

County of Wexford,
Michigan



Year Ended
December 31, 2020

Financial
Statements and
Single Audit Act
Compliance

Rehmann

COUNTY OF WEXFORD, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 1, 2021

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, 2020 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*.

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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, 2020, 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.

Implementation of GASB Statement No. 84

As described in Note 19, the County implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. Accordingly, beginning net position of the custodial fund, Inmate Trust, was restated. Our opinion is not modified with respect to this matter.

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 1, 2021, 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, 2020.

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 \$19,209,324 (net position). Of this amount, \$8,332,373 (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 \$1,389,348.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,804,787, an increase of \$515,914 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 75.0% of this total amount, or \$7,351,605, represents unassigned fund balance of the General Fund. The unassigned fund balance of the General Fund was 53.1% 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 change 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 2019 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 \$19,209,324 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 15,738,243	\$ 15,142,227	\$ 11,701,787	\$ 11,495,469	\$ 27,440,030	\$ 26,637,696
Capital assets, net	20,533,170	20,326,336	1,427,547	1,475,120	21,960,717	21,801,456
Total assets	36,271,413	35,468,563	13,129,334	12,970,589	49,400,747	48,439,152
Deferred outflows of resources	876,820	557,256	-	-	876,820	557,256
Long-term debt outstanding	15,123,835	15,508,266	-	-	15,123,835	15,508,266
Other liabilities	10,940,709	11,600,112	999,768	805,296	11,940,477	12,405,408
Total liabilities	26,064,544	27,108,378	999,768	805,296	27,064,312	27,913,674
Deferred inflows of resources	4,003,931	3,262,758	-	-	4,003,931	3,262,758
Net position:						
Net investment in capital assets	5,821,552	5,555,555	1,427,547	1,475,120	7,249,099	7,030,675
Restricted	3,066,291	3,049,097	561,561	536,529	3,627,852	3,585,626
Unrestricted (deficit)	(1,808,085)	(2,949,969)	10,140,458	10,153,644	8,332,373	7,203,675
Total net position	\$ 7,079,758	\$ 5,654,683	\$ 12,129,566	\$ 12,165,293	\$ 19,209,324	\$ 17,819,976

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

A substantial portion of the County's net position, \$7,249,099 (37.7 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.

An additional portion of the County's net position of \$3,627,852 (18.9 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 \$8,332,373 (43.4 percent) to meet its ongoing obligations to citizens and creditors.

Change in Net Position						
Governmental Activities		Business-type Activities		Total		
2020	2019	2020	2019	2020	2019	
Program revenues:						
Charges for services	\$ 3,743,384	\$ 3,571,788	\$ 578,887	\$ 571,058	\$ 4,322,271	\$ 4,142,846
Operating grants	3,981,619	3,103,866	168,583	419,546	4,150,202	3,523,412
Capital grants	-	148,000	-	-	-	148,000
General revenues:						
Property taxes	10,634,366	10,336,472	-	-	10,634,366	10,336,472
State shared revenue	538,065	692,518	-	-	538,065	692,518
Unrestricted investment earnings	9,258	19,725	-	-	9,258	19,725
Rental income	111,686	111,686	-	-	111,686	111,686
Total revenues	19,018,378	17,984,055	747,470	990,604	19,765,848	18,974,659
Expenses:						
Legislative	65,007	70,696	-	-	65,007	70,696
Judicial	3,787,071	3,675,002	-	-	3,787,071	3,675,002
General government	4,478,496	4,201,171	-	-	4,478,496	4,201,171
Public safety	7,115,140	7,457,402	-	-	7,115,140	7,457,402
Public works	47,802	138,471	-	-	47,802	138,471
Health and welfare	2,153,694	2,279,278	-	-	2,153,694	2,279,278
Recreation and culture	103,734	135,981	-	-	103,734	135,981
Community and economic development	150	39,635	-	-	150	39,635
Interest and fiscal charges	404,255	394,269	-	-	404,255	394,269
Tax collection	-	-	117,210	107,993	117,210	107,993
Landfill	-	-	-	(30,016)	-	(30,016)
Water and wastewater	-	-	90,044	91,923	90,044	91,923
Other	-	-	13,897	15,175	13,897	15,175
Total expenses	18,155,349	18,391,905	221,151	185,075	18,376,500	18,576,980

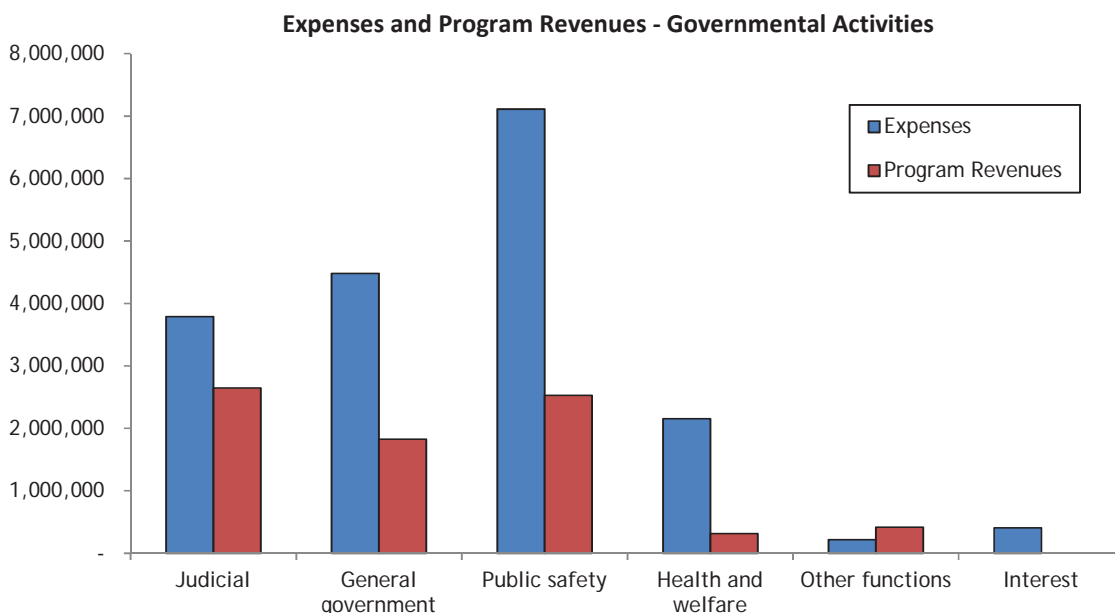
COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Change in net position before transfers	\$ 863,029	\$ (407,850)	\$ 526,319	\$ 805,529	\$ 1,389,348	\$ 397,679
Transfers	562,046	670,737	(562,046)	(670,737)	-	-
Change in net position	1,425,075	262,887	(35,727)	134,792	1,389,348	397,679
Net position:						
Beginning of year	5,654,683	5,391,796	12,165,293	12,030,501	17,819,976	17,422,297
End of year	\$ 7,079,758	\$ 5,654,683	\$ 12,129,566	\$ 12,165,293	\$ 19,209,324	\$ 17,819,976

