of resources	194,516	-	68,168	2,103,483	2,366,167
Liabilities					
Accounts payable	46,223	28,954	4,284	727,557	807,018
Accrued liabilities	57,435	4,189	21,907	359,148	442,679
Due to other governments	-	-	-	397,332	397,332
Unearned revenue	-	4,699	-	87,594	92,293
Long-term debt:					
Due within one year	30,110	-	-	-	30,110
Due in more than one year	-	344	57,645	-	57,989
Net pension liability (due in more than one year)	638,923	-	226,801	2,145,485	3,011,209
Net other postemployment benefits liability (due in more than one year)	-	-	-	749,898	749,898
Total liabilities	772,691	38,186	310,637	4,467,014	5,588,528
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	763,855	-	763,855
Deferred pension amounts	32,298	-	35,145	419,446	486,889
Total deferred inflows of resources	32,298	-	799,000	419,446	1,250,744
Net position					
Net investment in capital assets	3,496,963	3,744,023	710,290	46,644,612	54,595,888
Restricted for:					
Public library	-	-	20,226	-	20,226
Unrestricted	263,303	237,034	172,936	3,198,499	3,871,772
Total net position	\$ 3,760,266	\$ 3,981,057	\$ 903,452	\$ 49,843,111	\$ 58,487,886

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

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Activities
 Discretely Presented Component Units
 For the Year Ended December 31, 2018

	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Expenses					
Transit Authority	\$ 2,758,573	\$ -	\$ -	\$ -	\$ 2,758,573
Airport Authority	-	605,833	-	-	605,833
Public Library	-	-	1,018,223	-	1,018,223
Road Commission	-	-	-	6,548,912	6,548,912
Total expenses	2,758,573	605,833	1,018,223	6,548,912	10,931,541
Program revenues					
Charges for services	380,723	313,975	2,869	2,094,794	2,792,361
Operating grants and contributions	1,491,764	83,000	209,179	16,539,894	18,323,837
Capital grants and contributions	293,105	342,898	2,692	334,410	973,105
Total program revenues	2,165,592	739,873	214,740	18,969,098	22,089,303
Net revenue (expense)	(592,981)	134,040	(803,483)	12,420,186	11,157,762
General revenues					
Property taxes	564,595	-	740,897	-	1,305,492
Grants and contributions not restricted to specific programs	-	-	89,353	-	89,353
Unrestricted investment earnings	274	366	6,225	4,335	11,200
Gain on sale of capital assets	1,130	-	-	-	1,130
Other revenue	-	-	9,162	173,563	182,725
Total general revenues	565,999	366	845,637	177,898	1,589,900
Change in net position	(26,982)	134,406	42,154	12,598,084	12,747,662
Net position, beginning of year, as restated	3,787,248	3,846,651	861,298	37,245,027	45,740,224
Net position, end of year	\$ 3,760,266	\$ 3,981,057	\$ 903,452	\$ 49,843,111	\$ 58,487,886

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

NOTES TO FINANCIAL STATEMENTS

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Wexford County Building Authority - The Wexford County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It is reported in the Debt Service and Capital Projects Funds and has a December 31 year-end. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units

Cadillac-Wexford Transit Authority (the "Transit Authority") - The Transit Authority's purpose is to provide public transportation services to the general public within the County. The County appoints the members of the Transit Authority Board. The Transit Authority is financed by Federal and State subsidies as well as a countywide voted millage. The Transit Authority's fiscal year ends on September 30. The Transit Authority is audited individually and complete financial statements can be obtained from the Transit Authority at 951 Casa Road, Cadillac, Michigan 49601.

Wexford County Airport Authority (the "Airport Authority") - The Airport Authority was organized to own and operate the Wexford County Airport in Cadillac, Michigan. The County is financially responsible for a portion of their activities. The Airport Authority Board is composed of seven members, four of whom are appointed by the County, with the remainder appointed by the City of Cadillac. Consequently, the County exercises effective control of its activities. The Airport Authority is audited individually and complete financial statements can be obtained from the Airport Authority at 8040 West 34 Road, Cadillac, Michigan 49601.

Cadillac-Wexford Public Library (the "Library") - The Library provides library services to the Wexford County area from its facilities located in Cadillac, as well as branches in Tustin and Mesick. The County appoints the members of the Library's Board and provides financial support. The Library Board is composed of ten members, six of whom are appointed by the County, with the remainder appointed by the City of Cadillac. The Library is audited individually and complete financial statements can be obtained from the Library at 411 South Lake Street, Cadillac, Michigan 49601.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Wexford County Road Commission (the "Road Commission") - The Road Commission is responsible for the maintenance and construction of the County road system. The County appoints the members of the Road Commission and is a direct beneficiary of the services provided. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission is audited individually and complete financial statements can be obtained from the Road Commission at 85 West M-115, Boon, Michigan 49601.

Jointly Governed Organizations

District #10 Health Department (the "Health Department") - The County, in conjunction with nine other counties, has created the Health Department. The Board of the Health Department is composed of twenty members from each of the boards of the participating governments. The County appropriated \$309,831 to the Health Department for the year ended December 31, 2018.

Northern Lakes Community Mental Health ("NLCMH") - The County, in conjunction with five other counties, has created NLCMH. The Board of the NLCMH is composed of sixteen members from each of the boards of the participating governments. The County appropriated \$76,543 to the NLCMH for the year ended December 31, 2018.

Wexford-Missaukee Department of Human Services (the "DHS") - The County participates jointly in the operation of the DHS. The financial operations of the DHS are reported as a special revenue fund in the financial report of the County.

West Michigan Forensic Pathology Services Authority (the "PSA") - The County, in conjunction with three other counties, is a member of the PSA. The Board of the PSA is composed of four members which are appointed by the participating government's boards. The County did not appropriate any funds to the PSA for the year ended December 31, 2018.

Government-wide and Fund Financial Statements

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

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *Public Safety Special Revenue Fund* accounts for the proceeds from a voted millage that is to provide public safety services to County residents.

The *Community Development Block Grant Special Revenue Fund* accounts for the expenditure of grants from the U.S. Department of Housing and Urban Development as well as the repayment of loans made to residents of the County with funds from the same source.

The *Council on Aging Special Revenue Fund* accounts for the proceeds from a voted millage that is to provide special services to aging County residents.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

The County reports the following major proprietary funds:

The *2017 Delinquent Tax Fund* accounts for the collection and remittance of delinquent property taxes levied in 2017. The fund will be closed out after the collection process has been completed.

The *Landfill Fund* accounted for the operation of the Wexford County Landfill prior to its sale in 2011. It currently accounts for the landfill remediation liability, restricted cash and investments and related investment earnings.

The *Unrestricted Treasurer's Fund* accounts for the surplus accumulated through the collection, administration, and operation of each specific delinquent tax fund. Use of this fund is subject to guidelines set forth in County Resolution 3-20, which has established the following priorities for use of these funds: 1) self-fund the delinquent tax distributions to various local governmental units; and 2) elimination of obligations for County debt where possible.

The *Cedar Creek Water System Fund* accounts for the operation and maintenance of the water system serving Cedar Creek Township as well as the repayment of the loan through the State Drinking Water Revolving Fund.

Additionally, the County reports the following fund types:

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

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

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Internal Service Fund accounts for the insurance activity of the County provided to other departments and funds on a cost reimbursement basis.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund provides certain central services to other funds of the County which are presented as program expenses in the funds receiving services. The related General Fund revenue has been netted against program expense in the government-wide statement of activities.

