

County of
Wexford, Michigan



Year Ended
December 31,
2019

Financial
Statements and
Single Audit Act
Compliance

COUNTY OF WEXFORD, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 26, 2020

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, 2019, 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 auditors' 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, 2019, 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020, 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 "Lehmann Lobson 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, 2019.

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 \$17,819,976 (net position). Of this amount, \$7,203,675 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$397,679.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,288,873, an increase of \$983,354 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 68.7% of this total amount, or \$6,385,371, represents unassigned fund balance of the General Fund. The unassigned fund balance of the General Fund was 50.5% 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 2018 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 \$17,819,976 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$15,142,227	\$13,380,200	\$11,495,469	\$11,343,395	\$26,637,696	\$24,723,595
Capital assets, net	20,326,336	19,802,571	1,475,120	1,522,693	21,801,456	21,325,264
Total assets	35,468,563	33,182,771	12,970,589	12,866,088	48,439,152	46,048,859
Deferred outflows of resources	557,256	2,263,765	-	-	557,256	2,263,765
Long-term debt outstanding	15,508,266	14,686,808	-	-	15,508,266	14,686,808
Other liabilities	11,600,112	12,184,731	805,296	835,587	12,405,408	13,020,318
Total liabilities	27,108,378	26,871,539	805,296	835,587	27,913,674	27,707,126
Deferred inflows of resources	3,262,758	3,183,201	-	-	3,262,758	3,183,201
Net position:						
Net investment in capital assets	5,555,555	5,500,975	1,475,120	1,522,693	7,030,675	7,023,668
Restricted	3,049,097	2,804,325	536,529	426,299	3,585,626	3,230,624
Unrestricted (deficit)	(2,949,969)	(2,913,504)	10,153,644	10,081,509	7,203,675	7,168,005
Total net position	\$ 5,654,683	\$ 5,391,796	\$12,165,293	\$12,030,501	\$17,819,976	\$17,422,297

A substantial portion of the County's net position, \$7,030,675 (39.5 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 \$3,585,626 (20.1 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 \$7,203,675 (40.4 percent) to meet its ongoing obligations to citizens and creditors.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 3,571,788	\$ 3,769,034	\$ 571,058	\$ 510,173	\$ 4,142,846	\$ 4,279,207
Operating grants	3,103,866	2,938,807	419,546	363,365	3,523,412	3,302,172
Capital grants	148,000	-	-	-	148,000	-
General revenues:						
Property taxes	10,336,472	9,189,034	-	-	10,336,472	9,189,034
State shared revenue	692,518	686,248	-	-	692,518	686,248
Unrestricted investment earnings	19,725	24,998	-	-	19,725	24,998
Rental income	111,686	111,336	-	-	111,686	111,336
Total revenues	17,984,055	16,719,457	990,604	873,538	18,974,659	17,592,995
Expenses:						
Legislative	70,696	66,650	-	-	70,696	66,650
Judicial	3,675,002	3,041,732	-	-	3,675,002	3,041,732
General government	4,201,171	3,685,022	-	-	4,201,171	3,685,022
Public safety	7,457,402	6,746,401	-	-	7,457,402	6,746,401
Public works	138,471	798,237	-	-	138,471	798,237
Health and welfare	2,279,278	2,396,967	-	-	2,279,278	2,396,967
Recreation and culture	135,981	62,093	-	-	135,981	62,093
Community and economic development	39,635	98,343	-	-	39,635	98,343
Interest and fiscal charges	394,269	393,204	-	-	394,269	393,204
Tax collection	-	-	107,993	112,022	107,993	112,022
Landfill	-	-	(30,016)	84,877	(30,016)	84,877
Water and wastewater	-	-	91,923	92,388	91,923	92,388
Other	-	-	15,175	41,747	15,175	41,747
Total expenses	18,391,905	17,288,649	185,075	331,034	18,576,980	17,619,683

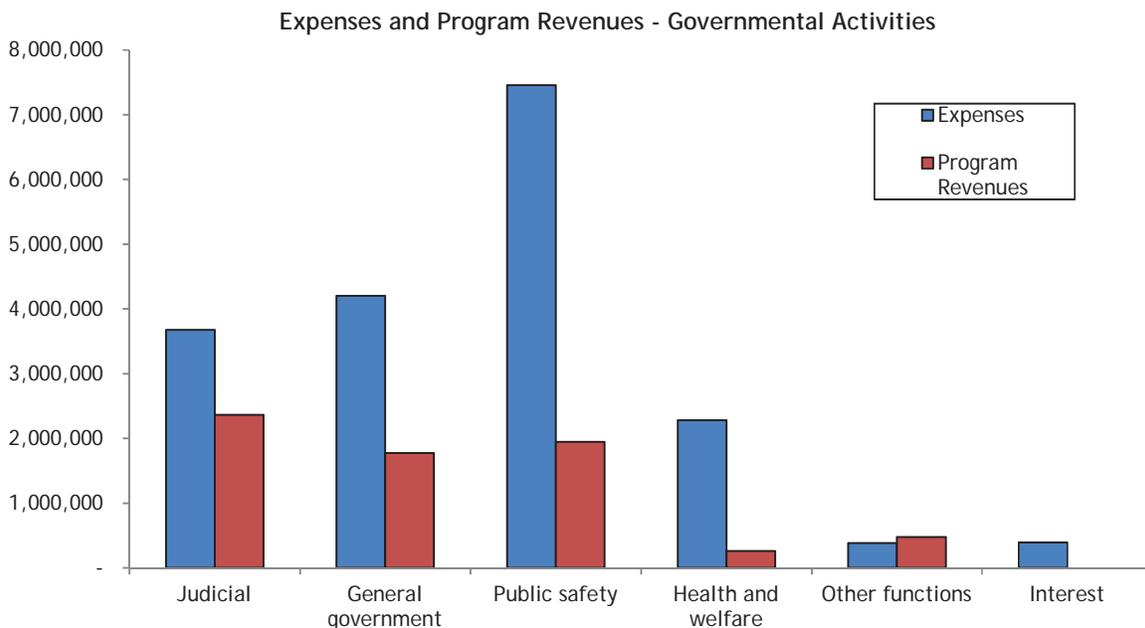
COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Change in net position before transfers	\$ (407,850)	\$ (569,192)	\$ 805,529	\$ 542,504	\$ 397,679	\$ (26,688)
Transfers	670,737	1,400,347	(670,737)	(1,400,347)	-	-
Change in net position	262,887	831,155	134,792	(857,843)	397,679	(26,688)
Net position:						
Beginning of year	5,391,796	4,560,641	12,030,501	12,888,344	17,422,297	17,448,985
End of year	\$ 5,654,683	\$ 5,391,796	\$12,165,293	\$12,030,501	\$17,819,976	\$17,422,297

Governmental Activities. Governmental activities increased the County's net position by \$262,887. Key components of the current year activity are as follows:

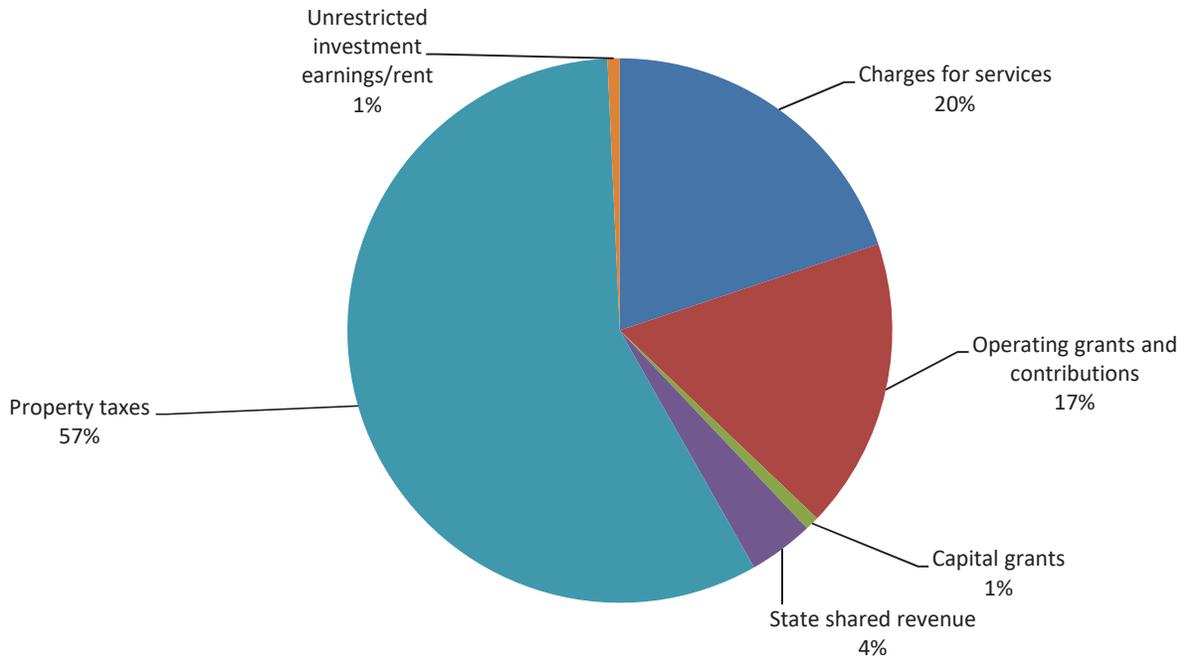
- Total revenue increased by \$1,264,598. Operating grants increased \$165,059 due to an overall funding increase for various grants. The County also received a capital contribution of a motor home during the year. Property tax revenue increased \$1,147,438 due to increased property taxable values and an increase in the millage for public safety.
- Total expenses increased by \$1,103,256, primarily as a result of an increase in public safety expenses of \$711,001, an increase in judicial expenses of \$633,270 and an increase in general government expenses of \$516,149. Increases in these expenses and other areas were due in part to certain non-capitalized expenses related to the dispatch and jail construction projects, as well as increases in pension expenses. Additionally, there was a decrease in public works expenses of \$659,766, primarily related to a change in the allocation of retirement costs when compared to the prior year.



COUNTY OF WEXFORD, MICHIGAN

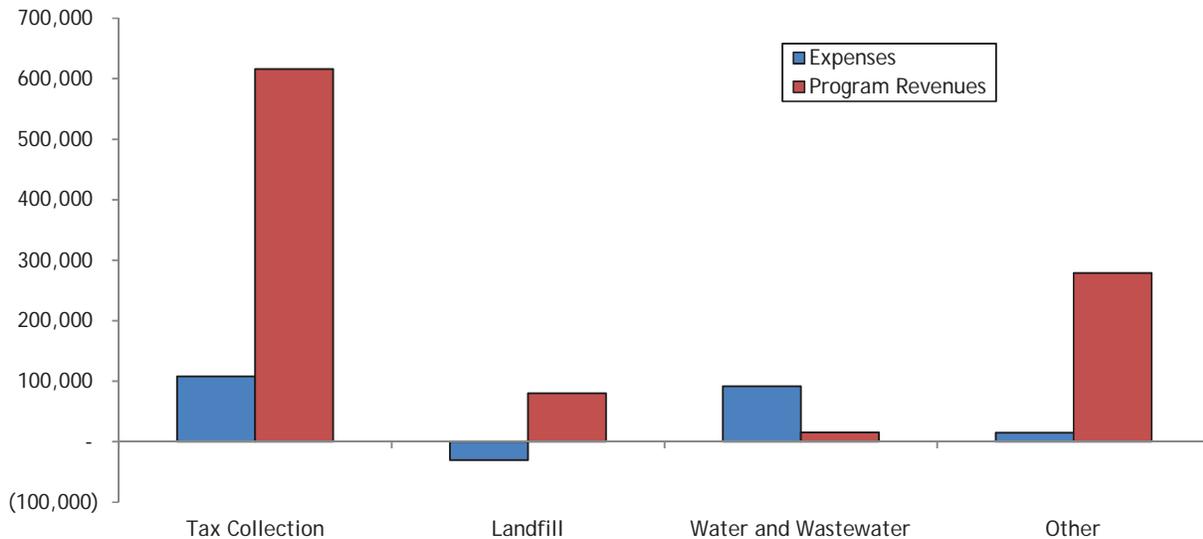
Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased the County's net position by \$134,792. The primary reason for the change in net position as compared to the prior year is due to a reduction of the transfers out, as the Landfill fund made a significant transfer out related to pension contributions in the previous year.