Governmental Activities. Governmental activities increased the County's net position by \$1,425,075. Key components of the current year activity are as follows:

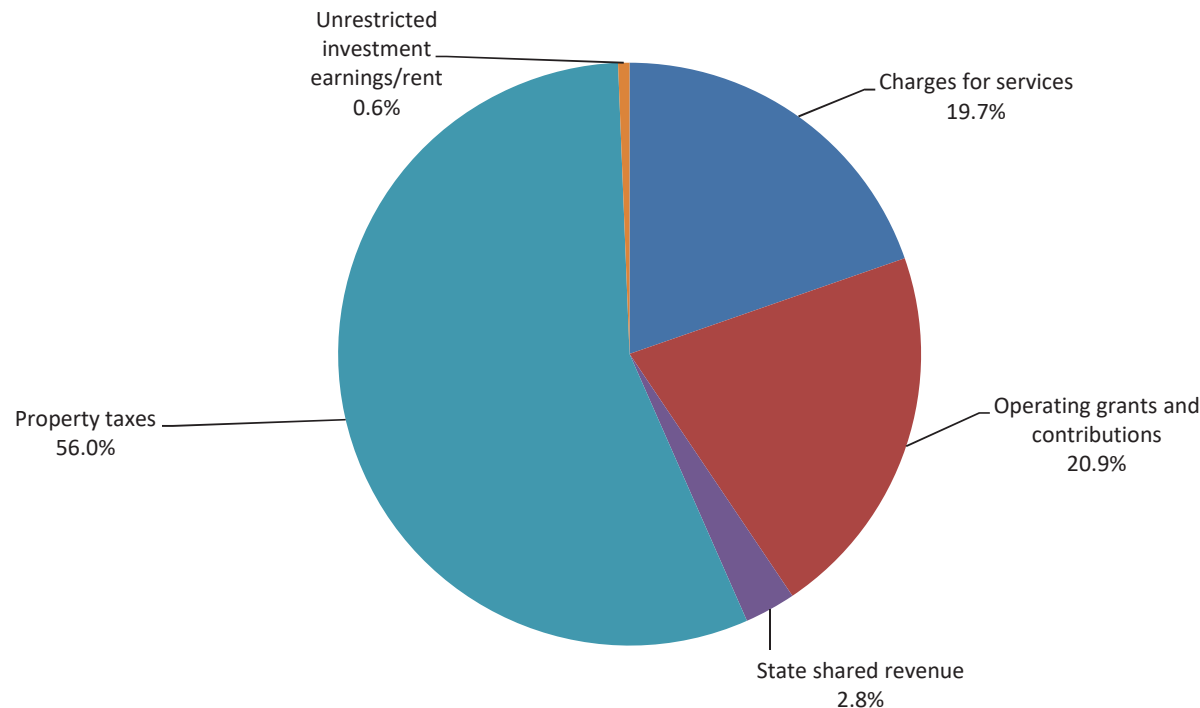
- Total revenue increased by \$1,034,323. Operating grants increased \$877,753 due primarily to the Coronavirus relief funds received. Property tax revenue increased \$297,894 due to increased property taxable values and an increase in the millage for public safety.
- Total expenses decreased by \$236,556, primarily as a result of a decrease in public safety expenses of \$342,262, a decrease in public works expenses of \$90,669 and a decrease in health and welfare expenses of \$125,584. Decreases in these expenses and other areas were due to a planned decrease in expenses while the COVID-19 pandemic is still ongoing.



COUNTY OF WEXFORD, MICHIGAN

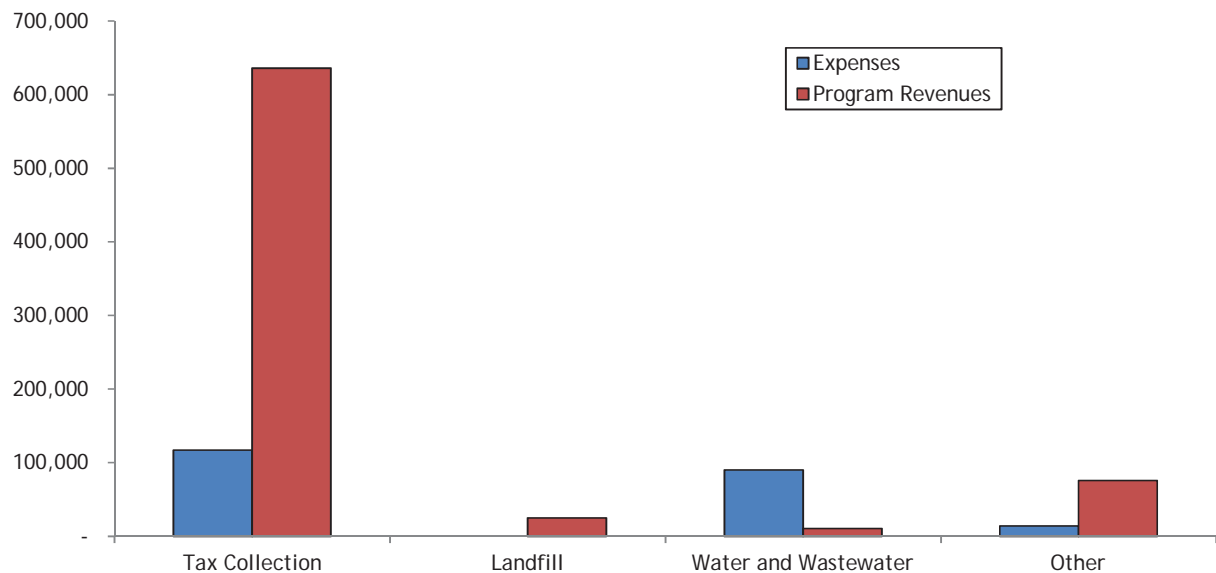
Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities decreased the County’s net position by \$35,727. The primary reason for the change in net position as compared to the prior year is due to a reduction in the amount of operating grants.