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

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

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

Cash and Short-term Investments

The government's cash and short-term investments include amounts in demand deposit accounts, certificates of deposit and investments with original maturities of three months or less from the date of acquisition. Short-term investments, exclusive of certificates of deposit, are stated at fair value. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year or the certificates are non-participating (i.e., there is no available market for trade prior to maturity).

State statutes and County policy authorize the County to invest in:

Bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time eligible project costs are incurred. Revenues received in advance of eligible costs being incurred are considered unearned.

Loans receivable consists of Community Development Block Grant funds advanced to area residents for home improvements, which must be repaid by the homeowner upon sale or foreclosure. The County has an enforceable lien on such properties.

Restricted Assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets.

Restricted assets in the Landfill enterprise fund relate to cash and investments required by the Michigan Department of Environmental Quality for the continuing remediation obligations and groundwater contamination cleanup.

Inventories

Inventories recorded in the Road Commission component unit are accounted for utilizing the consumption method and are valued at lower of cost (first-in, first-out) or market.

Prepaid Items

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Capital Assets

Capital assets, which include property, buildings and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets having a useful life in excess of three years and whose costs exceed \$10,000. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their estimated acquisition value as of the donation date.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

Property, infrastructure, buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	10-60
Vehicles	5-10
Equipment and furniture	5-15
Water distribution system	40

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and OPEB plans. In addition, the County reports deferred outflows of resources for the charge on advance bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price.

Compensated Absences

Eligible employees are permitted to accumulate earned but unused sick and vacation pay benefits in varying amounts based on length of service and certain other established criteria. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick pay that is eligible to be paid out when employees separate from service with the County is also accrued in these same statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Long-term Obligations

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

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

Landfill Remediation Liability

The Wexford County Landfill was sold to a private entity on September 30, 2011. The County was determined by the Michigan Department of Environmental Quality to have continuing remediation obligations for groundwater contamination cleanup which are reflected in the landfill remediation liability of \$819,916.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting from loans receivable that were not received within the period of availability. The loans are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources in the government-wide and governmental fund financial statements for property taxes levied during the year that are intended to finance future periods. In addition, the County reports deferred inflows of resources in the government-wide financial statements for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and OPEB plans.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Fund Balances

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

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

Interfund Transactions

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. Debt service funds are also included in the budgetary process; however, State statutes do not require legally adopted budgets for such funds. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Each September, after receiving input from individual departments, the Board of Commissioners prepares an operating budget for the fiscal year commencing the first day of the following fiscal year.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the first day of the following fiscal year, the budget is legally enacted through passage of a resolution.
4. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budgets are adopted and are authorized by resolution at the department level within funds by the County Board of Commissioners. This is the local legal level of budgetary control. All unexpended and unobligated appropriations lapse at year-end.
6. Adoption and amendments of all budgets used by the County are governed by Public Act 621, which was followed during the year. The appropriations resolution is based on the projected expenditures budget of the department heads of the County. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the County Board of Commissioners.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on the department level basis for all governmental funds, which is the legal level of control. During the year ended December 31, 2018 the County incurred expenditures which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund:			
Legislative:			
County commission	\$ 66,477	\$ 66,650	\$ 173
Judicial:			
Friend of the court	869,924	897,271	27,347
Family counseling	70,090	70,706	616
General government:			
Administrator	88,363	98,527	10,164
Public safety:			
Sheriff	2,109,689	2,143,360	33,671
Recreation and culture			
Civic center	58,000	69,586	11,586

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances for the primary government at year-end:

Statement of Net Position	
Cash and short-term investments	\$ 16,414,842
Restricted cash and investments	1,246,215
Statement of Fiduciary Assets and Liabilities	
Cash and short-term investments	<u>427,431</u>
Total	<u>\$ 18,088,488</u>
Deposits and investments	
Bank deposits:	
Checking and savings accounts	\$ 11,327,752
Certificates of deposit:	
Due within one year	4,600,000
Investments:	
Money market	101,200
Michigan CLASS	1,023,046
U.S. agency securities	1,025,079
Deposits held with other governmental units	9,771
Cash on hand	<u>1,640</u>
Total deposits and investments	<u>\$ 18,088,488</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The U.S. agency securities carry an interest rate of 2.00% and mature in the year 2031. The remaining investments do not have a fixed maturity date.

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 the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. The U.S. agency securities are rated AA+ by Standard and Poor's and the investment in Michigan CLASS is rated at AAAM by Standard and Poor's. The County's money market is not rated.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$15,139,818 of the primary government's combined bank balance of \$16,259,754 was exposed to custodial credit risk because it was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

Custodial Credit Risk - Investments. Investments are exposed to custodial credit risk if the securities are unsecured, unregistered or held by a counterparty or its agency but not in the government's name. All investments are held in the name of the County, and thus are not exposed to custodial credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Fair Value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. These levels are determined by the County's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary. The County had the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Money market	\$ 101,200	\$ -	\$ -	\$ 101,200
U.S. agency securities	1,025,079	-	-	1,025,079
	<u>\$ 1,126,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,126,279</u>
Michigan CLASS				<u>1,023,046</u>
Total investments				<u>\$ 2,149,325</u>

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

Money market and U.S. agency security investments classified as Level 1 of the fair value hierarchy are valued based on quoted market prices in active markets.

Michigan CLASS is reported at amortized cost, which approximates fair value.

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts, net	\$ 59,513	\$ 106,272
Taxes (current)	3,117,159	-
Taxes (delinquent), net	-	1,362,134
Interest	14,509	214,252
Due from other governments	682,047	-
Loans	1,503,545	-
	<u>\$ 5,376,773</u>	<u>\$ 1,682,658</u>

Of the amounts reported for loans receivable, \$1,500,812 is not expected to be collected within one year.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 212,356	\$ 15,161
Accrued liabilities	155,640	-
Due to other governments	-	510
Interest	159,498	-
	<u>\$ 527,494</u>	<u>\$ 15,671</u>

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year-end was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 125,562	\$ 64,000	\$ -	\$ -	\$ 189,562
Capital assets, being depreciated:					
Buildings and improvements	22,827,727	-	-	-	22,827,727
Equipment and furniture	3,048,818	179,640	-	-	3,228,458
Vehicles	986,150	49,968	-	-	1,036,118
	<u>26,862,695</u>	<u>229,608</u>	<u>-</u>	<u>-</u>	<u>27,092,303</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,670,722)	(412,344)	-	-	(4,083,066)
Equipment and furniture	(2,528,345)	(122,265)	-	-	(2,650,610)
Vehicles	(687,167)	(58,451)	-	-	(745,618)
	<u>(6,886,234)</u>	<u>(593,060)</u>	<u>-</u>	<u>-</u>	<u>(7,479,294)</u>
Governmental activities capital assets, net	<u>\$ 20,102,023</u>	<u>\$ (299,452)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,802,571</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, being depreciated:					
Buildings and improvements	\$ 248,410	\$ -	\$ (248,410)	\$ -	\$ -
Machinery and equipment	108,075	-	(108,075)	-	-
Water distribution system	1,902,928	-	-	-	1,902,928
	<u>2,259,413</u>	<u>-</u>	<u>(356,485)</u>	<u>-</u>	<u>1,902,928</u>
Less accumulated depreciation for:					
Buildings and improvements	(95,946)	-	95,946	-	-
Machinery and equipment	(108,075)	-	108,075	-	-
Water distribution system	(332,662)	(47,573)	-	-	(380,235)
	<u>(536,683)</u>	<u>(47,573)</u>	<u>204,021</u>	<u>-</u>	<u>(380,235)</u>
Business-type activities capital assets, net	<u>\$ 1,722,730</u>	<u>\$ (47,573)</u>	<u>\$ (152,464)</u>	<u>\$ -</u>	<u>\$ 1,522,693</u>