Expenses and Program Revenues - Business-type Activities



COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful 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 \$9,288,873, an increase of \$983,354 in comparison with the prior year. Of this amount, 68.7 percent (\$6,385,371) 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 (\$121,473); B) restricted for use per various external agreements (\$1,899,618); or C) committed for various purposes (\$882,411).

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 \$6,385,371 while total fund balance amounted to \$6,569,622. 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 50.5 percent of total General Fund expenditures, while total fund balance represents 51.9 percent of that same amount.

The fund balance of the County's General Fund increased by \$760,905 during the current fiscal year. Key factors in this change are as follows:

- Property taxes continue to trend upward, increasing by \$428,163.
- Charges for services increased by \$126,405, specifically related to the increase 911 surcharges.

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, increased by \$69,034 during the year, and ending fund balance totaled \$89,746.

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 \$11,274 during the year, and ending fund balance totaled \$20,947.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

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, increased by \$88,310 during the year, and ending fund balance totaled \$92,751.

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 2018 Delinquent Tax fund, which accounts for the collection and remittance of delinquent property taxes levied in 2018, increased by \$315,457 during the year, and ending net position totaled \$316,216.

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 \$789,900. The net position of the Landfill increased during the year by \$110,230, to an ending balance of \$536,529.

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, decreased by \$2,662 during the year, and ending net position totaled \$7,714,754.

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 \$18,536 during the year, and ending net position totaled \$1,705,191.

General Fund Budgetary Highlights

During the year, there was a \$579,731 increase in appropriations (including transfers out) between the original and final amended budget. Significant increases related to General government (\$327,741) and Public safety (\$69,643). The actual expenditures for the year were \$127,227 less than the original budget and \$650,655 less than the amended budget.

The General Fund budgeted for a decrease in fund balance of \$464,930 and the actual increase in fund balance was \$760,905. Significant changes in budgetary variances are as follows:

- The General fund received \$461,161 more revenues than budgeted due to conservative budgeting. Greater amounts for both property taxes and charges for services were received compared to the estimates that were given during budget adoption.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

- Overall, expenditures were under budget by \$650,655. Wages and benefit expenditures were significantly less due to various position vacancies during the year. Public safety expenditures were \$330,100 under budget.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2019 amounted to \$21,801,456 (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 increase of \$476,192 in the County's investment in capital assets for the current fiscal year was primarily a result of the dispatch building construction project (construction in progress) which was offset against routine depreciation and various disposals.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 211,925	\$ 189,562	\$ -	\$ -	\$ 211,925	\$ 189,562
Construction in progress	925,619	-	-	-	925,619	-
Buildings and improvements	18,345,188	18,744,661	-	-	18,345,188	18,744,661
Equipment and furniture	457,588	577,848	-	-	457,588	577,848
Vehicles	386,016	290,500	-	-	386,016	290,500
Water distribution system	-	-	1,475,120	1,522,693	1,475,120	1,522,693
Total capital assets, net	\$20,326,336	\$19,802,571	\$ 1,475,120	\$ 1,522,693	\$21,801,456	\$21,325,264

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$15,508,266.

	Long-Term Debt					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 4,190,000	\$ 3,180,000	\$ -	\$ -	\$ 4,190,000	\$ 3,180,000
USDA Community Facilities Loans	10,998,000	11,168,000	-	-	10,998,000	11,168,000
Capital lease obligations	-	13,012	-	-	-	13,012
Compensated absences	320,266	325,796	-	-	320,266	325,796
Total long-term debt	\$15,508,266	\$14,686,808	\$ -	\$ -	\$15,508,266	\$14,686,808

The County's total long-term debt increased as a result of the County's issuance of the 2019 Limit Tax General Obligation Bonds to be used for the dispatch building project.

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 \$122,214,055, 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.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

- The County continues to contribute higher rates to the retirement plan 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 continues to look for ways to improve the services it provides to its residents in a manner that is financially responsible.
- Subsequent to December 31, 2019, the world experienced the beginning of the global COVID-19 pandemic requiring great changes in activity of the public and of governmental agencies. It is in the early stages, so we cannot quantify the effect this will have on our previous expectations. We do, however, expect that it will have a material effect on our assumptions and our operations. The County, through several years of exceptional fiscal management and a focus on preparing for the future, is comfortable that we will be able to strongly face any challenges that may arise from this new normal.

The County considered these factors in preparing the County's budget for the 2020 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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and short-term investments	\$ 9,510,670	\$ 8,445,467	\$ 17,956,137	\$ 4,680,888
Receivables	5,510,084	1,723,573	7,233,657	2,936,743
Inventories	-	-	-	1,408,848
Prepays	121,473	-	121,473	101,960
Restricted cash and investments	-	1,326,429	1,326,429	-
Capital assets not being depreciated	1,137,544	-	1,137,544	9,327,519
Capital assets being depreciated, net	19,188,792	1,475,120	20,663,912	45,795,415
Total assets	35,468,563	12,970,589	48,439,152	64,251,373
Deferred outflows of resources				
Deferred charge on refunding	55,172	-	55,172	-
Deferred pension amounts	502,084	-	502,084	3,221,510
Total deferred outflows of resources	557,256	-	557,256	3,221,510
Liabilities				
Payables	1,063,036	15,396	1,078,432	768,892
Unearned revenue	278,447	-	278,447	102,896
Long-term debt:				
Due within one year	745,352	-	745,352	28,990
Due in more than one year	14,762,914	-	14,762,914	337,487
Landfill remediation liability (due in more than one year)	-	789,900	789,900	-
Net pension liability (due in more than one year)	10,258,629	-	10,258,629	3,260,073
Net other postemployment benefits liability (due in more than one year)	-	-	-	319,525
Total liabilities	27,108,378	805,296	27,913,674	4,817,863
Deferred inflows of resources				
Property taxes levied for subsequent year	2,891,957	-	2,891,957	792,095
Deferred pension amounts	370,801	-	370,801	-
Deferred other postemployment benefits	-	-	-	2,336
Total deferred inflows of resources	3,262,758	-	3,262,758	794,431
Net position				
Net investment in capital assets	5,555,555	1,475,120	7,030,675	54,510,556
Restricted for:				
Pension	-	-	-	612,378
Public library	-	-	-	26,235
Public safety	1,187,313	-	1,187,313	-
Health and welfare	303,375	-	303,375	-
Community and economic development	1,558,306	-	1,558,306	-
Recreation and culture	103	-	103	-
Landfill	-	536,529	536,529	-
Unrestricted (deficit)	(2,949,969)	10,153,644	7,203,675	6,711,420
Total net position	\$ 5,654,683	\$ 12,165,293	\$ 17,819,976	\$ 61,860,589

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, 2019

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 70,696	\$ -	\$ -	\$ -	\$ (70,696)
Judicial	3,675,002	747,644	1,617,732	-	(1,309,626)
General government	4,201,171	960,572	665,619	148,000	(2,426,980)
Public safety	7,457,402	1,387,805	558,350	-	(5,511,247)
Public works	138,471	298,347	-	-	159,876
Health and welfare	2,279,278	65	262,165	-	(2,017,048)
Recreation and culture	135,981	149,493	-	-	13,512
Community and economic development	39,635	27,862	-	-	(11,773)
Interest and fiscal charges	394,269	-	-	-	(394,269)
Total governmental activities	18,391,905	3,571,788	3,103,866	148,000	(11,568,251)
Business-type activities:					
Tax collection	107,993	394,470	221,628	-	508,105
Landfill	(30,016)	-	80,214	-	110,230
Water and wastewater	91,923	-	15,387	-	(76,536)
Other	15,175	176,588	102,317	-	263,730
Total business-type activities	185,075	571,058	419,546	-	805,529
Total primary government	\$ 18,576,980	\$ 4,142,846	\$ 3,523,412	\$ 148,000	\$ (10,762,722)
Component units					
Transit Authority	\$ 3,036,151	\$ 418,346	\$ 1,602,655	\$ 631,208	\$ (383,942)
Airport Authority	600,496	281,909	83,000	280,552	44,965
Public Library	1,097,365	2,836	195,512	9,031	(889,986)
Road Commission	7,806,961	2,736,569	7,309,342	536,791	2,775,741
Total component units	\$ 12,540,973	\$ 3,439,660	\$ 9,190,509	\$ 1,457,582	\$ 1,546,778

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COUNTY OF WEXFORD, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (11,568,251)	\$ 805,529	\$ (10,762,722)	\$ 1,546,778
General revenues:				
Property taxes	10,336,472	-	10,336,472	1,341,906
State shared revenue	692,518	-	692,518	-
Contributions not restricted to specific programs	-	-	-	61,628
Unrestricted investment earnings	19,725	-	19,725	14,717
Rental income	111,686	-	111,686	-
Gain on sale of capital assets	-	-	-	6,100
Other revenue	-	-	-	401,574
Transfers - internal activities	670,737	(670,737)	-	-
Total general revenues and transfers	11,831,138	(670,737)	11,160,401	1,825,925
Change in net position	262,887	134,792	397,679	3,372,703
Net position, beginning of year	5,391,796	12,030,501	17,422,297	58,487,886
Net position, end of year	<u>\$ 5,654,683</u>	<u>\$ 12,165,293</u>	<u>\$ 17,819,976</u>	<u>\$ 61,860,589</u>

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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, 2019

	General Fund	Public Safety	Community Development Block Grant
Assets			
Cash and short-term investments	\$ 5,756,250	\$ 225,696	\$ 20,947
Accounts receivable	153,577	-	-
Property taxes receivable	501,430	1,299,541	-
Interest receivable	15,078	-	-
Due from other governments	449,930	-	-
Loans receivable	-	-	1,511,501
Prepays	121,448	-	-
Total assets	\$ 6,997,713	\$ 1,525,237	\$ 1,532,448
Liabilities			
Accounts payable	\$ 242,585	\$ -	\$ -
Accrued liabilities	185,506	-	-
Unearned revenue	-	-	-
Total liabilities	428,091	-	-
Deferred inflows of resources			
Unavailable revenue - loans	-	-	1,511,501
Property taxes levied for subsequent year	-	1,435,491	-
Total deferred inflows of resources	-	1,435,491	1,511,501
Fund balances			
Nonspendable	121,448	-	-
Restricted	9,217	89,746	20,947
Committed	53,586	-	-
Unassigned	6,385,371	-	-
Total fund balances	6,569,622	89,746	20,947
Total liabilities, deferred inflows of resources and fund balances	\$ 6,997,713	\$ 1,525,237	\$ 1,532,448

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 186,508	\$ 3,054,591	\$ 9,243,992
-	2,274	155,851
896,237	421,258	3,118,466
-	-	15,078
-	259,258	709,188
-	-	1,511,501
-	25	121,473
<u>\$ 1,082,745</u>	<u>\$ 3,737,406</u>	<u>\$ 14,875,549</u>
\$ -	\$ 437,233	\$ 679,818
-	39,447	224,953
-	278,447	278,447
<u>-</u>	<u>755,127</u>	<u>1,183,218</u>
-	-	1,511,501
989,994	466,472	2,891,957
<u>989,994</u>	<u>466,472</u>	<u>4,403,458</u>
-	25	121,473
92,751	1,686,957	1,899,618
-	828,825	882,411
-	-	6,385,371
<u>92,751</u>	<u>2,515,807</u>	<u>9,288,873</u>
<u>\$ 1,082,745</u>	<u>\$ 3,737,406</u>	<u>\$ 14,875,549</u>

COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
 To Net Position of Governmental Activities
 December 31, 2019

Fund balances - total governmental funds \$ 9,288,873

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.