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 \$9,804,787, an increase of \$515,914 in comparison with the prior year. Of this amount, 75.0 percent (\$7,351,605) 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 (\$20,683); B) restricted for use per various external agreements (\$1,629,872); or C) committed for various purposes (\$802,627).

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 \$7,351,605 while total fund balance amounted to \$7,427,475. 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 53.1 percent of total General Fund expenditures, while total fund balance represents 53.7 percent of that same amount.

The fund balance of the County's General Fund increased by \$857,853 during the current fiscal year. Key factors in this change are as follows:

- Property taxes continue to trend upward, increasing by \$201,849.
- Intergovernmental revenues increased by \$661,768, which increased due to additional funding related to COVID-19.

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 \$23,909 during the year, and ending fund balance totaled \$113,655.

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, increased by \$89,061 during the year, and ending fund balance totaled \$110,008.

The fund balance of the Council on Aging special revenue fund, which accounts for the proceeds from a voted millage that is to provide special services to aging County residents, decreased by \$904 during the year, and ending fund balance totaled \$91,847.

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 2019 Delinquent Tax fund, which accounts for the collection and remittance of delinquent property taxes levied in 2019, increased by \$307,090 during the year, and ending net position totaled \$307,670.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

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 \$25,032, to an ending balance of \$561,561.

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 \$913 during the year, and ending net position totaled \$7,713,841.

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 \$34,953 during the year, and ending net position totaled \$1,670,238.

General Fund Budgetary Highlights

During the year, there was a \$1,300,337 increase in appropriations (including transfers out) between the original and final amended budget. Significant increases related to General government (\$864,259) and Public safety (\$182,981). The actual expenditures for the year were \$523,086 more than the original budget and \$776,276 less than the amended budget.

The General Fund budgeted for a decrease in fund balance of \$1,141,828 and the actual increase in fund balance was \$857,853. Significant changes in budgetary variances are as follows:

- The General fund received \$971,910 more revenues than budgeted due to conservative budgeting. Greater amounts for property taxes, charges for services, and intergovernmental revenues (which includes the Coronavirus relief funds) were received compared to the estimates that were given during budget adoption.
- Overall, expenditures were under budget by \$776,276. Wages and benefit expenditures were significantly less due to various position vacancies during the year. Public safety expenditures were \$342,033 under budget and general government expenditures were \$311,588 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, 2020 amounted to \$21,960,717 (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 \$159,261 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.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 211,925	\$ 211,925	\$ -	\$ -	\$ 211,925	\$ 211,925
Construction in progress	-	925,619	-	-	-	925,619
Buildings and improvements	19,213,689	18,345,188	-	-	19,213,689	18,345,188
Equipment and furniture	619,550	457,588	-	-	619,550	457,588
Vehicles	488,006	386,016	-	-	488,006	386,016
Water distribution system	-	-	1,427,547	1,475,120	1,427,547	1,475,120
Total capital assets, net	\$ 20,533,170	\$ 20,326,336	\$ 1,427,547	\$ 1,475,120	\$ 21,960,717	\$ 21,801,456

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$15,123,835.

	Long-Term Debt					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 3,939,914	\$ 4,190,000	\$ -	\$ -	\$ 3,939,914	\$ 4,190,000
USDA Community Facilities Loans	10,823,000	10,998,000	-	-	10,823,000	10,998,000
Compensated absences	360,921	320,266	-	-	360,921	320,266
Total long-term debt	\$ 15,123,835	\$ 15,508,266	\$ -	\$ -	\$ 15,123,835	\$ 15,508,266

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$131,822,428, 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.
- The COVID-19 pandemic has resulted in many unknowns when considering the long-term future economic outlook for the County. However, the County was awarded several grants for reimbursement of expenditures incurred during fiscal year 2020 and 2021 related to the pandemic.

The County considered these factors in preparing the County's budget for the 2021 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, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and short-term investments	\$ 10,156,167	\$ 8,809,936	\$ 18,966,103	\$ 6,150,774
Receivables	5,561,393	1,540,390	7,101,783	2,455,955
Inventories	-	-	-	1,458,665
Prepays	20,683	-	20,683	83,011
Restricted cash and investments	-	1,351,461	1,351,461	-
Capital assets not being depreciated	211,925	-	211,925	9,334,044
Capital assets being depreciated, net	20,321,245	1,427,547	21,748,792	46,659,071
Total assets	36,271,413	13,129,334	49,400,747	66,141,520
Deferred outflows of resources				
Deferred charge on refunding	50,928	-	50,928	-
Deferred pension amounts	825,892	-	825,892	1,975,920
Total deferred outflows of resources	876,820	-	876,820	1,975,920
Liabilities				
Payables	941,538	209,868	1,151,406	823,658
Unearned revenue	442,809	-	442,809	90,756
Long-term debt:				
Due within one year	797,283	-	797,283	19,090
Due in more than one year	14,326,552	-	14,326,552	350,621
Landfill remediation liability (due in more than one year)	-	789,900	789,900	-
Net pension liability (due in more than one year)	9,556,362	-	9,556,362	1,920,680
Net other postemployment benefits liability (due in more than one year)	-	-	-	129,030
Total liabilities	26,064,544	999,768	27,064,312	3,333,835
Deferred inflows of resources				
Property taxes levied for subsequent year	3,000,794	-	3,000,794	821,308
Deferred pension amounts	1,003,137	-	1,003,137	-
Deferred other postemployment benefits	-	-	-	26,043
Total deferred inflows of resources	4,003,931	-	4,003,931	847,351
Net position				
Net investment in capital assets	5,821,552	1,427,547	7,249,099	55,947,916
Restricted for:				
Pension	-	-	-	846,015
Public library	-	-	-	27,663
Public safety	1,072,674	-	1,072,674	-
Health and welfare	398,076	-	398,076	-
Community and economic development	1,595,541	-	1,595,541	-
Landfill	-	561,561	561,561	-
Unrestricted (deficit)	(1,808,085)	10,140,458	8,332,373	7,114,660
Total net position	\$ 7,079,758	\$ 12,129,566	\$ 19,209,324	\$ 63,936,254