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

Depreciation of governmental activities by function	
General government	\$ 172,407
Public safety	364,146
Recreation and culture	<u>56,507</u>
	<u>\$ 593,060</u>
Depreciation of business-type activities by function	
Enterprise funds:	
Water and wastewater	<u>\$ 47,573</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

8. LONG-TERM DEBT

Long-term debt activity for the year-end was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
2016 Limited Tax General Obligation					
Refunding Bonds, \$3,360,000, due in annual installments of \$180,000 to \$275,000 through December 31, 2032, interest at 2.38%, payable semi-annually	\$ 3,360,000	\$ -	\$ (180,000)	\$ 3,180,000	\$ 190,000
2016 USDA Community Facilities Loan					
Series 2016A, \$9,000,000, due in annual installments of \$130,000 to \$364,000 through August 1, 2056, interest at 2.75%, payable semi-annually	8,870,000	-	(130,000)	8,740,000	133,000
2016 USDA Community Facilities Loan					
Series 2016B, \$2,000,000, due in annual installments of \$29,000 to \$81,000 through August 1, 2056, interest at 2.75%, payable semi-annually	1,971,000	-	(29,000)	1,942,000	30,000
2016 USDA Community Facilities Loan					
Series 2016C, \$500,000, due in annual installments of \$7,000 to \$20,000 through August 1, 2056, interest at 2.75%, payable semi-annually	493,000	-	(7,000)	486,000	7,000
Capital leases	37,864	-	(24,852)	13,012	13,012
Total governmental activities installment debt	14,731,864	-	(370,852)	14,361,012	373,012
Compensated absences	379,180	325,796	(379,180)	325,796	325,796
Total governmental activities	\$ 15,111,044	\$ 325,796	\$ (750,032)	\$ 14,686,808	\$ 698,808

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for primary government installment long-term debt are as follows:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2019	\$ 373,012	\$ 380,955
2020	365,000	371,346
2021	380,000	361,892
2022	384,000	352,184
2023	399,000	342,242
2024-2028	2,172,000	1,551,388
2029-2033	2,231,000	1,257,935
2034-2038	1,350,000	1,035,623
2039-2043	1,547,000	839,409
2044-2048	1,773,000	614,598
2049-2053	2,030,000	357,005
2054-2056	1,357,000	75,350
	<u>\$ 14,361,012</u>	<u>\$ 7,539,927</u>

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund, all special revenue funds and the internal service fund.

9. LANDFILL REMEDIATION LIABILITY

The County entered into an agreement in 2007 with the Michigan Department of Environmental Quality (MDEQ) requiring remedial action and operation and maintenance over a 30-year period for the Wexford County Landfill. The County and the MDEQ negotiated a settlement on this issue in an amount of \$4,040,000. Using 2017 as the base year and applying an inflation adjustment factor of 1.038, the total future liability under this agreement is \$819,916. The liability for this action plan was not assumed by the purchaser of the landfill, but remains with the County. The MDEQ mandated that \$1,100,000 of the sales proceeds be set aside in escrow for future payments on this liability. The balance of the escrow is reported as restricted investments in the landfill fund.

10. RISK MANAGEMENT

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other governmental units and created a public entity risk pool currently operating as a common risk management and insurance program. The participating governments pay an annual premium to the pool for general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

The County continues to carry commercial insurance for all other risks of loss. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The County manages its risks internally and has set aside assets for claim settlement in its Self-Insurance Internal Service Fund. This fund accounts for and finances the County's uninsured risk of loss. All funds of the County participate in the program and make payments to the fund based on estimated amounts required to pay prior and current year claims and to establish a reserve for catastrophic losses. This charge considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophic losses.

Self-Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an accumulation of case estimates for losses reported prior to the close of the accounting period and estimates for claims that have been incurred but not reported (including future claim adjustment expenses) based on past loss experience and consideration of current claim trends, as well as prevailing social, economic and local conditions. No estimated liability at December 31, 2018 was required.

11. PROPERTY TAXES

County General Fund property taxes are levied on July 1 of each year (the lien date) and are due in full by September 14, though they do not become delinquent until March 1 of the following year. For levies other than the General Fund, the lien date is December 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50 percent of the current estimated market value.

The net taxable value of real and personal property for 2018, for which revenue was recognized in the General Fund, was \$945,429,443. The general operating tax rate for this levy was 6.7797 mills. The taxable value of real and personal property for 2017, for which revenue was recognized in all other funds, was 934,306,211. The tax rates for these voted levies were 0.9500, 0.2000, 0.1000, 1.000 mills, 0.1700 mills assessed for public safety, animal control, services provided to veterans, senior citizens and MSU extension, respectively.

12. CONTINGENT LIABILITIES

From time to time the County may be a defendant in various lawsuits. Although the outcome of any potential lawsuits is not presently determinable, in the opinion of the County and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

13. PENSION BENEFIT PLANS

Defined Benefit Pension Plan

General Information About the Plan

Plan Description. The County participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. 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. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.5% to 2.5%. Participants are considered to be fully vested in the plan after 6 or 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, or age 55 with 25 years of service, depending on division/bargaining unit. Member contributions range from 0% to 6.98% of covered wages, as summarized in the table below.

Employees Covered by Benefit Terms. At December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	34
Active employees	<u>116</u>
Total membership	<u><u>256</u></u>

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Employer and employee contribution rates and amounts, by division/bargaining unit, were as follows for the year ended December 31, 2018:

Division/Bargaining Unit	Status	Employer	Employee
01 - General	Closed	\$4,031	3.99%
02 - Sheriff 312	Closed	18,585	4.00%
11 - Court Employees	Closed	5,923	2.04%
12 - DPW Landfill Employees	Closed	3,917	2.04%
14 - Tech and Prof Assoc.	Closed	8,430	2.70%
15 - Non-Union	Closed	13,640	4.08%
16 - Elected Officials	Closed	3,085	4.08%
21 - Command Officers Assoc.	Closed	9,083	6.98%
23 - Sheriff Non 312	Closed	6,760	2.04%
HA - New Hires after 4/1/11	Open	7.31%	0.00%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female Blend.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	55.5%	6.15%	3.41%
Global fixed income	18.5%	1.26%	0.23%
Real assets	13.5%	7.22%	0.96%
Diversifying strategies	12.5%	5.00%	0.63%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2018 was 8.0%. 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 29,439,942	\$ 19,800,803	\$ 9,639,139
Changes for the year:			
Service cost	435,413	-	435,413
Interest	2,301,304	-	2,301,304
Differences between expected and actual experience	196,647	-	196,647
Employer contributions	-	1,731,033	(1,731,033)
Employee contributions	-	121,007	(121,007)
Net investment income	-	(795,709)	795,709
Benefit payments, including refunds of employee contributions	(1,782,707)	(1,782,707)	-
Administrative expense	-	(38,461)	38,461
Other changes	(60,760)	-	(60,760)
Net changes	1,089,897	(764,837)	1,854,734
Balances at December 31, 2018	\$ 30,529,839	\$ 19,035,966	\$ 11,493,873