Capital assets not being depreciated	1,137,544
Capital assets being depreciated, net	19,188,792

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	1,511,501
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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	266,678
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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	(10,258,629)
Deferred outflows related to the net pension liability	502,084
Deferred inflows related to the net pension liability	(370,801)

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	(15,188,000)
Compensated absences	(320,266)
Deferred charge on refunding	55,172
Accrued interest on long-term debt	(158,265)

Net position of governmental activities	<u>\$ 5,654,683</u>
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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, 2019

	General Fund	Public Safety	Community Development Block Grant
Revenues			
Taxes	\$ 7,339,787	\$ 1,449,901	\$ -
Licenses and permits	13,328	-	-
Intergovernmental	2,560,557	-	-
Charges for services	2,061,067	-	28,336
Fines and forfeitures	47,930	-	-
Interest and rent	131,417	864	25
Other	92,083	-	-
Total revenues	12,246,169	1,450,765	28,361
Expenditures			
Current:			
Legislative	70,696	-	-
Judicial	2,889,414	-	-
General government	3,779,314	-	-
Public safety	4,828,867	-	-
Public works	115,636	-	-
Health and welfare	681,318	-	-
Recreation and culture	190,858	-	-
Community and economic development	-	-	39,635
Other	3,804	-	-
Capital outlay	94,288	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	12,654,195	-	39,635
Revenues over (under) expenditures	(408,026)	1,450,765	(11,274)
Other financing sources (uses)			
Transfers in	1,682,726	-	-
Transfers out	(663,288)	(1,381,731)	-
Issuance of long-term debt	-	-	-
Insurance recovery	149,493	-	-
Total other financing sources (uses)	1,168,931	(1,381,731)	-
Net change in fund balances	760,905	69,034	(11,274)
Fund balances, beginning of year	5,808,717	20,712	32,221
Fund balances, end of year	\$ 6,569,622	\$ 89,746	\$ 20,947

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,052,402	\$ 494,382	\$ 10,336,472
-	8,501	21,829
-	2,038,292	4,598,849
-	333,827	2,423,230
-	-	47,930
63	1,595	133,964
-	24,124	116,207
<u>1,052,465</u>	<u>2,900,721</u>	<u>17,678,481</u>
-	-	70,696
-	696,846	3,586,260
-	165,532	3,944,846
-	1,574,841	6,403,708
-	-	115,636
964,155	654,006	2,299,479
-	-	190,858
-	-	39,635
-	-	3,804
-	1,201,877	1,296,165
-	373,012	373,012
-	391,258	391,258
<u>964,155</u>	<u>5,057,372</u>	<u>18,715,357</u>
<u>88,310</u>	<u>(2,156,651)</u>	<u>(1,036,876)</u>
-	1,097,878	2,780,604
-	(64,848)	(2,109,867)
-	1,200,000	1,200,000
-	-	149,493
<u>-</u>	<u>2,233,030</u>	<u>2,020,230</u>
88,310	76,379	983,354
<u>4,441</u>	<u>2,439,428</u>	<u>8,305,519</u>
<u>\$ 92,751</u>	<u>\$ 2,515,807</u>	<u>\$ 9,288,873</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, 2019

Net change in fund balances - total governmental funds \$ 983,354

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

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

Purchase/construction of capital assets	984,132
Donated capital assets	148,000
Depreciation expense	(583,936)
Loss on disposal of capital assets	(24,431)

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	7,956
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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	373,012
Issuance of long-term debt	(1,200,000)

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	(3,011)
Change in the accrual for compensated absences	5,530
Change in the net pension liability and related deferred amounts	(445,806)

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	125
Operating income from governmental activities in internal service fund - Self-insurance	17,962

Change in net position of governmental activities \$ 262,887

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 7,057,610	\$ 7,057,610	\$ 7,339,787	\$ 282,177
Licenses and permits	13,210	13,210	13,328	118
Intergovernmental	2,451,425	2,481,950	2,560,557	78,607
Charges for services	1,861,211	1,869,394	2,061,067	191,673
Fines and forfeitures	59,853	59,853	47,930	(11,923)
Interest and rent	125,292	125,292	131,417	6,125
Other	177,700	177,700	92,083	(85,617)
Total revenues	11,746,301	11,785,008	12,246,169	461,161
Expenditures				
Current:				
Legislative	65,287	70,632	70,696	64
Judicial	2,902,339	2,981,739	2,889,414	(92,325)
General government	3,589,694	3,917,435	3,779,314	(138,121)
Public safety	5,089,324	5,158,967	4,828,867	(330,100)
Public works	138,050	138,050	115,636	(22,414)
Health and welfare	663,104	704,404	681,318	(23,086)
Recreation and culture	58,000	58,000	190,858	132,858
Other	2,426	2,426	3,804	1,378
Capital outlay	273,198	273,198	94,288	(178,910)
Total expenditures	12,781,422	13,304,850	12,654,195	(650,655)
Revenues over (under) expenditures	(1,035,121)	(1,519,842)	(408,026)	1,111,816
Other financing sources (uses)				
Transfers in	1,560,810	1,718,696	1,682,726	(35,970)
Transfers out	(607,481)	(663,784)	(663,288)	(496)
Insurance recovery	-	-	149,493	149,493
Total other financing sources (uses)	953,329	1,054,912	1,168,931	114,019
Net change in fund balance	(81,792)	(464,930)	760,905	1,225,835
Fund balance, beginning of year	5,808,717	5,808,717	5,808,717	-
Fund balance, end of year	\$ 5,726,925	\$ 5,343,787	\$ 6,569,622	\$ 1,225,835

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,381,731	\$ 1,381,731	\$ 1,449,901	\$ 68,170
Interest and rent	-	-	864	864
Total revenues	1,381,731	1,381,731	1,450,765	69,034
Other financing uses				
Transfers out	(1,381,731)	(1,381,731)	(1,381,731)	-
Net change in fund balance	-	-	69,034	69,034
Fund balance, beginning of year	20,712	20,712	20,712	-
Fund balance, end of year	<u>\$ 20,712</u>	<u>\$ 20,712</u>	<u>\$ 89,746</u>	<u>\$ 69,034</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 - Community Development Block Grant Special Revenue Fund For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 28,336	\$ (71,664)
Interest and rent	20	20	25	5
Total revenues	100,020	100,020	28,361	(71,659)
Expenditures				
Current:				
Community and economic development	100,020	100,020	39,635	(60,385)
Net change in fund balance	-	-	(11,274)	(11,274)
Fund balance, beginning of year	32,221	32,221	32,221	-
Fund balance, end of year	\$ 32,221	\$ 32,221	\$ 20,947	\$ (11,274)

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 962,256	\$ 962,256	\$ 1,052,402	\$ 90,146
Interest and rent	30	30	63	33
Total revenues	<u>962,286</u>	<u>962,286</u>	<u>1,052,465</u>	<u>90,179</u>
Expenditures				
Current:				
Health and welfare	<u>962,286</u>	<u>962,286</u>	<u>964,155</u>	<u>1,869</u>
Net change in fund balance	-	-	88,310	88,310
Fund balance, beginning of year	<u>4,441</u>	<u>4,441</u>	<u>4,441</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,441</u></u>	<u><u>\$ 4,441</u></u>	<u><u>\$ 92,751</u></u>	<u><u>\$ 88,310</u></u>

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, 2019

	Business-type Activities - Enterprise Funds			
	2018 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Assets				
Current assets:				
Cash and short-term investments	\$ 1,922,901	\$ -	\$ 4,399,443	\$ 233,031
Accounts receivable	44,452	-	-	-
Taxes receivable	1,131,149	-	-	-
Accrued interest receivable	127,125	-	5,900	-
Total current assets	3,225,627	-	4,405,343	233,031
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	119,944	-	-
Investments	-	1,206,485	-	-
Advance to other funds	-	-	3,309,411	-
Capital assets being depreciated, net	-	-	-	1,475,120
Total noncurrent assets	-	1,326,429	3,309,411	1,475,120
Total assets	3,225,627	1,326,429	7,714,754	1,708,151
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	2,960
Due to other governments	-	-	-	-
Total current liabilities	-	-	-	2,960
Noncurrent liabilities:				
Advance from other funds	2,909,411	-	-	-
Landfill remediation liability	-	789,900	-	-
Total noncurrent liabilities	2,909,411	789,900	-	-
Total liabilities	2,909,411	789,900	-	2,960
Net position				
Investment in capital assets	-	-	-	1,475,120
Restricted for landfill	-	536,529	-	-
Unrestricted	316,216	-	7,714,754	230,071
Total net position	\$ 316,216	\$ 536,529	\$ 7,714,754	\$ 1,705,191

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
\$ 1,890,092	\$ 8,445,467	\$ 266,678
14,369	58,821	-
286,394	1,417,543	-
114,184	247,209	-
<u>2,305,039</u>	<u>10,169,040</u>	<u>266,678</u>
-	119,944	-
-	1,206,485	-
-	3,309,411	-
-	1,475,120	-
-	<u>6,110,960</u>	-
<u>2,305,039</u>	<u>16,280,000</u>	<u>266,678</u>
12,046	15,006	-
390	390	-
<u>12,436</u>	<u>15,396</u>	-
400,000	3,309,411	-
-	789,900	-
<u>400,000</u>	<u>4,099,311</u>	-
<u>412,436</u>	<u>4,114,707</u>	-
-	1,475,120	-
-	536,529	-
<u>1,892,603</u>	<u>10,153,644</u>	<u>266,678</u>
<u>\$ 1,892,603</u>	<u>\$ 12,165,293</u>	<u>\$ 266,678</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	2018 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Operating revenues				
Charges for services	\$ 117,593	\$ -	\$ 14,757	\$ -
Interest and penalties	188,349	-	-	-
Premiums - health insurance	-	-	-	-
Total operating revenues	305,942	-	14,757	-
Operating expenses				
Contractual services	85	(30,016)	-	43,680
Employee health care	-	-	-	-
Depreciation	-	-	-	47,573
Other services and charges	-	-	8,646	670
Total operating expenses	85	(30,016)	8,646	91,923
Operating income (loss)	305,857	30,016	6,111	(91,923)
Nonoperating revenues				
Investment gains	9,600	80,214	83,773	15,387
Income (loss) before transfers	315,457	110,230	89,884	(76,536)
Transfers				
Transfers in	-	-	453,775	58,000
Transfers out	-	-	(546,321)	-
Total transfers	-	-	(92,546)	58,000
Change in net position	315,457	110,230	(2,662)	(18,536)
Net position, beginning of year	759	426,299	7,717,416	1,723,727
Net position, end of year	\$ 316,216	\$ 536,529	\$ 7,714,754	\$ 1,705,191