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, 2020

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
Legislative	\$ 65,007	\$ -	\$ -	\$ -	\$ (65,007)
Judicial	3,787,071	891,807	1,750,991	-	(1,144,273)
General government	4,478,496	1,222,918	601,790	-	(2,653,788)
Public safety	7,115,140	1,211,957	1,314,181	-	(4,589,002)
Public works	47,802	278,226	-	-	230,424
Health and welfare	2,153,694	77	314,657	-	(1,838,960)
Recreation and culture	103,734	106,458	-	-	2,724
Community and economic development	150	31,941	-	-	31,791
Interest and fiscal charges	404,255	-	-	-	(404,255)
Total governmental activities	18,155,349	3,743,384	3,981,619	-	(10,430,346)
Business-type activities:					
Tax collection	117,210	529,076	106,914	-	518,780
Landfill	-	-	25,032	-	25,032
Water and wastewater	90,044	-	10,491	-	(79,553)
Other	13,897	49,811	26,146	-	62,060
Total business-type activities	221,151	578,887	168,583	-	526,319
Total primary government	\$ 18,376,500	\$ 4,322,271	\$ 4,150,202	\$ -	\$ (9,904,027)
Component units					
Transit Authority	\$ 2,977,843	\$ 326,627	\$ 1,938,145	\$ 542,788	\$ (170,283)
Airport Authority	553,893	275,998	83,000	32,375	(162,520)
Public Library	1,110,792	1,392	240,335	46,356	(822,709)
Road Commission	8,521,695	2,326,399	7,360,506	366,264	1,531,474
Total component units	\$ 13,164,223	\$ 2,930,416	\$ 9,621,986	\$ 987,783	\$ 375,962

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COUNTY OF WEXFORD, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (10,430,346)	\$ 526,319	\$ (9,904,027)	\$ 375,962
General revenues:				
Property taxes	10,634,366	-	10,634,366	1,386,485
State shared revenue	538,065	-	538,065	-
Contributions not restricted to specific programs	-	-	-	60,293
Unrestricted investment earnings	9,258	-	9,258	6,785
Rental income	111,686	-	111,686	-
Gain on sale of capital assets	-	-	-	1,200
Other revenue	-	-	-	244,940
Transfers - internal activities	562,046	(562,046)	-	-
Total general revenues and transfers	11,855,421	(562,046)	11,293,375	1,699,703
Change in net position	1,425,075	(35,727)	1,389,348	2,075,665
Net position, beginning of year	5,654,683	12,165,293	17,819,976	61,860,589
Net position, end of year	<u>\$ 7,079,758</u>	<u>\$ 12,129,566</u>	<u>\$ 19,209,324</u>	<u>\$ 63,936,254</u>
				concluded

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, 2020

	General Fund	Public Safety	Community Development Block Grant
Assets			
Cash and short-term investments	\$ 7,114,534	\$ 264,313	\$ 110,008
Accounts receivable	67,676	-	-
Property taxes receivable	468,411	1,338,879	-
Interest receivable	15,078	-	-
Due from other governments	454,826	-	-
Loans receivable	-	-	1,436,437
Prepays	20,333	-	-
Total assets	\$ 8,140,858	\$ 1,603,192	\$ 1,546,445
Liabilities			
Accounts payable	\$ 404,060	\$ -	\$ -
Accrued liabilities	309,323	-	-
Unearned revenue	-	-	-
Total liabilities	713,383	-	-
Deferred inflows of resources			
Unavailable revenue - loans	-	-	1,436,437
Property taxes levied for subsequent year	-	1,489,537	-
Total deferred inflows of resources	-	1,489,537	1,436,437
Fund balances			
Nonspendable	20,333	-	-
Restricted	1,951	113,655	110,008
Committed	53,586	-	-
Unassigned	7,351,605	-	-
Total fund balances	7,427,475	113,655	110,008
Total liabilities, deferred inflows of resources and fund balances	\$ 8,140,858	\$ 1,603,192	\$ 1,546,445

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 195,746	\$ 2,202,972	\$ 9,887,573
-	-	67,676
923,368	434,037	3,164,695
-	-	15,078
-	422,681	877,507
-	-	1,436,437
-	350	20,683
<u>\$ 1,119,114</u>	<u>\$ 3,060,040</u>	<u>\$ 15,469,649</u>
\$ -	\$ 25,448	\$ 429,508
-	45,991	355,314
-	442,809	442,809
<u>-</u>	<u>514,248</u>	<u>1,227,631</u>
-	-	1,436,437
<u>1,027,267</u>	<u>483,990</u>	<u>3,000,794</u>
<u>1,027,267</u>	<u>483,990</u>	<u>4,437,231</u>
-	350	20,683
91,847	1,312,411	1,629,872
-	749,041	802,627
-	-	7,351,605
<u>91,847</u>	<u>2,061,802</u>	<u>9,804,787</u>
<u>\$ 1,119,114</u>	<u>\$ 3,060,040</u>	<u>\$ 15,469,649</u>

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COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
December 31, 2020

Fund balances - total governmental funds	\$ 9,804,787
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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	211,925
Capital assets being depreciated, net	20,321,245

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	1,436,437
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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	268,594
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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	(9,556,362)
Deferred outflows related to the net pension liability	825,892
Deferred inflows related to the net pension liability	(1,003,137)

Certain liabilities, such as bonds and loans payable are not due and payable in the current period, and therefore are not reported in the funds.