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
\$ 14,856,249	\$ 11,493,873	\$ 8,632,705

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

For the year ended December 31, 2018, the County recognized pension expense of \$1,729,486. The County reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Pension Amounts
Difference between expected and actual experience	\$ 157,318	\$ 392,016	\$ (234,698)
Changes in assumptions	580,722	-	580,722
Net difference between projected and actual earnings on pension plan investments	1,466,309	-	1,466,309
Total	\$ 2,204,349	\$ 392,016	\$ 1,812,333

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

Year Ended December 31,	Amount
2019	\$ 721,374
2020	378,719
2021	196,709
2022	515,531
Total	\$ 1,812,333

Payable to the Pension Plan. At December 31, 2018, the County reported a payable of \$100,311 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

Defined Contribution Pension Plan

The County maintains a defined contribution plan, available for employees hired after April 1, 2011, administered by MERS as part of a hybrid pension plan. Participants are required to contribute between 1% and 15% of their annual salary into the plan based on percentage selected by participant. The County is not required to pay into the plan. Employee contributions are 100% vested immediately. Employer contributions (when made) are subject to a six year vesting schedule.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

14. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances at year-end was as follows:

Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
Unrestricted Treasurer's fund	\$ 1,800,000	\$ -
2017 Delinquent Tax	-	1,600,000
Nonmajor enterprise funds	-	200,000
	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>

Interfund advances are for the self-funding of the County's delinquent tax settlements. Instead of borrowing short-term tax anticipation notes, the County self-funds the annual settlement from the Unrestricted Treasurer's Fund. Advances are paid down as delinquent taxes are paid to the County.

For the year ended December 31, 2018, interfund transfers consisted of the following:

Transfers Out	Transfers in				Totals
	General Fund	Nonmajor Governmental Funds	Unrestricted Treasurer's Fund	Cedar Creek Water System	
General Fund	\$ -	\$ 809,428	\$ -	\$ 58,000	\$ 867,428
Public safety	972,000	-	-	-	972,000
Nonmajor governmental funds	49,868	43,562	-	-	93,430
Landfill	702,298	-	-	-	702,298
Unrestricted treasurer's fund	117,211	423,838	-	-	541,049
Nonmajor enterprise funds	215,000	-	509,214	-	724,214
	<u>\$ 2,056,377</u>	<u>\$ 1,276,828</u>	<u>\$ 509,214</u>	<u>\$ 58,000</u>	<u>\$ 3,900,419</u>

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

15. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General Fund	Public Safety	Community Development Block Grant	Council on Aging	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepays	\$ 2,664	\$ -	\$ -	\$ -	\$ 443	\$ 3,107
Restricted for:						
Recreation	-	-	-	-	102	102
Friend of the court	-	-	-	-	34,504	34,504
Animal control	-	-	-	-	262,545	262,545
Senior services	-	-	-	4,441	-	4,441
Emergency dispatch system	-	-	-	-	546,661	546,661
Community alternative program	-	-	-	-	36,032	36,032
Building inspection	-	-	-	-	83,325	83,325
Public safety	10,227	20,712	-	-	12,888	43,827
Officer training	-	-	-	-	22,378	22,378
Register of deeds automation	-	-	-	-	15,472	15,472
Community development	-	-	32,221	-	-	32,221
Homestead audit	-	-	-	-	16,745	16,745
SCAAP grant	-	-	-	-	12,343	12,343
Veterans services	-	-	-	-	120,678	120,678
Concealed pistol licenses	-	-	-	-	58,965	58,965
Family counseling	-	-	-	-	1,757	1,757
MSU extension	-	-	-	-	8,341	8,341
Total restricted	10,227	20,712	32,221	4,441	1,232,736	1,300,337
Committed for:						
Dispatch building construction	-	-	-	-	325,088	325,088
Child care	-	-	-	-	880,057	880,057
Courthouse expansion	-	-	-	-	750	750
Public improvement	53,586	-	-	-	-	53,586
Octagon building	-	-	-	-	354	354
Total committed	53,586	-	-	-	1,206,249	1,259,835
Unassigned	5,742,240	-	-	-	-	5,742,240
Total fund balances, governmental funds	\$ 5,808,717	\$ 20,712	\$ 32,221	\$ 4,441	\$ 2,439,428	\$ 8,305,519

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

The County Board of Commissioners has adopted a resolution setting aside \$125,000 as a budget stabilization arrangement. The associated policy allows for appropriation from the fund for a variety of circumstances, subject to approval by a two thirds majority of the County Commissioners. This amount is included within the unassigned fund balance in accordance with GASB Statement No. 54, as the policy does not sufficiently limit the circumstances under which the stabilization funds may be accessed to qualify as committed fund balance.

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2018, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 189,562	\$ -
Capital assets being depreciated, net	19,613,009	1,522,693
	<u>19,802,571</u>	<u>1,522,693</u>
Related debt:		
Total bonds, loans and leases payable	14,361,012	-
Deferred charge on refunding	(59,416)	-
	<u>14,301,596</u>	<u>-</u>
Net investment in capital assets	<u>\$ 5,500,975</u>	<u>\$ 1,522,693</u>

17. COMMITMENTS AND CONTINGENCIES

Letter of Credit

The State of Michigan under Public act 451, part 115, as amended, requires that bonds be established to cover the cost of closure and post-closure activities related to sanitary landfills, solid waste transfer facilities, incinerators and other. In compliance with this requirement, the County has available a letter of credit. The letter of credit totals \$820,203 to the benefit of the Michigan Department of Environmental Quality as of September 21, 2020. There were no borrowings on the letter as of December 31, 2018.

Litigation

In the normal course of its activities, the County becomes a party in various legal actions. Management of the County is of the opinion that the outcome of such actions will not have a material effect on the financial position of the County and, therefore, has not reflected loss reserves in the basic financial statements.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

18. TAX ABATEMENTS

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. Property taxes abated by the County in 2018 amounted to \$39,817 (\$29,617 related to the operating millage and \$10,200 related to special voted millages).

19. RESTATEMENTS

The Road Commission (a discretely presented component unit of the County) adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result of implementing this statement, the beginning net position of the Road Commission was decreased by \$545,336.

The Cadillac-Wexford Public Library (the "Library", a discretely presented component unit of the County) restated beginning net position to adjust for funds received in a fiduciary capacity by the Library that should have been accounted for as such and, therefore the adjustment is for the purpose of treating the funds as fiduciary money as opposed to Library money and to record an employer paid retirement contribution and health insurance premium in the proper accounting period. As a result of this restatement, the beginning net position of the Library was decreased by \$14,186.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF WEXFORD, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government