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
\$ 250,088	\$ 382,438	\$ -
271	188,620	-
-	-	1,509,240
<u>250,359</u>	<u>571,058</u>	<u>1,509,240</u>
107,908	121,657	-
-	-	1,491,278
-	47,573	-
<u>6,529</u>	<u>15,845</u>	<u>-</u>
<u>114,437</u>	<u>185,075</u>	<u>1,491,278</u>
135,922	385,983	17,962
<u>230,572</u>	<u>419,546</u>	<u>125</u>
<u>366,494</u>	<u>805,529</u>	<u>18,087</u>
-	511,775	-
<u>(636,191)</u>	<u>(1,182,512)</u>	<u>-</u>
<u>(636,191)</u>	<u>(670,737)</u>	<u>-</u>
(269,697)	134,792	18,087
<u>2,162,300</u>	<u>12,030,501</u>	<u>248,591</u>
<u>\$ 1,892,603</u>	<u>\$ 12,165,293</u>	<u>\$ 266,678</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	2018 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Cash flows from operating activities				
Receipts from customers and users	\$ 1,871,679	\$ -	\$ 54,893	\$ -
Receipts from internal services provided	-	-	-	-
Payments to vendors	(14,604)	-	(8,646)	(41,390)
Delinquent taxes purchased	(2,868,226)	-	-	-
Net cash provided by (used in) operating activities	<u>(1,011,151)</u>	<u>-</u>	<u>46,247</u>	<u>(41,390)</u>
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances from other funds	2,909,411	-	(1,509,411)	-
Transfers in	-	-	453,775	58,000
Transfers out	-	-	(546,321)	-
Net cash provided by (used in) noncapital financing activities	<u>2,909,411</u>	<u>-</u>	<u>(1,601,957)</u>	<u>58,000</u>
Cash flows from investing activities				
Interest received	9,600	8	83,773	15,387
Net increase (decrease) in cash and short-term investments	1,907,860	8	(1,471,937)	31,997
Cash and short-term investments, beginning of year	15,041	119,936	5,871,380	201,034
Cash and short-term investments, end of year	<u>\$ 1,922,901</u>	<u>\$ 119,944</u>	<u>\$ 4,399,443</u>	<u>\$ 233,031</u>
Classified on the statement of net position as:				
Cash and short-term investments	\$ 1,922,901	\$ -	\$ 4,399,443	\$ 233,031
Restricted cash and short-term investments	-	119,944	-	-
	<u>\$ 1,922,901</u>	<u>\$ 119,944</u>	<u>\$ 4,399,443</u>	<u>\$ 233,031</u>

Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 1,482,970	\$ 3,409,542	\$ -
-	-	1,509,240
(114,326)	(178,966)	(1,491,278)
-	(2,868,226)	-
<u>1,368,644</u>	<u>362,350</u>	<u>17,962</u>
(1,400,000)	-	-
-	511,775	-
<u>(636,191)</u>	<u>(1,182,512)</u>	<u>-</u>
<u>(2,036,191)</u>	<u>(670,737)</u>	<u>-</u>
<u>230,572</u>	<u>339,340</u>	<u>125</u>
(436,975)	30,953	18,087
<u>2,327,067</u>	<u>8,534,458</u>	<u>248,591</u>
<u>\$ 1,890,092</u>	<u>\$ 8,565,411</u>	<u>\$ 266,678</u>
\$ 1,890,092	\$ 8,445,467	\$ 266,678
-	119,944	-
<u>\$ 1,890,092</u>	<u>\$ 8,565,411</u>	<u>\$ 266,678</u>

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COUNTY OF WEXFORD, MICHIGAN

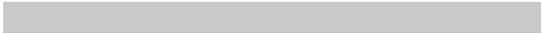
Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	2018 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Cash flows from operating activities				
Operating income (loss)	\$ 305,857	\$ 30,016	\$ 6,111	\$ (91,923)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	-	47,573
Change in landfill remediation liability	-	(30,016)	-	-
Change in:				
Accounts receivable	(44,452)	-	43,474	-
Taxes receivable	(1,131,149)	-	-	-
Accrued interest receivable	(126,888)	-	(3,338)	-
Accounts payable	(14,519)	-	-	2,960
Due to other governments	-	-	-	-
Net cash provided by (used in) operating activities	\$ (1,011,151)	\$ -	\$ 46,247	\$ (41,390)

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
\$ 135,922	\$ 385,983	\$ 17,962
-	47,573	-
-	(30,016)	-
48,429	47,451	-
1,075,740	(55,409)	-
97,269	(32,957)	-
11,404	(155)	-
(120)	(120)	-
<u>\$ 1,368,644</u>	<u>\$ 362,350</u>	<u>\$ 17,962</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2019

Assets

Cash and short-term investments	\$ 558,384
Due from other governments	4,114
	<hr/>

Total assets	\$ 562,498
	<hr/> <hr/>

Liabilities

Accrued liabilities	\$ 38,315
Undistributed receipts	61,878
Due to other governments	462,305
	<hr/>

Total liabilities	\$ 562,498
	<hr/> <hr/>

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, 2019

	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Assets					
Cash and short-term investments	\$ 581,425	\$ 237,378	\$ 513,678	\$ 3,348,407	\$ 4,680,888
Accounts receivable	49,041	10,990	277	-	60,308
Taxes receivable	-	-	792,095	-	792,095
Due from other governments	135,691	-	-	1,948,649	2,084,340
Inventories	-	21,379	-	1,387,469	1,408,848
Prepays	77,731	14,694	9,535	-	101,960
Capital assets not being depreciated	445,960	125,000	-	8,756,559	9,327,519
Capital assets being depreciated, net	3,298,847	3,626,710	667,710	38,202,148	45,795,415
Total assets	4,588,695	4,036,151	1,983,295	53,643,232	64,251,373
Deferred outflows of resources					
Deferred pension amounts	469,279	-	194,753	2,557,478	3,221,510
Liabilities					
Accounts payable	124,509	-	6,011	184,457	314,977
Accrued liabilities	64,768	4,435	22,171	79,061	170,435
Due to other governments	-	-	-	283,480	283,480
Unearned revenue	-	3,820	-	99,076	102,896
Long-term debt:					
Due within one year	28,990	-	-	-	28,990
Due in more than one year	-	1,502	57,450	278,535	337,487
Net pension liability (due in more than one year)	874,286	-	440,687	1,945,100	3,260,073
Net other postemployment benefits liability (due in more than one year)	-	-	-	319,525	319,525
Total liabilities	1,092,553	9,757	526,319	3,189,234	4,817,863
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	792,095	-	792,095
Deferred other postemployment benefits amounts	-	-	-	2,336	2,336
Total deferred inflows of resources	-	-	792,095	2,336	794,431
Net position					
Net investment in capital assets	3,744,807	3,751,710	667,710	46,346,329	54,510,556
Restricted for:					
Pension	-	-	-	612,378	612,378
Public library	-	-	26,235	-	26,235
Unrestricted	220,614	274,684	165,689	6,050,433	6,711,420
Total net position	\$ 3,965,421	\$ 4,026,394	\$ 859,634	\$ 53,009,140	\$ 61,860,589

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, 2019

	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Expenses					
Transit Authority	\$ 3,036,151	\$ -	\$ -	\$ -	\$ 3,036,151
Airport Authority	-	600,496	-	-	600,496
Public Library	-	-	1,097,365	-	1,097,365
Road Commission	-	-	-	7,806,961	7,806,961
Total expenses	3,036,151	600,496	1,097,365	7,806,961	12,540,973
Program revenues					
Charges for services	418,346	281,909	2,836	2,736,569	3,439,660
Operating grants and contributions	1,602,655	83,000	195,512	7,309,342	9,190,509
Capital grants and contributions	631,208	280,552	9,031	536,791	1,457,582
Total program revenues	2,652,209	645,461	207,379	10,582,702	14,087,751
Net revenue (expense)	(383,942)	44,965	(889,986)	2,775,741	1,546,778
General revenues					
Property taxes	578,974	-	762,932	-	1,341,906
Grants and contributions not restricted to specific programs	-	-	61,628	-	61,628
Unrestricted investment earnings	1,903	372	7,370	5,072	14,717
Gain on sale of capital assets	2,100	-	-	4,000	6,100
Other revenue	6,120	-	14,238	381,216	401,574
Total general revenues	589,097	372	846,168	390,288	1,825,925
Change in net position	205,155	45,337	(43,818)	3,166,029	3,372,703
Net position, beginning of year	3,760,266	3,981,057	903,452	49,843,111	58,487,886
Net position, end of year	\$ 3,965,421	\$ 4,026,394	\$ 859,634	\$ 53,009,140	\$ 61,860,589

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 \$316,911 to the Health Department for the year ended December 31, 2019.

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, 2019.

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 appropriated \$36,208 to the PSA for the year ended December 31, 2019.

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 *2018 Delinquent Tax Fund* accounts for the collection and remittance of delinquent property taxes levied in 2018. 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.

The *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. Inventories recorded in the Airport Authority component unit are valued at cost using the average cost method.

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 plan. 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 \$789,900.

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.

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, 2019 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	\$ 70,632	\$ 70,696	\$ 64
General government:			
Building and grounds	436,231	454,254	18,023
Law library	38,175	38,359	184
Public safety - Federal forest	4,500	6,229	1,729
Recreation and culture - Civic center	58,000	190,858	132,858
Other expenditures - other	2,426	3,804	1,378
Council on Aging Special Revenue Fund:			
Health and welfare	962,286	964,155	1,869

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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	\$ 17,956,137
Restricted cash and investments	1,326,429

Statement of Fiduciary Assets and Liabilities

Cash and short-term investments	558,384
Total	\$ 19,840,950

Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 14,759,654
Certificates of deposit:	
Due within one year	1,212,650
Investments:	
Money market	125,306
Michigan CLASS government investment pool	2,581,575
U.S. agency securities	1,081,179
Deposits held with other governmental units	78,921
Cash on hand	1,665
Total deposits and investments	\$ 19,840,950

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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, \$15,456,803 of the primary government's combined bank balance of \$16,206,803 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.

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, 2019:

	Level 1	Level 2	Level 3	Total
Money market	\$ 125,306	\$ -	\$ -	\$ 125,306
U.S. agency securities	1,081,179	-	-	1,081,179
	<u>\$ 1,206,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,206,485</u>
Investments carried at net asset value:				
Michigan CLASS government investment pool				<u>2,581,575</u>
Total investments				<u>\$ 3,788,060</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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

The County holds shares in Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the County's investment in Michigan CLASS government investment pool was \$2,581,575. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 155,851	\$ 58,821
Taxes (current)	3,118,466	-
Taxes (delinquent), net	-	1,417,543
Interest	15,078	247,209
Due from other governments	709,188	-
Loans	1,511,501	-
	<u>\$ 5,510,084</u>	<u>\$ 1,723,573</u>

Of the amounts reported for loans receivable, \$1,509,722 is not expected to be collected within one year.