Bonds and loans payable	(14,762,914)
Compensated absences	(360,921)
Deferred charge on refunding	50,928
Accrued interest on long-term debt	(156,716)

Net position of governmental activities	<u>\$ 7,079,758</u>
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The accompanying notes are an integral part of these basic financial statements.

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended December 31, 2020

	General Fund	Public Safety	Community Development Block Grant
Revenues			
Taxes	\$ 7,541,636	\$ 1,498,542	\$ -
Licenses and permits	15,351	-	-
Intergovernmental	3,222,325	-	-
Charges for services	1,989,554	-	89,190
Fines and forfeitures	242,627	-	-
Interest and rent	120,948	419	21
Other	244,660	-	-
Total revenues	13,377,101	1,498,961	89,211
Expenditures			
Current:			
Legislative	65,007	-	-
Judicial	3,020,601	-	-
General government	4,302,664	-	-
Public safety	5,251,971	-	-
Public works	48,866	-	-
Health and welfare	674,679	-	-
Recreation and culture	158,053	-	-
Community and economic development	-	-	150
Capital outlay	325,071	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	13,846,912	-	150
Revenues over (under) expenditures	(469,811)	1,498,961	89,061
Other financing sources (uses)			
Transfers in	1,631,866	-	-
Transfers out	(410,660)	(1,475,052)	-
Insurance recovery	106,458	-	-
Total other financing sources (uses)	1,327,664	(1,475,052)	-
Net change in fund balances	857,853	23,909	89,061
Fund balances, beginning of year	6,569,622	89,746	20,947
Fund balances, end of year	\$ 7,427,475	\$ 113,655	\$ 110,008

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,084,721	\$ 509,467	\$ 10,634,366
-	6,981	22,332
-	2,137,225	5,359,550
-	252,773	2,331,517
-	-	242,627
77	954	122,419
-	29,427	274,087
<u>1,084,798</u>	<u>2,936,827</u>	<u>18,986,898</u>
-	-	65,007
-	829,656	3,850,257
-	172,070	4,474,734
-	1,435,892	6,687,863
-	-	48,866
1,085,702	393,313	2,153,694
-	-	158,053
-	-	150
-	549,147	874,218
-	425,086	425,086
-	401,560	401,560
<u>1,085,702</u>	<u>4,206,724</u>	<u>19,139,488</u>
<u>(904)</u>	<u>(1,269,897)</u>	<u>(152,590)</u>
-	933,805	2,565,671
-	(117,913)	(2,003,625)
-	-	106,458
-	815,892	668,504
(904)	(454,005)	515,914
<u>92,751</u>	<u>2,515,807</u>	<u>9,288,873</u>
<u>\$ 91,847</u>	<u>\$ 2,061,802</u>	<u>\$ 9,804,787</u>

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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, 2020

Net change in fund balances - total governmental funds \$ 515,914

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	794,328
Depreciation expense	(567,079)
Loss on disposal of capital assets	(20,415)

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	(75,064)
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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	425,086
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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	(2,695)
Change in the accrual for compensated absences	(40,655)
Change in the net pension liability and related deferred amounts	393,739

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	86
Operating income from governmental activities in internal service fund - Self-insurance	1,830

Change in net position of governmental activities \$ 1,425,075

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 7,337,851	\$ 7,376,101	\$ 7,541,636	\$ 165,535
Licenses and permits	12,000	12,000	15,351	3,351
Intergovernmental	2,521,907	2,758,092	3,222,325	464,233
Charges for services	1,875,372	1,901,445	1,989,554	88,109
Fines and forfeitures	52,643	52,643	242,627	189,984
Interest and rent	125,184	125,184	120,948	(4,236)
Other	178,850	179,726	244,660	64,934
Total revenues	<u>12,103,807</u>	<u>12,405,191</u>	<u>13,377,101</u>	<u>971,910</u>
Expenditures				
Current:				
Legislative	67,537	67,537	65,007	(2,530)
Judicial	2,967,882	2,981,982	3,020,601	38,619
General government	3,749,993	4,614,252	4,302,664	(311,588)
Public safety	5,411,023	5,594,004	5,251,971	(342,033)
Public works	76,650	76,650	48,866	(27,784)
Health and welfare	674,354	694,554	674,679	(19,875)
Recreation and culture	57,810	164,268	158,053	(6,215)
Other	50,000	50,000	-	(50,000)
Capital outlay	268,577	379,940	325,071	(54,869)
Total expenditures	<u>13,323,826</u>	<u>14,623,188</u>	<u>13,846,912</u>	<u>(776,276)</u>
Revenues over (under) expenditures	<u>(1,220,019)</u>	<u>(2,217,996)</u>	<u>(469,811)</u>	<u>1,748,185</u>
Other financing sources (uses)				
Transfers in	1,633,711	1,740,669	1,631,866	(108,803)
Transfers out	(663,526)	(664,501)	(410,660)	(253,841)
Insurance recovery	-	-	106,458	106,458
Total other financing sources (uses)	<u>970,185</u>	<u>1,076,168</u>	<u>1,327,664</u>	<u>251,496</u>
Net change in fund balance	<u>(249,834)</u>	<u>(1,141,828)</u>	<u>857,853</u>	<u>1,999,681</u>
Fund balance, beginning of year	<u>6,569,622</u>	<u>6,569,622</u>	<u>6,569,622</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,319,788</u>	<u>\$ 5,427,794</u>	<u>\$ 7,427,475</u>	<u>\$ 1,999,681</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 - Public Safety Special Revenue Fund