Schedule of Changes in the County's Net Pension Liability and Related Ratios

	For the Year Ended December 31,			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 435,413	\$ 413,766	\$ 447,451	\$ 440,718
Interest	2,301,304	2,281,542	2,166,430	2,096,030
Differences between expected and actual experience	196,647	(648,837)	(6,784)	-
Changes in assumptions	-	-	1,451,805	-
Benefit payments, including refunds of employee contributions	(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
Other changes	(60,760)	(49,488)	(85,030)	(103,166)
Net change in total pension liability	1,089,897	258,105	2,317,739	922,487
Total pension liability, beginning of year	29,439,942	29,181,837	26,864,098	25,941,611
Total pension liability, end of year	30,529,839	29,439,942	29,181,837	26,864,098
Plan fiduciary net position				
Employer contributions	1,731,033	914,964	811,992	790,703
Employee contributions	121,007	127,423	141,358	159,240
Net investment income (loss)	(795,709)	2,369,166	1,906,875	(264,296)
Benefit payments, including refunds of employee contributions	(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
Administrative expense	(38,461)	(37,551)	(37,656)	(38,748)
Net change in plan fiduciary net position	(764,837)	1,635,124	1,166,436	(864,196)
Plan fiduciary net position, beginning of year	19,800,803	18,165,679	16,999,243	17,863,439
Plan fiduciary net position, end of year	19,035,966	19,800,803	18,165,679	16,999,243
County's net pension liability	\$ 11,493,873	\$ 9,639,139	\$ 11,016,158	\$ 9,864,855
Plan fiduciary net position as a percentage of total pension liability	62.4%	67.3%	62.2%	63.3%
Covered payroll	\$ 5,282,911	\$ 5,004,252	\$ 4,597,331	\$ 4,998,247
County's net pension liability as a percentage of covered payroll	217.6%	192.6%	239.6%	197.4%

Notes:

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF WEXFORD, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government

Schedule of the Net Pension Liability

Fiscal Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 26,864,098	\$ 16,999,243	\$ 9,864,855	63.3%	\$ 4,998,247	197.4%
2016	29,181,837	18,165,679	11,016,158	62.2%	4,597,331	239.6%
2017	29,439,942	19,800,803	9,639,139	67.3%	5,004,252	192.6%
2018	30,529,839	19,035,966	11,493,873	62.4%	5,282,911	217.6%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in Assumptions. Based on the 2009-2013 Experience Study the following assumptions were changed starting with the December 31, 2015 valuation: (1) mortality table was adjusted to reflect longer lifetimes, (2) assumed annual rate of return of investment return, net of all expenses, was lowered from 8% to 7.75% (3) asset smoothing period was changed from 10 years to 5 years (4) the amortization period was moved to a fixed period amortization for the December 31, 2015 annual valuations.

COUNTY OF WEXFORD, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government

Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 790,703	\$ 790,703	\$ -	\$ 4,998,247	15.8%
2016	811,992	811,992	-	4,597,331	17.7%
2017	914,964	914,964	-	5,004,252	18.3%
2018	1,028,735	1,731,033	702,298	5,282,911	32.8%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates (2018, based on the 12/31/2016 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	21 years
Asset valuation method	Open; 5-year smooth market
Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The mortality tables were first used for the December 31, 2015 actuarial valuations.

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

COUNTY OF WEXFORD, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance
 Budget and Actual - General Fund
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 6,733,200	\$ 6,774,430	\$ 6,911,624	\$ 137,194
Licenses and permits:				
Marriage licenses	10	10	-	(10)
Other	11,500	11,500	13,530	2,030
Total licenses and permits	11,510	11,510	13,530	2,020
Intergovernmental	2,608,312	2,706,316	2,653,234	(53,082)
Charges for services:				
Court fees	746,659	770,901	758,617	(12,284)
Other fees	451,150	458,340	539,551	81,211
Other charges for services	598,387	625,087	636,494	11,407
Total charges for services	1,796,196	1,854,328	1,934,662	80,334
Fines and forfeitures	30,000	75,000	56,509	(18,491)
Interest and rents	122,287	122,287	136,342	14,055
Other revenues	166,210	656,240	634,112	(22,128)
Total revenues	11,467,715	12,200,111	12,340,013	139,902
Expenditures				
Current:				
Legislative:				
County commission	63,472	66,477	66,650	173
Judicial:				
Circuit court	291,768	306,683	298,793	(7,890)
District court	577,116	664,131	625,159	(38,972)
Friend of the court	833,964	869,924	897,271	27,347
Jury commission	3,550	3,550	2,922	(628)
Probate court	612,820	600,355	595,317	(5,038)
Probation and parole	2,900	2,900	2,738	(162)
Family counseling	66,775	70,090	70,706	616
Public defender	360,175	338,666	309,917	(28,749)
Court security	114,243	114,243	88,205	(26,038)
Total judicial	2,863,311	2,970,542	2,891,028	(79,514)

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COUNTY OF WEXFORD, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government:				
Administrator	\$ 93,043	\$ 88,363	\$ 98,527	\$ 10,164
Elections	43,050	44,925	44,437	(488)
Clerk	332,104	345,471	344,565	(906)
Equalization	370,544	377,139	372,460	(4,679)
Prosecuting attorney	465,965	467,840	442,176	(25,664)
Prosecuting attorney cooperative reimbursement	45,169	45,169	44,904	(265)
Register of deeds	228,280	228,380	228,362	(18)
State survey and remonumentation	49,665	49,665	49,662	(3)
Treasurer	317,072	314,767	303,101	(11,666)
Building and grounds:				
Human services	44,600	44,600	41,403	(3,197)
District health	38,200	38,200	32,011	(6,189)
Jail	130,500	162,500	159,402	(3,098)
Maintenance	5,450	5,450	4,730	(720)
Building and grounds	395,263	412,993	408,837	(4,156)
Drain commission	28,537	60,596	50,935	(9,661)
Forest roads	144,000	144,000	124,479	(19,521)
General services administration	661,800	874,962	842,713	(32,249)
Delinquent personal property tax administration	2,900	2,900	1,462	(1,438)
Law library	35,175	35,175	34,969	(206)
Total general government	<u>3,431,317</u>	<u>3,743,095</u>	<u>3,629,135</u>	<u>(113,960)</u>
Public safety:				
Sheriff	2,045,324	2,109,689	2,143,360	33,671
Secondary roads	92,030	87,330	51,408	(35,922)
Marine	16,399	16,399	11,989	(4,410)
Federal forest	2,500	4,000	3,693	(307)
Snowmobile	25,020	25,020	770	(24,250)
ORV grant	24,914	29,914	2,881	(27,033)
Jail	2,279,625	2,322,075	2,206,520	(115,555)
Emergency management	101,087	101,087	75,621	(25,466)
Sheriff court security	21,144	33,774	33,501	(273)
Total public safety	<u>4,608,043</u>	<u>4,729,288</u>	<u>4,529,743</u>	<u>(199,545)</u>
Public works:				
Sanitary landfill	<u>157,546</u>	<u>851,144</u>	<u>798,908</u>	<u>(52,236)</u>
Health and welfare:				
Special appropriations	563,740	563,740	559,134	(4,606)
Contagious diseases	600	600	506	(94)
Medical examiner	47,400	71,400	70,375	(1,025)
Veteran's burial	15,000	15,000	9,900	(5,100)
Total health and welfare	<u>626,740</u>	<u>650,740</u>	<u>639,915</u>	<u>(10,825)</u>

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COUNTY OF WEXFORD, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Change in Fund Balance
 Budget and Actual - General Fund
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Recreation and culture:				
Civic center	\$ 58,000	\$ 58,000	\$ 69,586	\$ 11,586
Other expenditures:				
Other	12,742	12,742	-	(12,742)
Capital outlay	192,365	169,198	148,443	(20,755)
Total expenditures	12,013,536	13,251,226	12,773,408	(477,818)
Revenues over (under) expenditures	(545,821)	(1,051,115)	(433,395)	617,720
Other financing sources (uses)				
Transfers in	1,036,479	1,871,900	2,056,377	184,477
Transfers out	(516,576)	(868,178)	(867,428)	(750)
Total other financing sources (uses)	519,903	1,003,722	1,188,949	185,227
Net change in fund balances	(25,918)	(47,393)	755,554	802,947
Fund balances, beginning of year	5,053,163	5,053,163	5,053,163	-
Fund balance, end of year	\$ 5,027,245	\$ 5,005,770	\$ 5,808,717	\$ 802,947