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 679,818	\$ 15,006
Accrued liabilities	224,953	-
Due to other governments	-	390
Interest	158,265	-
	<u>\$ 1,063,036</u>	<u>\$ 15,396</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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	\$ 189,562	\$ 22,363	\$ -	\$ -	\$ 211,925
Construction in progress	-	925,619	-	-	925,619
	<u>189,562</u>	<u>947,982</u>	<u>-</u>	<u>-</u>	<u>1,137,544</u>
Capital assets, being depreciated:					
Buildings and improvements	22,827,727	-	-	-	22,827,727
Equipment and furniture	3,228,458	-	(140,887)	-	3,087,571
Vehicles	1,036,118	184,150	(40,161)	-	1,180,107
	<u>27,092,303</u>	<u>184,150</u>	<u>(181,048)</u>	<u>-</u>	<u>27,095,405</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,083,066)	(399,473)	-	-	(4,482,539)
Equipment and furniture	(2,650,610)	(120,260)	140,887	-	(2,629,983)
Vehicles	(745,618)	(64,203)	15,730	-	(794,091)
	<u>(7,479,294)</u>	<u>(583,936)</u>	<u>156,617</u>	<u>-</u>	<u>(7,906,613)</u>
Total capital assets being depreciated, net	<u>19,613,009</u>	<u>(399,786)</u>	<u>(24,431)</u>	<u>-</u>	<u>19,188,792</u>
Governmental activities capital assets, net	<u>\$ 19,802,571</u>	<u>\$ 548,196</u>	<u>\$ (24,431)</u>	<u>\$ -</u>	<u>\$ 20,326,336</u>

At December 31, 2019, the County's governmental activities had outstanding commitments through construction and other contracts of approximately \$510,900.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, being depreciated:					
Water distribution system	\$ 1,902,928	\$ -	\$ -	\$ -	\$ 1,902,928
Less accumulated depreciation for:					
Water distribution system	(380,235)	(47,573)	-	-	(427,808)
Business-type activities					
capital assets, net	\$ 1,522,693	\$ (47,573)	\$ -	\$ -	\$ 1,475,120

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

Depreciation of governmental activities by function

General government	\$ 174,152
Public safety	357,645
Recreation and culture	52,139
	<u>583,936</u>

Depreciation of business-type activities by function

Enterprise funds:	
Water and wastewater	\$ 47,573

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					
Public placement					
2016 Limited Tax General Obligation					
Refunding Bonds, \$3,360,000, due in annual installments of \$190,000 to \$275,000 through December 31, 2032, interest at 2.38%, payable semi-annually	\$ 3,180,000	\$ -	\$ (190,000)	\$ 2,990,000	\$ 190,000

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Public placement (continued)					
2019 Limited Tax General Obligation					
Bonds, \$1,200,000, due in annual installments of \$56,362 to \$72,855 through May 1, 2038, interest at 2.60%, payable semi-annually	\$ -	\$ 1,200,000	\$ -	\$ 1,200,000	\$ 60,086
	3,180,000	1,200,000	(190,000)	4,190,000	250,086
Direct placement					
2016 USDA Community Facilities Loan					
Series 2016A, \$9,000,000, due in annual installments of \$137,000 to \$364,000 through August 1, 2056, interest at 2.75%, payable semi-annually	8,740,000	-	(133,000)	8,607,000	137,000
2016 USDA Community Facilities Loan					
Series 2016B, \$2,000,000, due in annual installments of \$30,000 to \$81,000 through August 1, 2056, interest at 2.75%, payable semi-annually	1,942,000	-	(30,000)	1,912,000	30,000
2016 USDA Community Facilities Loan					
Series 2016C, \$500,000, due in annual installments of \$8,000 to \$20,000 through August 1, 2056, interest at 2.75%, payable semi-annually	486,000	-	(7,000)	479,000	8,000
	11,168,000	-	(170,000)	10,998,000	175,000
Capital leases	13,012	-	(13,012)	-	-
Total governmental activities installment debt	14,361,012	1,200,000	(373,012)	15,188,000	425,086
Compensated absences	325,796	320,266	(325,796)	320,266	320,266
Total governmental activities	\$ 14,686,808	\$ 1,520,266	\$ (698,808)	\$ 15,508,266	\$ 745,352

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			
	Public Placement		Direct Placement	
	Principal	Interest	Principal	Interest
2020	\$ 250,086	\$ 99,320	\$ 175,000	\$ 302,445
2021	256,362	93,165	180,000	297,632
2022	257,827	86,921	184,000	292,684
2023	269,331	80,519	189,000	287,621
2024	275,873	73,898	196,000	282,425
2025-2029	1,503,946	263,792	1,060,000	1,328,443
2030-2034	1,119,838	82,149	1,212,000	1,174,526
2035-2039	256,737	13,564	1,388,000	998,497
2040-2044	-	-	1,590,000	796,868
2045-2049	-	-	1,822,000	565,840
2050-2054	-	-	2,084,000	301,180
2055-2056	-	-	918,000	38,032
	<u>\$ 4,190,000</u>	<u>\$ 793,328</u>	<u>\$ 10,998,000</u>	<u>\$ 6,666,193</u>

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

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. The total future liability under this agreement is \$789,900. 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, 2019 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 2019, for which revenue was recognized in the General Fund, was \$977,463,749. The general operating tax rate for this levy was 6.7797 mills. The taxable value of real and personal property for 2018, for which revenue was recognized in all other funds, was \$957,383,814. The tax rates for these voted levies were 1.4500, 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's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. 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.

Employees Covered by Benefit Terms. At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	51
Active employees	<u>123</u>
Total membership	<u><u>281</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. 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 amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2019:

Division/Bargaining Unit	Status	Employer	Employee
01 - General	Closed	\$ 4,583	5.00%
02 - Sheriff 312	Closed	19,609	4.00%
11 - Court Employees	Closed	6,371	5.00%
12 - DPW Landfill Employees	Closed	5,038	0.00%
14 - Tech and Prof Assoc.	Closed	9,017	5.00%
15 - Non-Union	Closed	13,863	5.00%
16 - Elected Officials	Closed	4,626	4.08%
21 - Command Officers Assoc.	Closed	8,373	6.98%
23 - Sheriff Non 312	Closed	7,258	5.00%
HA - New Hires after 4/1/11	Open	7.23%	0.00%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions. The total pension liability in the December 31, 2018 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 2.50%.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. 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	55.50%	6.15%	3.41%
Global fixed income	18.50%	1.26%	0.23%
Real assets	13.50%	7.22%	0.98%
Diversifying strategies	12.50%	5.00%	0.63%
	<u>100.00%</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, 2019 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, 2018	\$ 30,529,839	\$ 19,035,966	\$ 11,493,873
Changes for the year:			
Service cost	457,859	-	457,859
Interest	2,384,981	-	2,384,981
Change in benefit terms	(32,569)	-	(32,569)
Differences between expected and actual experience	(137,386)	-	(137,386)
Employer contributions	-	1,161,398	(1,161,398)
Employee contributions	-	139,572	(139,572)
Net investment income	-	2,559,640	(2,559,640)
Benefit payments, including refunds of employee contributions	(1,893,020)	(1,893,020)	-
Administrative expense	-	(44,098)	44,098
Other changes	(91,617)	-	(91,617)
Net changes	<u>688,248</u>	<u>1,923,492</u>	<u>(1,235,244)</u>
Balances at December 31, 2019	<u>\$ 31,218,087</u>	<u>\$ 20,959,458</u>	<u>\$ 10,258,629</u>

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%)
<u>\$ 13,643,794</u>	<u>\$ 10,258,629</u>	<u>\$ 7,372,006</u>

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, 2019, the County recognized pension expense of \$1,607,204. 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	\$ 117,989	\$ 370,801	\$ (252,812)
Changes in assumptions	290,361	-	290,361
Net difference between projected and actual earnings on pension plan investments	93,734	-	93,734
Total	\$ 502,084	\$ 370,801	\$ 131,283

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
2020	\$ 138,800
2021	(43,210)
2022	275,612
2023	(239,919)
Total	\$ 131,283

Payable to the Pension Plan. At December 31, 2019, the County reported a payable of \$111,411 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

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	\$ 3,309,411	\$ -
2018 Delinquent Tax	-	2,909,411
Nonmajor enterprise funds	-	400,000
	<u>\$ 3,309,411</u>	<u>\$ 3,309,411</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, 2019, 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	\$ -	\$ 605,288	\$ -	\$ 58,000	\$ 663,288
Public safety	1,381,731	-	-	-	1,381,731
Nonmajor governmental funds	49,368	15,480	-	-	64,848
Unrestricted treasurer's fund	69,211	477,110	-	-	546,321
Nonmajor enterprise funds	182,416	-	453,775	-	636,191
	<u>\$ 1,682,726</u>	<u>\$ 1,097,878</u>	<u>\$ 453,775</u>	<u>\$ 58,000</u>	<u>\$ 3,292,379</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	\$ 121,448	\$ -	\$ -	\$ -	\$ 25	\$ 121,473
Restricted for:						
Recreation	-	-	-	-	103	103
Friend of the court	-	-	-	-	28,056	28,056
Animal control	-	-	-	-	259,469	259,469
Senior services	-	-	-	92,751	-	92,751
Emergency dispatch system	-	-	-	-	616,551	616,551
Community alternative program	-	-	-	-	24,315	24,315
Building inspection	-	-	-	-	70,660	70,660
Public safety	9,217	89,746	-	-	14,158	113,121
Officer training	-	-	-	-	10,613	10,613
Register of deeds automation	-	-	-	-	25,858	25,858
Community development	-	-	20,947	-	-	20,947
Homestead audit	-	-	-	-	17,187	17,187
SCAAP grant	-	-	-	-	12,343	12,343
Veterans services	-	-	-	-	136,740	136,740
Concealed pistol licenses	-	-	-	-	75,372	75,372
Family counseling	-	-	-	-	180	180
MSU extension	-	-	-	-	33,305	33,305
Jail construction (unexpended bond proceeds)	-	-	-	-	362,047	362,047
Total restricted	9,217	89,746	20,947	92,751	1,686,957	1,899,618
Committed for:						
Dispatch building construction	-	-	-	-	51,800	51,800
Child care	-	-	-	-	775,921	775,921
Courthouse expansion	-	-	-	-	750	750
Public improvement	53,586	-	-	-	-	53,586
Octagon building	-	-	-	-	354	354
Total committed	53,586	-	-	-	828,825	882,411
Unassigned	6,385,371	-	-	-	-	6,385,371
Total fund balances, governmental funds	\$ 6,569,622	\$ 89,746	\$ 20,947	\$ 92,751	\$ 2,515,807	\$ 9,288,873

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, 2019, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 1,137,544	\$ -
Capital assets being depreciated, net	19,188,792	1,475,120
	<u>20,326,336</u>	<u>1,475,120</u>
Related debt:		
Total bonds and loans payable	15,188,000	-
Deferred charge on refunding	(55,172)	-
Unspent bond proceeds	(362,047)	-
	<u>14,770,781</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 5,555,555</u></u>	<u><u>\$ 1,475,120</u></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, 2021. There were no borrowings on the letter as of December 31, 2019.

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 2019 amounted to \$31,811 (\$23,225 related to the operating millage and \$8,586 related to special voted millages).

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

19. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the County's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the County for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the County's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.