For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,477,752	\$ 1,477,752	\$ 1,498,542	\$ 20,790
Interest and rent	300	300	419	119
Total revenues	1,478,052	1,478,052	1,498,961	20,909
Other financing uses				
Transfers out	(1,475,052)	(1,475,052)	(1,475,052)	-
Net change in fund balance	3,000	3,000	23,909	20,909
Fund balance, beginning of year	89,746	89,746	89,746	-
Fund balance, end of year	<u>\$ 92,746</u>	<u>\$ 92,746</u>	<u>\$ 113,655</u>	<u>\$ 20,909</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 89,190	\$ (10,810)
Interest and rent	20	20	21	1
Total revenues	100,020	100,020	89,211	(10,809)
Expenditures				
Current:				
Community and economic development	100,020	100,020	150	(99,870)
Net change in fund balance	-	-	89,061	89,061
Fund balance, beginning of year	20,947	20,947	20,947	-
Fund balance, end of year	<u>\$ 20,947</u>	<u>\$ 20,947</u>	<u>\$ 110,008</u>	<u>\$ 89,061</u>

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Council on Aging Special Revenue Fund

For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 994,831	\$ 994,831	\$ 1,084,721	\$ 89,890
Interest and rent	30	30	77	47
Total revenues	994,861	994,861	1,084,798	89,937
Expenditures				
Current:				
Health and welfare	994,861	1,086,891	1,085,702	(1,189)
Net change in fund balance	-	(92,030)	(904)	91,126
Fund balance, beginning of year	92,751	92,751	92,751	-
Fund balance, end of year	<u>\$ 92,751</u>	<u>\$ 721</u>	<u>\$ 91,847</u>	<u>\$ 91,126</u>

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2020

	Business-type Activities - Enterprise Funds			
	2019 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Assets				
Current assets:				
Cash and short-term investments	\$ 1,137,716	\$ -	\$ 5,702,245	\$ 243,641
Accounts receivable	40,745	-	-	-
Taxes receivable	1,018,562	-	-	-
Accrued interest receivable	116,981	-	5,262	-
Total current assets	<u>2,314,004</u>	<u>-</u>	<u>5,707,507</u>	<u>243,641</u>
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	119,944	-	-
Investments	-	1,231,517	-	-
Advance to other funds	-	-	2,006,334	-
Capital assets being depreciated, net	-	-	-	1,427,547
Total noncurrent assets	<u>-</u>	<u>1,351,461</u>	<u>2,006,334</u>	<u>1,427,547</u>
Total assets	<u>2,314,004</u>	<u>1,351,461</u>	<u>7,713,841</u>	<u>1,671,188</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	950
Due to other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>950</u>
Noncurrent liabilities:				
Advance from other funds	2,006,334	-	-	-
Landfill remediation liability	-	789,900	-	-
Total noncurrent liabilities	<u>2,006,334</u>	<u>789,900</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,006,334</u>	<u>789,900</u>	<u>-</u>	<u>950</u>
Net position				
Investment in capital assets	-	-	-	1,427,547
Restricted for landfill	-	561,561	-	-
Unrestricted	<u>307,670</u>	<u>-</u>	<u>7,713,841</u>	<u>242,691</u>
Total net position	<u>\$ 307,670</u>	<u>\$ 561,561</u>	<u>\$ 7,713,841</u>	<u>\$ 1,670,238</u>

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



Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 1,726,334	\$ 8,809,936	\$ 268,594
12,804	53,549	-
247,796	1,266,358	-
98,240	220,483	-
<u>2,085,174</u>	<u>10,350,326</u>	<u>268,594</u>
-	119,944	-
-	1,231,517	-
-	2,006,334	-
-	1,427,547	-
<u>-</u>	<u>4,785,342</u>	<u>-</u>
<u>2,085,174</u>	<u>15,135,668</u>	<u>268,594</u>
25,190	26,140	-
660	660	-
183,068	183,068	-
<u>208,918</u>	<u>209,868</u>	<u>-</u>
-	2,006,334	-
-	789,900	-
<u>-</u>	<u>2,796,234</u>	<u>-</u>
<u>208,918</u>	<u>3,006,102</u>	<u>-</u>
-	1,427,547	-
-	561,561	-
<u>1,876,256</u>	<u>10,140,458</u>	<u>268,594</u>
<u>\$ 1,876,256</u>	<u>\$ 12,129,566</u>	<u>\$ 268,594</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	2019 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Operating revenues				
Charges for services	\$ 120,854	\$ -	\$ 32,111	\$ -
Interest and penalties	186,357	-	-	-
Premiums - health insurance	-	-	-	-
Total operating revenues	<u>307,211</u>	<u>-</u>	<u>32,111</u>	<u>-</u>
Operating expenses				
Contractual services	121	-	-	39,936
Employee health care	-	-	-	-
Repairs and maintenance	-	-	-	-
Depreciation	-	-	-	47,573
Other services and charges	-	-	6,586	2,535
Total operating expenses	<u>121</u>	<u>-</u>	<u>6,586</u>	<u>90,044</u>
Operating income (loss)	307,090	-	25,525	(90,044)
Nonoperating revenues				
Investment gains	-	25,032	20,160	10,491
Income (loss) before transfers	<u>307,090</u>	<u>25,032</u>	<u>45,685</u>	<u>(79,553)</u>
Transfers				
Transfers in	-	-	500,048	44,600
Transfers out	-	-	(546,646)	-
Total transfers	<u>-</u>	<u>-</u>	<u>(46,598)</u>	<u>44,600</u>
Change in net position	307,090	25,032	(913)	(34,953)
Net position, beginning of year	<u>580</u>	<u>536,529</u>	<u>7,714,754</u>	<u>1,705,191</u>
Net position, end of year	<u>\$ 307,670</u>	<u>\$ 561,561</u>	<u>\$ 7,713,841</u>	<u>\$ 1,670,238</u>