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COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2018

	Special Revenue Funds			
	Recreation Millage	Friend of the Court	Animal Control	Building Inspection
Assets				
Cash and short-term investments	\$ 102	\$ 34,432	\$ 281,479	\$ 89,275
Accounts receivable	-	-	260	-
Property taxes receivable	-	-	177,307	-
Due from other governments	-	72	1,000	-
Prepays	-	-	-	443
Total assets	<u>\$ 102</u>	<u>\$ 34,504</u>	<u>\$ 460,046</u>	<u>\$ 89,718</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,820	\$ 3,031
Accrued liabilities	-	-	2,409	2,919
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>5,229</u>	<u>5,950</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	-	-	192,272	-
Fund balances				
Nonspendable	-	-	-	443
Restricted	102	34,504	262,545	83,325
Committed	-	-	-	-
Total fund balances	<u>102</u>	<u>34,504</u>	<u>262,545</u>	<u>83,768</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 102</u>	<u>\$ 34,504</u>	<u>\$ 460,046</u>	<u>\$ 89,718</u>

Special Revenue Funds							
Homestead Audit	Register of Deeds Automation	Community Alternative Program	911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training
\$ 16,745	\$ 15,472	\$ 37,894	\$ 353,265	\$ 23,021	\$ 1,757	\$ 12,343	\$ 1,167
-	-	-	-	-	-	-	-
-	-	12,468	209,234	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 16,745</u>	<u>\$ 15,472</u>	<u>\$ 50,362</u>	<u>\$ 562,499</u>	<u>\$ 23,021</u>	<u>\$ 1,757</u>	<u>\$ 12,343</u>	<u>\$ 1,167</u>
\$ -	\$ -	\$ 11,113	\$ 5,149	\$ 643	\$ -	\$ -	\$ -
-	-	3,217	10,689	-	-	-	-
-	-	-	-	-	-	-	-
-	-	14,330	15,838	643	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,745	15,472	36,032	546,661	22,378	1,757	12,343	1,167
-	-	-	-	-	-	-	-
16,745	15,472	36,032	546,661	22,378	1,757	12,343	1,167
<u>\$ 16,745</u>	<u>\$ 15,472</u>	<u>\$ 50,362</u>	<u>\$ 562,499</u>	<u>\$ 23,021</u>	<u>\$ 1,757</u>	<u>\$ 12,343</u>	<u>\$ 1,167</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2018

	Special Revenue Funds			
	Juvenile Justice	Child Care	Department of Veteran's Services	CPL Tech
Assets				
Cash and short-term investments	\$ 8,283	\$ 771,830	\$ 129,386	\$ 58,965
Accounts receivable	-	-	11	-
Property taxes receivable	-	-	88,657	-
Due from other governments	3,438	109,562	-	-
Prepays	-	-	-	-
Total assets	<u>\$ 11,721</u>	<u>\$ 881,392</u>	<u>\$ 218,054</u>	<u>\$ 58,965</u>
Liabilities				
Accounts payable	\$ -	\$ 1,335	\$ 492	\$ -
Accrued liabilities	-	-	1,336	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>1,335</u>	<u>1,828</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	-	-	95,548	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	11,721	-	120,678	58,965
Committed	-	880,057	-	-
Total fund balances	<u>11,721</u>	<u>880,057</u>	<u>120,678</u>	<u>58,965</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,721</u>	<u>\$ 881,392</u>	<u>\$ 218,054</u>	<u>\$ 58,965</u>

Special Revenue Funds		Debt Service Funds		Capital Project Funds			Total
MSU Extension	Indigent Defense	Courthouse Expansion	Jail Project	Jail Construction	Dispatch Building	Octagon Building	
\$ 20,041	\$ 171,096	\$ 750	\$ -	\$ -	\$ 325,088	\$ 354	\$ 2,352,745
19	-	-	-	-	-	-	290
150,713	-	-	-	-	-	-	416,677
-	-	-	-	-	-	-	335,774
-	-	-	-	-	-	-	443
<u>\$ 170,773</u>	<u>\$ 171,096</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,088</u>	<u>\$ 354</u>	<u>\$ 3,105,929</u>
\$ -	\$ 2,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,911
-	5,404	-	-	-	-	-	25,974
-	163,364	-	-	-	-	-	163,364
-	171,096	-	-	-	-	-	216,249
162,432	-	-	-	-	-	-	450,252
-	-	-	-	-	-	-	443
8,341	-	-	-	-	-	-	1,232,736
-	-	750	-	-	325,088	354	1,206,249
8,341	-	750	-	-	325,088	354	2,439,428
<u>\$ 170,773</u>	<u>\$ 171,096</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,088</u>	<u>\$ 354</u>	<u>\$ 3,105,929</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

**Combining Statement of Revenues, Expenditures
and Change in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds			
	Recreation Millage	Friend of the Court	Animal Control	Building Inspection
Revenues				
Taxes	\$ 17	\$ -	\$ 187,829	\$ -
Licenses and permits	-	-	5,727	-
Intergovernmental	-	5,702	2,000	-
Charges for services	-	14,060	7,870	188,589
Interest and rent	-	34	258	67
Other	-	-	6,085	-
Total revenues	17	19,796	209,769	188,656
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	195,591	217,115
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	195,591	217,115
Revenues over (under) expenditures	17	19,796	14,178	(28,459)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(25,000)	(19,868)	-
Total other financing sources (uses)	-	(25,000)	(19,868)	-
Net change in fund balances	17	(5,204)	(5,690)	(28,459)
Fund balances, beginning of year	85	39,708	268,235	112,227
Fund balances, end of year	\$ 102	\$ 34,504	\$ 262,545	\$ 83,768

Special Revenue Funds							
Homestead Audit	Register of Deeds Automation	Community Alternative Program	911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	3,930	-	-
-	-	236,102	893,837	-	-	-	4,229
2,920	36,435	22,096	-	12,664	-	-	-
-	7	48	283	-	2	-	-
-	-	6,412	10,725	-	-	-	-
<u>2,920</u>	<u>36,442</u>	<u>264,658</u>	<u>904,845</u>	<u>12,664</u>	<u>3,932</u>	<u>-</u>	<u>4,229</u>
-	-	-	-	-	-	-	-
438	14,773	-	-	-	-	-	-
-	-	330,590	741,420	31,341	-	-	4,260
-	-	-	-	-	-	-	-
-	-	-	105,367	-	-	-	-
-	24,852	-	-	-	-	-	-
-	1,996	-	-	-	-	-	-
<u>438</u>	<u>41,621</u>	<u>330,590</u>	<u>846,787</u>	<u>31,341</u>	<u>-</u>	<u>-</u>	<u>4,260</u>
<u>2,482</u>	<u>(5,179)</u>	<u>(65,932)</u>	<u>58,058</u>	<u>(18,677)</u>	<u>3,932</u>	<u>-</u>	<u>(31)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	(5,000)	-	-
-	-	-	-	-	(5,000)	-	-
<u>2,482</u>	<u>(5,179)</u>	<u>(65,932)</u>	<u>58,058</u>	<u>(18,677)</u>	<u>(1,068)</u>	<u>-</u>	<u>(31)</u>
<u>14,263</u>	<u>20,651</u>	<u>101,964</u>	<u>488,603</u>	<u>41,055</u>	<u>2,825</u>	<u>12,343</u>	<u>1,198</u>
<u>\$ 16,745</u>	<u>\$ 15,472</u>	<u>\$ 36,032</u>	<u>\$ 546,661</u>	<u>\$ 22,378</u>	<u>\$ 1,757</u>	<u>\$ 12,343</u>	<u>\$ 1,167</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