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,				
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 457,859	\$ 435,413	\$ 413,766	\$ 447,451	\$ 440,718
Interest	2,384,981	2,301,304	2,281,542	2,166,430	2,096,030
Changes in benefit terms	(32,569)	-	-	-	-
Differences between expected and actual experience	(137,386)	196,647	(648,837)	(6,784)	-
Changes in assumptions	-	-	-	1,451,805	-
Benefit payments, including refunds of employee contributions	(1,893,020)	(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
Other changes	(91,617)	(60,760)	(49,488)	(85,030)	(103,166)
Net change in total pension liability	688,248	1,089,897	258,105	2,317,739	922,487
Total pension liability, beginning of year	30,529,839	29,439,942	29,181,837	26,864,098	25,941,611
Total pension liability, end of year	31,218,087	30,529,839	29,439,942	29,181,837	26,864,098
Plan fiduciary net position					
Employer contributions	1,161,398	1,731,033	914,964	811,992	790,703
Employee contributions	139,572	121,007	127,423	141,358	159,240
Net investment income (loss)	2,559,640	(795,709)	2,369,166	1,906,875	(264,296)
Benefit payments, including refunds of employee contributions	(1,893,020)	(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
Administrative expense	(44,098)	(38,461)	(37,551)	(37,656)	(38,748)
Net change in plan fiduciary net position	1,923,492	(764,837)	1,635,124	1,166,436	(864,196)
Plan fiduciary net position, beginning of year	19,035,966	19,800,803	18,165,679	16,999,243	17,863,439
Plan fiduciary net position, end of year	20,959,458	19,035,966	19,800,803	18,165,679	16,999,243
County's net pension liability	\$ 10,258,629	\$ 11,493,873	\$ 9,639,139	\$ 11,016,158	\$ 9,864,855
Plan fiduciary net position as a percentage of total pension liability	67.1%	62.4%	67.3%	62.2%	63.3%
Covered payroll	\$ 5,907,042	\$ 5,282,911	\$ 5,004,252	\$ 4,597,331	\$ 4,998,247
County's net pension liability as a percentage of covered payroll	173.7%	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.

The changes of assumptions in 2016 primarily related to an adjustment to the mortality table to reflect longer lifetimes, the assumed annual rate of return, net of all expenses, was lowered from 8.0% to 7.75%, and the asset smoothing was changed from 10 to 5 years.

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%
2019	1,161,398	1,161,398	-	5,907,042	19.7%

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 December 31, 2018

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

Methods and assumptions used to determine contribution rates (2019, based on the 12/31/2017 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	21 years
Asset valuation method	5 year smoothed
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
Retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

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**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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 7,057,610	\$ 7,057,610	\$ 7,339,787	\$ 282,177
Licenses and permits:				
Marriage licenses	10	10	-	(10)
Other	13,200	13,200	13,328	128
Total licenses and permits	13,210	13,210	13,328	118
Intergovernmental	2,451,425	2,481,950	2,560,557	78,607
Charges for services:				
Court fees	746,762	746,762	753,070	6,308
Other fees	485,000	485,000	514,990	29,990
Other charges for services	629,449	637,632	793,007	155,375
Total charges for services	1,861,211	1,869,394	2,061,067	191,673
Fines and forfeitures	59,853	59,853	47,930	(11,923)
Interest and rents	125,292	125,292	131,417	6,125
Other revenues	177,700	177,700	92,083	(85,617)
Total revenues	11,746,301	11,785,008	12,246,169	461,161
Expenditures				
Current:				
Legislative:				
County commission	65,287	70,632	70,696	64
Judicial:				
Circuit court	315,418	321,268	314,193	(7,075)
District court	656,911	673,611	635,337	(38,274)
Friend of the court	912,380	937,340	932,180	(5,160)
Jury commission	3,600	3,600	2,709	(891)
Probate court	609,225	620,925	616,395	(4,530)
Probation and parole	2,730	2,730	2,244	(486)
Family counseling	69,558	74,623	74,495	(128)
Public defender	217,485	232,140	223,755	(8,385)
Court security	115,032	115,502	88,106	(27,396)
Total judicial	2,902,339	2,981,739	2,889,414	(92,325)

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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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government:				
Administrator	\$ 208,340	\$ 201,040	\$ 181,079	\$ (19,961)
Elections	20,200	20,200	10,788	(9,412)
Clerk	324,404	341,154	307,261	(33,893)
Equalization	390,237	412,807	411,990	(817)
Prosecuting attorney	491,216	502,386	470,567	(31,819)
Prosecuting attorney cooperative reimbursement	46,077	49,182	48,098	(1,084)
Register of deeds	235,909	248,309	246,885	(1,424)
State survey and remonumentation	46,416	46,416	46,410	(6)
Treasurer	310,318	327,543	324,757	(2,786)
Building and grounds:				
Human services	42,400	42,400	37,678	(4,722)
District health	38,200	38,200	37,432	(768)
Jail	142,000	164,610	160,527	(4,083)
Maintenance	5,250	5,250	4,482	(768)
Building and grounds	404,301	436,231	454,254	18,023
Drain commission	30,836	61,186	44,126	(17,060)
Forest roads	144,000	144,000	119,628	(24,372)
General services administration	670,310	837,241	834,412	(2,829)
Delinquent personal property tax administration	1,105	1,105	581	(524)
Law library	38,175	38,175	38,359	184
Total general government	3,589,694	3,917,435	3,779,314	(138,121)
Public safety:				
Sheriff	2,310,192	2,325,882	2,281,622	(44,260)
Secondary roads	92,691	103,791	81,541	(22,250)
Marine	16,409	16,409	9,344	(7,065)
Federal forest	4,500	4,500	6,229	1,729
Snowmobile	16,464	16,464	1,659	(14,805)
ORV grant	19,959	35,959	32,394	(3,565)
Jail	2,545,406	2,572,258	2,344,447	(227,811)
Emergency management	51,703	51,703	45,297	(6,406)
Sheriff court security	32,000	32,000	26,334	(5,666)
Total public safety	5,089,324	5,158,967	4,828,867	(330,099)
Public works:				
Sanitary landfill	138,050	138,050	115,636	(22,414)
Health and welfare:				
Special appropriations	571,004	572,004	569,357	(2,647)
Contagious diseases	600	900	635	(265)
Medical examiner	76,500	116,500	101,726	(14,774)
Veteran's burial	15,000	15,000	9,600	(5,400)
Total health and welfare	663,104	704,404	681,318	(23,086)

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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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Recreation and culture:				
Civic center	\$ 58,000	\$ 58,000	\$ 190,858	\$ 132,858
Other expenditures:				
Other	2,426	2,426	3,804	1,378
Capital outlay	273,198	273,198	94,288	(178,910)
Total expenditures	12,781,422	13,304,850	12,654,195	(650,655)
Revenues over (under) expenditures	(1,035,121)	(1,519,842)	(408,026)	1,111,816
Other financing sources (uses)				
Transfers in	1,560,810	1,718,696	1,682,726	(35,970)
Transfers out	(607,481)	(663,784)	(663,288)	(496)
Insurance recovery	-	-	149,493	149,493
Total other financing sources (uses)	953,329	1,054,912	1,168,931	114,019
Net change in fund balance	(81,792)	(464,930)	760,905	1,225,835
Fund balances, beginning of year	5,808,717	5,808,717	5,808,717	-
Fund balance, end of year	\$ 5,726,925	\$ 5,343,787	\$ 6,569,622	\$ 1,225,835

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COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2019

	Special Revenue Funds				
	Recreation Millage	Friend of the Court	Animal Control	Building Inspection	Homestead Audit
Assets					
Cash and short-term investments	\$ 103	\$ 27,816	\$ 283,576	\$ 76,914	\$ 17,187
Accounts receivable	-	-	195	1,094	-
Property taxes receivable	-	-	179,254	-	-
Due from other governments	-	240	2,500	-	-
Prepays	-	-	-	25	-
Total assets	\$ 103	\$ 28,056	\$ 465,525	\$ 78,033	\$ 17,187
Liabilities					
Accounts payable	\$ -	\$ -	\$ 3,182	\$ 3,512	\$ -
Accrued liabilities	-	-	3,700	3,836	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	6,882	7,348	-
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	199,174	-	-
Fund balances					
Nonspendable	-	-	-	25	-
Restricted	103	28,056	259,469	70,660	17,187
Committed	-	-	-	-	-
Total fund balances	103	28,056	259,469	70,685	17,187
Total liabilities, deferred inflows of resources and fund balances	\$ 103	\$ 28,056	\$ 465,525	\$ 78,033	\$ 17,187

Special Revenue Funds							
Register of Deeds Automation	Community Alternative Program	911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice
\$ 25,873	\$ 16,520	\$ 440,105	\$ 9,839	\$ 180	\$ 12,343	\$ 914	\$ 11,952
-	211	-	774	-	-	-	-
-	-	-	-	-	-	-	-
-	23,562	225,456	-	-	-	-	1,292
-	-	-	-	-	-	-	-
<u>\$ 25,873</u>	<u>\$ 40,293</u>	<u>\$ 665,561</u>	<u>\$ 10,613</u>	<u>\$ 180</u>	<u>\$ 12,343</u>	<u>\$ 914</u>	<u>\$ 13,244</u>
\$ 15	\$ 11,662	\$ 32,499	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,316	16,511	-	-	-	-	-
-	-	-	-	-	-	-	-
15	15,978	49,010	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,858	24,315	616,551	10,613	180	12,343	914	13,244
-	-	-	-	-	-	-	-
25,858	24,315	616,551	10,613	180	12,343	914	13,244
<u>\$ 25,873</u>	<u>\$ 40,293</u>	<u>\$ 665,561</u>	<u>\$ 10,613</u>	<u>\$ 180</u>	<u>\$ 12,343</u>	<u>\$ 914</u>	<u>\$ 13,244</u>

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COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2019

	Special Revenue Funds				
	Child Care	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense
Assets					
Cash and short-term investments	\$ 769,731	\$ 150,403	\$ 75,372	\$ 49,233	\$ 290,643
Accounts receivable	-	-	-	-	-
Property taxes receivable	-	89,633	-	152,371	-
Due from other governments	6,208	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 775,939</u>	<u>\$ 240,036</u>	<u>\$ 75,372</u>	<u>\$ 201,604</u>	<u>\$ 290,643</u>
Liabilities					
Accounts payable	\$ 18	\$ 2,587	\$ -	\$ -	\$ 2,826
Accrued liabilities	-	1,710	-	-	9,370
Unearned revenue	-	-	-	-	278,447
Total liabilities	<u>18</u>	<u>4,297</u>	<u>-</u>	<u>-</u>	<u>290,643</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	-	98,999	-	168,299	-
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	136,740	75,372	33,305	-
Committed	775,921	-	-	-	-
Total fund balances	<u>775,921</u>	<u>136,740</u>	<u>75,372</u>	<u>33,305</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 775,939</u>	<u>\$ 240,036</u>	<u>\$ 75,372</u>	<u>\$ 201,604</u>	<u>\$ 290,643</u>