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



Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 118,913	\$ 271,878	\$ -
120,652	307,009	-
-	-	1,654,175
239,565	578,887	1,654,175
117,089	157,146	-
-	-	1,652,345
140	140	-
-	47,573	-
7,171	16,292	-
124,400	221,151	1,652,345
115,165	357,736	1,830
112,900	168,583	86
228,065	526,319	1,916
-	544,648	-
(560,048)	(1,106,694)	-
(560,048)	(562,046)	-
(331,983)	(35,727)	1,916
2,208,239	12,165,293	266,678
\$ 1,876,256	\$ 12,129,566	\$ 268,594

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	2019 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Cash flows from operating activities				
Receipts from customers and users	\$ 2,137,257	\$ -	\$ 32,749	\$ -
Receipts from internal services provided	-	-	-	-
Payments to vendors	(11,414)	-	(6,586)	(44,481)
Delinquent taxes purchased	(3,006,334)	-	-	-
Net cash provided by (used in) operating activities	<u>(880,491)</u>	<u>-</u>	<u>26,163</u>	<u>(44,481)</u>
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances from other funds	2,006,334	-	1,303,077	-
Transfers in	-	-	500,048	44,600
Transfers out	-	-	(546,646)	-
Net cash provided by (used in) noncapital financing activities	<u>2,006,334</u>	<u>-</u>	<u>1,256,479</u>	<u>44,600</u>
Cash flows from investing activities				
Interest received	-	-	20,160	10,491
Net increase (decrease) in cash and short-term investments	<u>1,125,843</u>	<u>-</u>	<u>1,302,802</u>	<u>10,610</u>
Cash and short-term investments, beginning of year	<u>11,873</u>	<u>119,944</u>	<u>4,399,443</u>	<u>233,031</u>
Cash and short-term investments, end of year	<u><u>\$ 1,137,716</u></u>	<u><u>\$ 119,944</u></u>	<u><u>\$ 5,702,245</u></u>	<u><u>\$ 243,641</u></u>
Classified on the statement of net position as:				
Cash and short-term investments	\$ 1,137,716	\$ -	\$ 5,702,245	\$ 243,641
Restricted cash and short-term investments	-	119,944	-	-
	<u><u>\$ 1,137,716</u></u>	<u><u>\$ 119,944</u></u>	<u><u>\$ 5,702,245</u></u>	<u><u>\$ 243,641</u></u>



Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 1,806,281	\$ 3,976,287	\$ -
-	-	1,654,175
(124,508)	(186,989)	(1,652,345)
-	(3,006,334)	-
<u>1,681,773</u>	<u>782,964</u>	<u>1,830</u>
(3,309,411)	-	-
-	544,648	-
(560,048)	(1,106,694)	-
<u>(3,869,459)</u>	<u>(562,046)</u>	<u>-</u>
<u>112,900</u>	<u>143,551</u>	<u>86</u>
(2,074,786)	364,469	1,916
<u>3,801,120</u>	<u>8,565,411</u>	<u>266,678</u>
<u>\$ 1,726,334</u>	<u>\$ 8,929,880</u>	<u>\$ 268,594</u>
\$ 1,726,334	\$ 8,809,936	\$ 268,594
-	119,944	-
<u>\$ 1,726,334</u>	<u>\$ 8,929,880</u>	<u>\$ 268,594</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	2019 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Cedar Creek Water System
Cash flows from operating activities				
Operating income (loss)	\$ 307,090	\$ -	\$ 25,525	\$ (90,044)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	-	47,573
Change in:				
Accounts receivable	(40,745)	-	-	-
Taxes receivable	(1,018,562)	-	-	-
Accrued interest receivable	(116,981)	-	638	-
Accounts payable	(11,293)	-	-	(2,010)
Due to other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (880,491)</u>	<u>\$ -</u>	<u>\$ 26,163</u>	<u>\$ (44,481)</u>

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



Business-type Activities Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 115,165	\$ 357,736	\$ 1,830
-	47,573	-
46,017	5,272	-
1,169,747	151,185	-
143,069	26,726	-
24,437	11,134	-
270	270	-
183,068	183,068	-
<u>\$ 1,681,773</u>	<u>\$ 782,964</u>	<u>\$ 1,830</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2020

Custodial
Funds

Assets

Cash and short-term investments	\$ 454,589
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Liabilities

Undistributed receipts	<u>415,638</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 38,951</u>
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The accompanying notes are an integral part of these basic financial statements.

COUNTY OF WEXFORD, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2020

	Custodial Funds
Additions	
Taxes collected for other governments	\$ 8,810,091
County clerk collections	106,492
Inmate trust collections	258,427
Library penal fine collections	218,101
Other additions	1,216
Total additions	<u>9,394,327</u>
Deductions	
Payments of taxes to other governments	8,810,091
County clerk distributions	107,492
Inmate trust distributions	258,350
Library penal fine distributions	218,101
Other deductions	216
Total deductions	<u>9,394,250</u>
Change in net position	77
Net position, beginning of year, as restated	<u>38,874</u>
Net position, end of year	<u><u>\$ 38,951</u></u>

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

	September 30, 2020	December 31, 2020			
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Assets					
Cash and short-term investments	\$ 991,162	\$ 329,837	\$ 522,411	\$ 4,307,364	\$ 6,150,774
Accounts receivable	40,509	14,011	179	-	54,699
Taxes receivable	-	-	821,308	-	821,308
Due from other governments	151,069	-	-	1,428,879	1,579,948
Inventories	-	22,140	-	1,436,525	1,458,665
Prepays	72,195	6,226	4,590	-	83,011
Capital assets not being depreciated	445,960	125,000	-	8,763,084	9,334,044
Capital assets being depreciated, net	3,368,650	3,373,022	784,900	39,132,499	46,659,071
Total assets	5,069,545	3,870,236	2,133,388	55,068,351	66,141,520
Deferred outflows of resources					
Deferred pension amounts	246,561	-	109,150	1,620,209	1,975,920
Liabilities					
Accounts payable	113,782	1,750	4,691	143,835	264,058
Accrued liabilities	69,668	2,821	8,318	29,348	110,155
Due to other governments	-	-	-	449,445	449,445
Unearned revenue	-	-	-	90,756	90,756
Long-term debt:					
Due within one year	19,090	-	-	-	19,090
Due in more than one year	-	1,289	50,255	299,077	350,621
Net pension liability (due in more than one year)	704,645	-	441,841	774,194	1,920,680
Net other postemployment benefits liability (due in more than one year)	-	-	-	129,030	129,030
Total liabilities	907,185	5,860	505,105	1,915,685	3,333,835
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	821,308	-	821,308
Deferred other postemployment benefits amounts	-	-	-	26,043	26,043
Total deferred inflows of resources	-	-	821,308	26,043	847,351
Net position					
Net investment in capital assets	3,814,610	3,498,022	784,900	47,850,384	55,947,916
Restricted for:					
Pension	-	-	-	846,015	846,015
Public library	-	-	27,663	-	27,663
Unrestricted	594,311	366,354	103,562	6,050,433	7,114,660
Total net position	\$ 4,408,921	\$ 3,864,376	\$ 916,125	\$ 54,746,832	\$ 63,936,254