**Combining Statement of Revenues, Expenditures
and Change in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds			
	Juvenile Justice	Child Care	Department of Veteran's Services	CPL Tech
Revenues				
Taxes	\$ -	\$ -	\$ 95,714	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	13,655	386,896	28,415	-
Charges for services	-	1,137	-	17,489
Interest and rent	-	594	124	38
Other	-	74	126	-
Total revenues	13,655	388,701	124,379	17,527
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	1,830
Health and welfare	14,450	648,161	119,600	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	14,450	648,161	119,600	1,830
Revenues over (under) expenditures	(795)	(259,460)	4,779	15,697
Other financing sources (uses)				
Transfers in	-	200,000	5,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	200,000	5,000	-
Net change in fund balances	(795)	(59,460)	9,779	15,697
Fund balances, beginning of year	12,516	939,517	110,899	43,268
Fund balances, end of year	\$ 11,721	\$ 880,057	\$ 120,678	\$ 58,965

Special Revenue Funds		Debt Service Funds		Capital Project Funds			Total
MSU Extension	Indigent Defense	Courthouse Expansion	Jail Project	Jail Construction	Dispatch Building	Octagon Building	
\$ 158,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,339
-	-	-	-	-	-	-	9,657
-	129,351	-	-	-	-	-	1,700,187
-	-	-	-	-	-	-	303,260
63	7	-	-	-	-	-	1,525
-	-	-	-	-	-	-	23,422
<u>158,842</u>	<u>129,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,480,390</u>
-	150,872	-	-	-	-	-	150,872
151,400	-	-	-	-	-	-	166,611
-	-	-	-	-	-	-	1,522,147
-	-	-	-	-	-	-	782,211
-	-	-	-	77,066	-	-	182,433
-	-	180,000	166,000	-	-	-	370,852
-	-	77,826	301,400	-	-	-	381,222
<u>151,400</u>	<u>150,872</u>	<u>257,826</u>	<u>467,400</u>	<u>77,066</u>	<u>-</u>	<u>-</u>	<u>3,556,348</u>
<u>7,442</u>	<u>(21,514)</u>	<u>(257,826)</u>	<u>(467,400)</u>	<u>(77,066)</u>	<u>-</u>	<u>-</u>	<u>(1,075,958)</u>
-	21,514	257,826	467,400	-	325,088	-	1,276,828
-	-	-	-	(43,562)	-	-	(93,430)
-	21,514	257,826	467,400	(43,562)	325,088	-	1,183,398
7,442	-	-	-	(120,628)	325,088	-	107,440
899	-	750	-	120,628	-	354	2,331,988
<u>\$ 8,341</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,088</u>	<u>\$ 354</u>	<u>\$ 2,439,428</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2018

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax	2015 Delinquent Tax
Assets				
Current assets:				
Cash and short-term investments	\$ 1,360,012	\$ 7,408	\$ 8,288	\$ -
Accounts receivable	-	376	487	-
Taxes receivable	-	17	3,897	-
Accrued interest receivable	-	2,066	2,672	-
Total current assets	<u>1,360,012</u>	<u>9,867</u>	<u>15,344</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position				
Unrestricted	<u>\$ 1,360,012</u>	<u>\$ 9,867</u>	<u>\$ 15,344</u>	<u>\$ -</u>

2016 Delinquent Tax	2018 Delinquent Tax	Recycling	Jail Commissary	Lake Mitchell Wastewater System	Mesick Wastewater System	Total
\$ 273,992	\$ 15,041	\$ 46,772	\$ 10,887	\$ -	\$ -	\$ 1,722,400
16,964	-	-	519	-	-	18,346
247,608	-	-	-	-	-	251,522
84,765	237	-	-	-	-	89,740
<u>623,329</u>	<u>15,278</u>	<u>46,772</u>	<u>11,406</u>	<u>-</u>	<u>-</u>	<u>2,082,008</u>
-	14,519	-	642	-	-	15,161
510	-	-	-	-	-	510
<u>510</u>	<u>14,519</u>	<u>-</u>	<u>642</u>	<u>-</u>	<u>-</u>	<u>15,671</u>
200,000	-	-	-	-	-	200,000
<u>200,510</u>	<u>14,519</u>	<u>-</u>	<u>642</u>	<u>-</u>	<u>-</u>	<u>215,671</u>
<u>\$ 422,819</u>	<u>\$ 759</u>	<u>\$ 46,772</u>	<u>\$ 10,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,866,337</u>

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenses
and Change in Fund Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax	2015 Delinquent Tax
Operating revenues				
Charges for services	\$ 178,142	\$ 14	\$ -	\$ 50,744
Interest and penalties	-	49	-	88,564
Total operating revenues	178,142	63	-	139,308
Operating expenses				
Contractual services	-	-	-	101,938
Repairs and maintenance	503	-	-	-
Other services and charges	2,443	-	-	-
Total operating expenses	2,946	-	-	101,938
Operating income (loss)	175,196	63	-	37,370
Nonoperating revenues (expenses)				
Investment earnings	8,107	48	53	2,292
Loss on sale of capital assets	-	-	-	-
Total nonoperating revenue (expenses)	8,107	48	53	2,292
Income (loss) before transfers	183,303	111	53	39,662
Transfers				
Transfers out	(85,000)	-	-	(509,214)
Change in net position	98,303	111	53	(469,552)
Net position, beginning of year	1,261,709	9,756	15,291	469,552
Net position, end of year	\$ 1,360,012	\$ 9,867	\$ 15,344	\$ -

2016 Delinquent Tax	2018 Delinquent Tax	Recycling	Jail Commissary	Lake Mitchell Wastewater System	Mesick Wastewater System	Total
\$ 46,914	\$ 453	\$ -	\$ 9,887	\$ -	\$ -	\$ 286,154
-	277	-	-	-	-	88,890
46,914	730	-	9,887	-	-	375,044
9,546	-	-	-	-	-	111,484
-	-	-	-	-	-	503
-	-	1,142	8,180	1,460	-	13,225
9,546	-	1,142	8,180	1,460	-	125,212
37,368	730	(1,142)	1,707	(1,460)	-	249,832
104,359	29	35	8	-	-	114,931
-	-	(22,464)	-	-	-	(22,464)
104,359	29	(22,429)	8	-	-	92,467
141,727	759	(23,571)	1,715	(1,460)	-	342,299
-	-	(130,000)	-	-	-	(724,214)
141,727	759	(153,571)	1,715	(1,460)	-	(381,915)
281,092	-	200,343	9,049	1,460	-	2,248,252
<u>\$ 422,819</u>	<u>\$ 759</u>	<u>\$ 46,772</u>	<u>\$ 10,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,866,337</u>