Debt Service Funds			Capital Project Funds			Total
Courthouse Expansion	Jail Project	Dispatch Project	Jail Construction	Dispatch Building	Octagon Building	
\$ 750	\$ -	\$ -	\$ 742,129	\$ 52,654	\$ 354	\$ 3,054,591
-	-	-	-	-	-	2,274
-	-	-	-	-	-	421,258
-	-	-	-	-	-	259,258
-	-	-	-	-	-	25
<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742,129</u>	<u>\$ 52,654</u>	<u>\$ 354</u>	<u>\$ 3,737,406</u>
\$ -	\$ -	\$ -	\$ 380,082	\$ 850	\$ -	\$ 437,233
-	-	-	-	4	-	39,447
-	-	-	-	-	-	278,447
-	-	-	380,082	854	-	755,127
-	-	-	-	-	-	466,472
-	-	-	-	-	-	25
-	-	-	362,047	-	-	1,686,957
750	-	-	-	51,800	354	828,825
750	-	-	362,047	51,800	354	2,515,807
<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742,129</u>	<u>\$ 52,654</u>	<u>\$ 354</u>	<u>\$ 3,737,406</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, 2019

	Special Revenue Funds				
	Recreation Millage	Friend of the Court	Animal Control	Building Inspection	Homestead Audit
Revenues					
Taxes	\$ 1	\$ -	\$ 210,210	\$ -	\$ -
Licenses and permits	-	-	5,581	-	-
Intergovernmental	-	6,959	2,500	-	-
Charges for services	-	11,561	10,100	219,404	842
Interest and rent	-	32	250	59	13
Other	-	-	6,572	-	-
Total revenues	1	18,552	235,213	219,463	855
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	413
Public safety	-	-	218,421	227,379	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	-	218,421	227,379	413
Revenues over (under) expenditures	1	18,552	16,792	(7,916)	442
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(25,000)	(19,868)	(5,167)	-
Issuance of long-term debt	-	-	-	-	-
Total other financing sources (uses)	-	(25,000)	(19,868)	(5,167)	-
Net change in fund balances	1	(6,448)	(3,076)	(13,083)	442
Fund balances, beginning of year	102	34,504	262,545	83,768	16,745
Fund balances, end of year	\$ 103	\$ 28,056	\$ 259,469	\$ 70,685	\$ 17,187

Special Revenue Funds							
Register of Deeds Automation	Community Alternative Program	911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,920	-	-	-
-	250,573	902,957	-	-	-	3,709	10,017
35,060	26,314	-	11,343	-	-	-	-
9	11	340	-	3	-	-	-
-	17,552	-	-	-	-	-	-
<u>35,069</u>	<u>294,450</u>	<u>903,297</u>	<u>11,343</u>	<u>2,923</u>	<u>-</u>	<u>3,709</u>	<u>10,017</u>
-	-	-	-	-	-	-	-
11,259	-	-	-	-	-	-	-
-	351,167	727,022	38,608	-	-	3,962	-
-	-	-	-	-	-	-	8,494
-	-	96,072	-	-	-	-	-
13,012	-	-	-	-	-	-	-
412	-	-	-	-	-	-	-
<u>24,683</u>	<u>351,167</u>	<u>823,094</u>	<u>38,608</u>	<u>-</u>	<u>-</u>	<u>3,962</u>	<u>8,494</u>
<u>10,386</u>	<u>(56,717)</u>	<u>80,203</u>	<u>(27,265)</u>	<u>2,923</u>	<u>-</u>	<u>(253)</u>	<u>1,523</u>
-	45,000	-	15,500	-	-	-	-
-	-	(10,313)	-	(4,500)	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>45,000</u>	<u>(10,313)</u>	<u>15,500</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,386</u>	<u>(11,717)</u>	<u>69,890</u>	<u>(11,765)</u>	<u>(1,577)</u>	<u>-</u>	<u>(253)</u>	<u>1,523</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>	<u>11,721</u>
<u>\$ 25,858</u>	<u>\$ 24,315</u>	<u>\$ 616,551</u>	<u>\$ 10,613</u>	<u>\$ 180</u>	<u>\$ 12,343</u>	<u>\$ 914</u>	<u>\$ 13,244</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, 2019

	Special Revenue Funds				
	Child Care	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense
Revenues					
Taxes	\$ -	\$ 105,407	\$ -	\$ 178,764	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	199,122	52,186	-	-	610,269
Charges for services	-	-	19,203	-	-
Interest and rent	582	141	50	60	45
Other	-	-	-	-	-
Total revenues	199,704	157,734	19,253	178,824	610,314
Expenditures					
Current:					
Judicial	-	-	-	-	696,846
General government	-	-	-	153,860	-
Public safety	-	-	2,846	-	-
Health and welfare	503,840	141,672	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	503,840	141,672	2,846	153,860	696,846
Revenues over (under) expenditures	(304,136)	16,062	16,407	24,964	(86,532)
Other financing sources (uses)					
Transfers in	200,000	-	-	-	86,532
Transfers out	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Total other financing sources (uses)	200,000	-	-	-	86,532
Net change in fund balances	(104,136)	16,062	16,407	24,964	-
Fund balances, beginning of year	880,057	120,678	58,965	8,341	-
Fund balances, end of year	\$ 775,921	\$ 136,740	\$ 75,372	\$ 33,305	\$ -

Debt Service Funds			Capital Project Funds			Total
Courthouse Expansion	Jail Project	Dispatch Project	Jail Construction	Dispatch Building	Octagon Building	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494,382
-	-	-	-	-	-	8,501
-	-	-	-	-	-	2,038,292
-	-	-	-	-	-	333,827
-	-	-	-	-	-	1,595
-	-	-	-	-	-	24,124
-	-	-	-	-	-	2,900,721
-	-	-	-	-	-	696,846
-	-	-	-	-	-	165,532
-	-	-	-	5,436	-	1,574,841
-	-	-	-	-	-	654,006
-	-	-	837,953	267,852	-	1,201,877
190,000	170,000	-	-	-	-	373,012
73,423	307,110	10,313	-	-	-	391,258
263,423	477,110	10,313	837,953	273,288	-	5,057,372
(263,423)	(477,110)	(10,313)	(837,953)	(273,288)	-	(2,156,651)
263,423	477,110	10,313	-	-	-	1,097,878
-	-	-	-	-	-	(64,848)
-	-	-	1,200,000	-	-	1,200,000
263,423	477,110	10,313	1,200,000	-	-	2,233,030
-	-	-	362,047	(273,288)	-	76,379
750	-	-	-	325,088	354	2,439,428
\$ 750	\$ -	\$ -	\$ 362,047	\$ 51,800	\$ 354	\$ 2,515,807

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2019

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax	2016 Delinquent Tax
Assets				
Current assets:				
Cash and short-term investments	\$ 1,348,784	\$ 7,483	\$ 8,372	\$ -
Accounts receivable	1,666	376	487	-
Taxes receivable	-	17	3,897	-
Accrued interest receivable	-	2,066	2,672	-
Total current assets	1,350,450	9,942	15,428	-
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Total current liabilities	-	-	-	-
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Total liabilities	-	-	-	-
Net position				
Unrestricted	\$ 1,350,450	\$ 9,942	\$ 15,428	\$ -

2017 Delinquent Tax	2019 Delinquent Tax	Recycling	Jail Commissary	Total
\$ 454,818	\$ 11,873	\$ 46,807	\$ 11,955	\$ 1,890,092
11,321	-	-	519	14,369
282,480	-	-	-	286,394
109,446	-	-	-	114,184
<u>858,065</u>	<u>11,873</u>	<u>46,807</u>	<u>12,474</u>	<u>2,305,039</u>
-	11,293	-	753	12,046
390	-	-	-	390
<u>390</u>	<u>11,293</u>	<u>-</u>	<u>753</u>	<u>12,436</u>
400,000	-	-	-	400,000
<u>400,390</u>	<u>11,293</u>	<u>-</u>	<u>753</u>	<u>412,436</u>
<u>\$ 457,675</u>	<u>\$ 580</u>	<u>\$ 46,807</u>	<u>\$ 11,721</u>	<u>\$ 1,892,603</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, 2019

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax	2016 Delinquent Tax
Operating revenues				
Charges for services	\$ 156,939	\$ -	\$ -	\$ 49,972
Interest and penalties	-	-	-	-
Total operating revenues	<u>156,939</u>	<u>-</u>	<u>-</u>	<u>49,972</u>
Operating expenses				
Contractual services	-	-	-	107,102
Other services and charges	2,586	-	-	-
Total operating expenses	<u>2,586</u>	<u>-</u>	<u>-</u>	<u>107,102</u>
Operating income (loss)	154,353	-	-	(57,130)
Nonoperating revenues				
Investment earnings	18,501	75	84	88,086
Income before transfers	172,854	75	84	30,956
Transfers				
Transfers out	(182,416)	-	-	(453,775)
Change in net position	<u>(9,562)</u>	<u>75</u>	<u>84</u>	<u>(422,819)</u>
Net position, beginning of year	1,360,012	9,867	15,344	422,819
Net position, end of year	<u>\$ 1,350,450</u>	<u>\$ 9,942</u>	<u>\$ 15,428</u>	<u>\$ -</u>

2017 Delinquent Tax	2019 Delinquent Tax	Recycling	Jail Commissary	Total
\$ 37,994	\$ 291	\$ -	\$ 4,892	\$ 250,088
-	271	-	-	271
37,994	562	-	4,892	250,359
806	-	-	-	107,908
-	-	-	3,943	6,529
806	-	-	3,943	114,437
37,188	562	-	949	135,922
123,765	18	35	8	230,572
160,953	580	35	957	366,494
-	-	-	-	(636,191)
160,953	580	35	957	(269,697)
296,722	-	46,772	10,764	2,162,300
<u>\$ 457,675</u>	<u>\$ 580</u>	<u>\$ 46,807</u>	<u>\$ 11,721</u>	<u>\$ 1,892,603</u>

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2019

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax	2016 Delinquent Tax
Cash flows from operating activities				
Receipts from customers and users	\$ 155,273	\$ -	\$ -	\$ 398,799
Payments to vendors	(2,586)	-	-	(107,102)
Net cash provided by operating activities	<u>152,687</u>	<u>-</u>	<u>-</u>	<u>291,697</u>
Cash flows from noncapital financing activities				
Net repayment of advances from other funds	-	-	-	(200,000)
Transfers out	(182,416)	-	-	(453,775)
Net cash used in noncapital financing activities	<u>(182,416)</u>	<u>-</u>	<u>-</u>	<u>(653,775)</u>
Cash flows from investing activities				
Interest received	18,501	75	84	88,086
Net increase (decrease) in cash and short-term investments	<u>(11,228)</u>	<u>75</u>	<u>84</u>	<u>(273,992)</u>
Cash and short-term investments, beginning of year	1,360,012	7,408	8,288	273,992
Cash and short-term investments, end of year	<u>\$ 1,348,784</u>	<u>\$ 7,483</u>	<u>\$ 8,372</u>	<u>\$ -</u>
Cash flows from operating activities				
Operating income (loss)	\$ 154,353	\$ -	\$ -	\$ (57,130)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Change in:				
Accounts receivable	(1,666)	-	-	16,964
Taxes receivable	-	-	-	247,608
Accrued interest receivable	-	-	-	84,765
Accounts payable	-	-	-	-
Due to other governments	-	-	-	(510)
Net cash provided by operating activities	<u>\$ 152,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,697</u>