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2018

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax	2015 Delinquent Tax
Cash flows from operating activities				
Receipts from customers and users	\$ 178,142	\$ 114	\$ -	\$ 139,308
Payments to vendors	(2,946)	-	-	(101,938)
Net cash provided by (used in) operating activities	175,196	114	-	37,370
Cash flows from noncapital financing activities				
Net repayment of advances from other funds	-	-	-	-
Transfers out	(85,000)	-	-	(509,214)
Net cash used in noncapital financing activities	(85,000)	-	-	(509,214)
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Cash flows from investing activities				
Interest received	8,107	48	53	2,292
Net increase (decrease) in cash and short-term investments	98,303	162	53	(469,552)
Cash and short-term investments, beginning of year	1,261,709	7,246	8,235	469,552
Cash and short-term investments, end of year	\$ 1,360,012	\$ 7,408	\$ 8,288	\$ -
Cash flows from operating activities				
Operating income (loss)	\$ 175,196	\$ 63	\$ -	\$ 37,370
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in:				
Accounts receivable	-	-	-	-
Taxes receivable	-	51	-	-
Accrued interest receivable	-	-	-	-
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Net cash provided by (used in) operating activities	\$ 175,196	\$ 114	\$ -	\$ 37,370

2016 Delinquent Tax	2018 Delinquent Tax	Recycling	Jail Commissary	Lake Mitchell Wastewater System	Mesick Wastewater System	Total
\$ 843,222 (9,546)	\$ 15,012 -	\$ - (1,142)	\$ 9,887 (8,271)	\$ - (1,460)	\$ - (171)	\$ 1,185,685 (125,474)
833,676	15,012	(1,142)	1,616	(1,460)	(171)	1,060,211
(1,600,000)	-	-	-	-	-	(1,600,000)
-	-	(130,000)	-	-	-	(724,214)
(1,600,000)	-	(130,000)	-	-	-	(2,324,214)
-	-	130,000	-	-	-	130,000
104,359	29	35	8	-	-	114,931
(661,965)	15,041	(1,107)	1,624	(1,460)	(171)	(1,019,072)
935,957	-	47,879	9,263	1,460	171	2,741,472
<u>\$ 273,992</u>	<u>\$ 15,041</u>	<u>\$ 46,772</u>	<u>\$ 10,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,722,400</u>
\$ 37,368	\$ 730	\$ (1,142)	\$ 1,707	\$ (1,460)	\$ -	\$ 249,832
22,853	-	-	-	-	-	22,853
747,881	-	-	-	-	-	747,932
25,064	(237)	-	-	-	-	24,827
-	14,519	-	(91)	-	(171)	14,257
510	-	-	-	-	-	510
<u>\$ 833,676</u>	<u>\$ 15,012</u>	<u>\$ (1,142)</u>	<u>\$ 1,616</u>	<u>\$ (1,460)</u>	<u>\$ (171)</u>	<u>\$ 1,060,211</u>

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
December 31, 2018

	Trust And Agency	Imprest Payroll	Estate Fund	Inmate Trust	Library Penal Fine	District Court Bonds	Total
Assets							
Cash and short-term investments	\$ 278,245	\$ 24,186	\$ 7,910	\$ 25,671	\$ 82,474	\$ 8,945	\$ 427,431
Liabilities							
Accounts payable	\$ 1,037	\$ 21,623	\$ -	\$ -	\$ -	\$ -	\$ 22,660
Accrued liabilities	-	2,563	-	-	-	-	2,563
Undistributed receipts	6,820	-	-	25,671	-	8,945	41,436
Due to other governments	270,388	-	7,910	-	82,474	-	360,772
Total liabilities	\$ 278,245	\$ 24,186	\$ 7,910	\$ 25,671	\$ 82,474	\$ 8,945	\$ 427,431

SINGLE AUDIT ACT COMPLIANCE

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**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

June 3, 2019

Honorable Members of the
Board of Commissioners
County of Wexford, Michigan
Cadillac, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Wexford, Michigan* (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 3, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Robson LLC

COUNTY OF WEXFORD, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Forest Service Schools and Roads Cluster					
Schools and Roads:					
Schools and Roads - Grants to States	10.665	Direct	-n/a-	\$ -	\$ 124,478
Law Enforcement Agreements	10.704	Direct	16-LE-11090400-021	-	3,900
Total U.S. Department of Agriculture				-	128,378
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	141,378
U.S. Department of Health and Human Services					
Child Support Enforcement:					
AFDC Maintenance	93.563	MDHHS	CSFOC-13-83001	-	12,200
AFDC Maintenance	93.563	MDHHS	CSFOC-17-83001	-	55,254
PA CRP Title IV-D (FY 2017-18)	93.563	MDHHS	CSPA-17-83002	-	44,729
PA CRP Title IV-D (FY 2018-19)	93.563	MDHHS	CSPA-17-83002	-	16,459
PFOC CRP Title IV-D (FY 2017-18)	93.563	MDHHS	CSFOC-17-83001	-	253,983
PFOC CRP Title IV-D (FY 2018-19)	93.563	MDHHS	CSFOC-17-83001	-	100,107
FOC CRP Title IV-D (Missaukee County) (FY 2017-18)	93.563	MDHHS	CSFOC-17-83001	88,913	88,913
FOC CRP Title IV-D (Missaukee County) (FY 2018-19)	93.563	MDHHS	CSFOC-17-83001	35,045	35,045
Total U.S Department of Health and Human Services				123,958	606,690
U.S. Department of Homeland Security					
Boating Safety Financial Assistance	97.012	MSP	-n/a-	-	7,400
Emergency Management Performance Grant	97.042	MSP	-n/a-	-	26,833
Total U.S. Department of Homeland Security				-	34,233
Total Expenditures of Federal Awards				\$ 123,958	\$ 910,679

See notes to schedule of expenditures of federal awards.

COUNTY OF WEXFORD, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Wexford, Michigan (the "County") under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's financial statements. The County's financial statements include the operations of four component units that are not included in this report as discussed in note 4 below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

Federal expenditures from the Schedule reconcile to federal grant revenues, a component of intergovernmental grant revenue in the December 31, 2018 basic financial statements.

3. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDHHS	Michigan Department of Health and Human Services
MSP	Michigan State Police

4. COMPONENT UNITS NOT INCLUDED IN THIS REPORT

The basic financial statements of the County include four discretely presented component units that have engaged other auditors to perform the audits of their financial statements. The Cadillac-Wexford Transit Authority, Wexford County Airport Authority, Cadillac-Wexford Public Library and Wexford County Road Commission reported federal revenue of \$742,788, \$297,820, \$0 and \$334,410 respectively. These amounts are not included on the Schedule, as those organizations were separately audited.



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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*

June 3, 2019

Honorable Members of the
Board of Commissioners
County of Wexford, Michigan
Cadillac, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Wexford, Michigan* (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 3, 2019. Our report includes a reference to other auditors who audited the financial statements of the Cadillac-Wexford Transit Authority, Wexford County Airport Authority, Cadillac-Wexford Public Library and Wexford County Road Commission discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Wexford County Road Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 of this section 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 determination of financial statement amounts. 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 County'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.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 3, 2019

Honorable Members of the
Board of Commissioners
County of Wexford, Michigan
Cadillac, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *County of Wexford, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2018. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Cadillac-Wexford Transit Authority, Wexford County Airport Authority, Cadillac-Wexford Public Library and Wexford County Road Commission, which received \$742,788, \$297,820, \$0, and \$334,410, in federal awards, respectively, and which were not included in the schedule of expenditures of federal awards for the year ended December 31, 2018. Our audit, described below, did not include the operations of the Cadillac-Wexford Transit Authority, Wexford County Airport Authority, Cadillac-Wexford Public Library and Wexford County Road Commission because these entities arranged for separate audits.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

93.563

Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

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