2017 Delinquent Tax	2019 Delinquent Tax	Recycling	Jail Commissary	Total
\$ 912,151 (806)	\$ 11,855 -	\$ - -	\$ 4,892 (3,832)	\$ 1,482,970 (114,326)
911,345	11,855	-	1,060	1,368,644
(1,200,000)	-	-	-	(1,400,000)
-	-	-	-	(636,191)
(1,200,000)	-	-	-	(2,036,191)
123,765	18	35	8	230,572
(164,890)	11,873	35	1,068	(436,975)
619,708	-	46,772	10,887	2,327,067
<u>\$ 454,818</u>	<u>\$ 11,873</u>	<u>\$ 46,807</u>	<u>\$ 11,955</u>	<u>\$ 1,890,092</u>
\$ 37,188	\$ 562	\$ -	\$ 949	\$ 135,922
33,131	-	-	-	48,429
828,132	-	-	-	1,075,740
12,504	-	-	-	97,269
-	11,293	-	111	11,404
390	-	-	-	(120)
<u>\$ 911,345</u>	<u>\$ 11,855</u>	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ 1,368,644</u>

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
December 31, 2019

	Trust And Agency	Imprest Payroll	Estate Fund	Inmate Trust	Library Penal Fine	District Court Bonds	Total
Assets							
Cash and short-term investments	\$ 342,032	\$ 38,315	\$ 7,916	\$ 38,874	\$ 113,814	\$ 17,433	\$ 558,384
Due from other governments	4,114	-	-	-	-	-	4,114
Total assets	\$ 346,146	\$ 38,315	\$ 7,916	\$ 38,874	\$ 113,814	\$ 17,433	\$ 562,498
Liabilities							
Accrued liabilities	\$ -	\$ 38,315	\$ -	\$ -	\$ -	\$ -	\$ 38,315
Undistributed receipts	5,571	-	-	38,874	-	17,433	61,878
Due to other governments	340,575	-	7,916	-	113,814	-	462,305
Total liabilities	\$ 346,146	\$ 38,315	\$ 7,916	\$ 38,874	\$ 113,814	\$ 17,433	\$ 562,498

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 26, 2020

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, 2019, 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 26, 2020, 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.



COUNTY OF WEXFORD, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

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 - Grants to States	10.665	DNR	-n/a-	\$ -	\$ 119,629
Law Enforcement Agreements	10.704	Direct	16-LE-11090400-021	-	5,100
Total U.S. Department of Agriculture				-	124,729
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	123,271
U.S. Department of Health and Human Services					
Child Support Enforcement:					
AFDC Maintenance (FY 2018-19)	93.563	MDHHS	CSFOC-17-83001	-	56,519
AFDC Maintenance (FY 2019-20)	93.563	MDHHS	CSFOC-17-83001	-	14,003
PA CRP Title IV-D (FY 2018-19)	93.563	MDHHS	CSPA-17-83002	-	42,511
PA CRP Title IV-D (FY 2019-20)	93.563	MDHHS	CSPA-17-83002	-	15,963
PFOC CRP Title IV-D (FY 2018-19)	93.563	MDHHS	CSFOC-17-83001	-	236,123
PFOC CRP Title IV-D (FY 2019-20)	93.563	MDHHS	CSFOC-17-83001	-	84,440
FOC CRP Title IV-D (Missaukee County) (FY 2018-19)	93.563	MDHHS	CSFOC-17-83001	86,406	86,406
FOC CRP Title IV-D (Missaukee County) (FY 2019-20)	93.563	MDHHS	CSFOC-17-83001	30,273	30,273
Total U.S. Department of Health and Human Services				116,679	566,238
U.S. Department of Homeland Security					
Boating Safety Financial Assistance	97.012	DNR	-n/a-	-	7,400
Emergency Management Performance Grant	97.042	MSP	-n/a-	-	9,095
Total U.S. Department of Homeland Security				-	16,495
Total Expenditures of Federal Awards				\$ 116,679	\$ 830,733

See notes to schedule of expenditures of federal awards.

COUNTY OF WEXFORD, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2019. 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.

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.

Federal expenditures from the Schedule reconcile to federal grant revenues, a component of intergovernmental grant revenue in the December 31, 2019 basic financial statements.

2. 10% DE MINIMIS COST RATE

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.

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
DNR	Department of Natural Resources
MDHHS	Michigan Department of Health and Human Services
MSP	Michigan State Police

COUNTY OF WEXFORD, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

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 \$877,380, \$28,891, \$0 and \$536,791 respectively. These amounts are not included on the Schedule, as those organizations were separately audited.



**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 26, 2020

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, 2019, 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 26, 2020. 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.



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

June 26, 2020

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

Report on Compliance for the 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, 2019. 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 \$877,380, \$28,891, \$0, and \$536,791, in federal awards, respectively, and which were not included in the schedule of expenditures of federal awards for the year ended December 31, 2019. 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, 2019.

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, 2019

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

93.563

Name of Federal Program or Cluster

Child Support Enforcement

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

Auditee qualified as low-risk auditee? X yes _____ no

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

COUNTY OF WEXFORD, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2019

None noted.



INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 26, 2020

Honorable members of the Board of Commissioners
of the 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, 2019, and have issued our report thereon dated June 26, 2020. 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. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements and this report, insofar as they relate to the Cadillac-Wexford Transit Authority, Wexford County Airport Authority, Cadillac-Wexford Public Library or Wexford County Road Commission discretely presented component units, are based solely on the report of other auditors. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 2, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated June 26, 2020. In addition, we noted certain other matters which are included in Attachment A to this letter.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on April 14, 2020.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the County's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Landfill remedial action plan liability is, based on Governmental Accounting Standards Board guidelines, what management expects to pay based on its past experience.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units. In addition, the financial statements include a net pension liability and other pension-related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the County of Wexford, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

COUNTY OF WEXFORD, MICHIGAN

Attachment A - Comments and Recommendations

For the December 31, 2019 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding those matters. Our consideration of the County's internal control over financial reporting is described in our report, dated June 26, 2020, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated June 26, 2020, on the financial statements of the County.

Other Matters

Independent Review of Cash Disbursements

We performed tests of the County's check registers to identify if there were any missing checks or duplicate checks for purposes of determining if the check registers are complete. We identified a series of checks that were missing in the check numbering sequence which, based on discussions with management, was the result of an error when dating and posting checks in the system. This resulted in the checks being posted out of sequence. Per further testing and inquiry, we noted that there were no missing checks in the sequence; instead, the checks were posted to the incorrect period which caused the sequence to appear out of order on the check register report. We recommend that a control be developed which requires a documented independent review prior to the posting of cash disbursements to identify these potential issues and ensure the checks are dated properly and posted to the correct period.

Independent Validation of Credit Card Purchases (repeat comment)

Department supervisors and elected officials (who are charged with the task of validating employee expense vouchers) have the ability to sign their own credit card vouchers, both as the user and the review/approval of the purchase. In these instances, we recommend that a secondary review (as evidenced in writing) by an individual independent of the transaction take place.

Bank Reconciliations - credit card accounts (repeat comment)

The County performs a bank reconciliation for its bank accounts on a monthly basis; however, for the credit card accounts no formal reconciliation is prepared due to the activity sweeping to the pooled cash account each month. The Deputy Treasurer verifies that all activity in these accounts nets to zero at the end of each month as part of the pooled cash bank reconciliation (which is reviewed by the Treasurer), but no formal evidence of this review is indicated or retained. We recommend that a formal reconciliation be prepared for these accounts, and that the reconciliation be reviewed as indicated by signature or initials from an independent individual from the preparer.



COUNTY OF WEXFORD, MICHIGAN

Attachment B - Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2019 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the County in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the County. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 84 ■ Fiduciary Activities

Effective 12/15/2020 (your FY 2020)

This standard establishes new criteria for determining how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods.

GASB 87 ■ Leases

Effective 06/15/2022 (your FY 2022)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period

Effective 12/15/2021 (your FY 2021)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the County.

GASB 91 ■ Conduit Debt Obligations

Effective 12/15/2022 (your FY 2022)

This standard defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is more likely than not that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the County.

GASB 92 ■ Omnibus 2020

Effective 06/15/2022 (your FY 2022)

This standard includes a variety of small technical revisions to previously issued GASB statements. We do not expect this standard to have any significant effect on the County.

COUNTY OF WEXFORD, MICHIGAN

■ Attachment B - Upcoming Changes in Accounting Standards / Regulations For the December 31, 2019 Audit

GASB 93 ■ Replacement of Interbank Offered Rates *Effective 06/15/2022 (your FY 2022)*

This standard provides guidance to governments with agreements with variable payments tied to LIBOR, and how to transition them to a new reference rate. We do not expect this standard to have any significant effect on the County.

GASB 94 ■ Public-Private and Public-Public Partnerships and Availability Payment Arrangements *Effective 06/15/2023 (your FY 2023)*

This standard addresses accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. We do not expect this standard to have any significant effect on the County.

GASB 96 ■ Subscription-Based Information Technology Arrangements *Effective 06/15/2023 (your FY 2023)*

This standard expands on the new guidance for leases and applies it to computer software contracts (subscriptions) with similar characteristics. Governments that subscribe to a vendor's IT software will now report offsetting intangible subscription assets and subscription liabilities equal to the present value of future subscription payments.



COUNTY OF WEXFORD, MICHIGAN

Attachment C - Management Representations

For the December 31, 2019 Audit

The following pages contain the written representations that we requested from management.



WEXFORD COUNTY, MICHIGAN

Administration Office, 437 E. Division, Cadillac, MI 49601 231-779-9453 231-779-9745

June 26, 2020

Rehmann Robson
2330 East Paris Avenue SE
Grand Rapids, MI 49546

This representation letter is provided in connection with your audit of 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, 2019, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the general fund and each major special revenue fund of the County in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 26, 2020:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 2, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
2. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
11. All funds and activities are properly classified.
12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
13. All components of net position and fund balance classifications have been properly reported.
14. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
16. All interfund and intra-entity transactions and balances have been properly classified and reported.
17. Special items and extraordinary items have been properly classified and reported.
18. Deposit and investment risks have been properly and fully disclosed.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
20. All required supplementary information is measured and presented within the prescribed guidelines.
21. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
22. We are responsible for the fair presentation of the County's net pension liability as calculated by the Municipal Employees' Retirement System of Michigan (MERS) and related amounts. We provided MERS with complete and accurate information regarding the County's participation in the plan, and have reviewed the information provided by MERS for inclusion in the County's financial statements.
23. In response to the novel coronavirus outbreak (COVID-19), subsequent to year end, the Governor issued various temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most businesses and industries including non-essential government services, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak is disrupting and affecting the County's normal activities. The extent of the ultimate impact of the pandemic on the County's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the County for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the County's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Information Provided

24. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
25. All transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
27. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
28. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
29. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
30. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
31. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
32. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
33. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
34. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
35. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
36. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
37. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
38. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

39. With respect to the supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

40. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Uniform Guidance (2 CFR 200)

41. With respect to federal awards, we represent the following to you:
- a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
 - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - d. The methods of measurement or presentation have not changed from those used in the prior period.
 - e. We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
 - g. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.

- h. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- i. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.
- j. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- k. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- l. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.
- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- o. We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the Uniform Guidance.
- p. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have monitored subrecipients to determine if they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- t. We have issued management decisions timely after the receipt of subrecipients' auditor reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and have ensured that the subrecipients have taken the appropriate and timely corrective action on findings.
- u. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
- v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

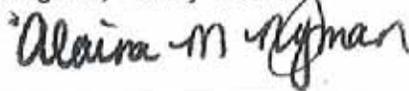
- w. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- x. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- y. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- z. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- aa. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.



Janet Koch, County Administrator



Kristi Nottingham, County Treasurer



Alaina Nyman, County Clerk