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				
	September 30, 2020	December 31, 2020			
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Expenses					
Transit Authority	\$ 2,977,843	\$ -	\$ -	\$ -	\$ 2,977,843
Airport Authority	-	553,893	-	-	553,893
Public Library	-	-	1,110,792	-	1,110,792
Road Commission	-	-	-	8,521,695	8,521,695
Total expenses	2,977,843	553,893	1,110,792	8,521,695	13,164,223
Program revenues					
Charges for services	326,627	275,998	1,392	2,326,399	2,930,416
Operating grants and contributions	1,938,145	83,000	240,335	7,360,506	9,621,986
Capital grants and contributions	542,788	32,375	46,356	366,264	987,783
Total program revenues	2,807,560	391,373	288,083	10,053,169	13,540,185
Net revenue (expense)	(170,283)	(162,520)	(822,709)	1,531,474	375,962
General revenues					
Property taxes	598,055	-	788,430	-	1,386,485
Grants and contributions not restricted to specific programs	-	-	60,293	-	60,293
Unrestricted investment earnings	858	502	3,823	1,602	6,785
Gain on sale of capital assets	1,200	-	-	-	1,200
Other revenue	13,670	-	26,654	204,616	244,940
Total general revenues	613,783	502	879,200	206,218	1,699,703
Change in net position	443,500	(162,018)	56,491	1,737,692	2,075,665
Net position, beginning of year	3,965,421	4,026,394	859,634	53,009,140	61,860,589
Net position, end of year	\$ 4,408,921	\$ 3,864,376	\$ 916,125	\$ 54,746,832	\$ 63,936,254

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

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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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

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.

Complete financial statements for these discretely presented component units may be obtained at the entity's administrative offices listed above. Accordingly, the County has elected to omit substantially all note disclosures related to these component units in these financial statements.

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, 2020.

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, 2020.

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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

The County reports the following major proprietary funds:

The *2019 Delinquent Tax Fund* accounts for the collection and remittance of delinquent property taxes levied in 2019. 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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

Custodial Funds are used to account for assets that the government holds for others in a custodial capacity (such as taxes collected for other governments).

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

Prepays

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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 related to 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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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 related to 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, 2020 the County incurred expenditures which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund:			
Judicial - District court	\$ 652,175	\$ 835,509	\$ 183,334

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	\$ 18,966,103
Restricted cash and investments	1,351,461

Statement of Fiduciary Net Position

Cash and short-term investments	454,589
Total	<u>\$ 20,772,153</u>

Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 14,441,181
Certificates of deposit:	
Due within one year	2,000,000
Investments:	
Money market	1,231,517
Michigan CLASS government investment pool	2,598,825
Commercial paper	498,962
Cash on hand	1,668
Total deposits and investments	<u>\$ 20,772,153</u>

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 commercial paper has a fixed maturity date of February 2021. 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 commercial paper is rated A2 by Standard and Poor's. 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, \$14,576,506 of the primary government's combined bank balance of \$15,576,506 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, 2020:

	Level 1	Level 2	Level 3	Total
Money market	\$ 1,231,517	\$ -	\$ -	\$ 1,231,517
Commercial paper	-	498,962	-	498,962
	<u>\$ 1,231,517</u>	<u>\$ 498,962</u>	<u>\$ -</u>	<u>1,730,479</u>
Investments carried at net asset value:				
Michigan CLASS government investment pool				<u>2,598,825</u>
Total investments				<u><u>\$ 4,329,304</u></u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

The money market investment is classified as Level 1 of the fair value hierarchy and is valued based on quoted market prices in active markets. The commercial paper investment is classified as a Level 2 and its value is determined by using pricing models maximizing the use of observable inputs for similar securities.

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 \$2,598,825. 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	\$ 67,676	\$ 53,549
Taxes (current)	3,164,695	-
Taxes (delinquent)	-	1,266,358
Interest	15,078	220,483
Due from other governments	877,507	-
Loans	1,436,437	-
	<u>\$ 5,561,393</u>	<u>\$ 1,540,390</u>

Of the amounts reported for loans receivable, \$1,436,437 is not expected to be collected within one year.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 429,508	\$ 26,140
Accrued liabilities	355,314	-
Due to other governments	-	660
Undistributed receipts	-	183,068
Interest	156,716	-
	<u>\$ 941,538</u>	<u>\$ 209,868</u>

7. CAPITAL ASSETS

Primary government

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 211,925	\$ -	\$ -	\$ -	\$ 211,925
Construction in progress	925,619	553,841	-	(1,479,460)	-
	<u>1,137,544</u>	<u>553,841</u>	<u>-</u>	<u>(1,479,460)</u>	<u>211,925</u>
Capital assets, being depreciated:					
Buildings and improvements	22,827,727	-	-	1,265,986	24,093,713
Equipment and furniture	3,087,571	51,169	-	213,474	3,352,214
Vehicles	1,180,107	189,318	(132,977)	-	1,236,448
	<u>27,095,405</u>	<u>240,487</u>	<u>(132,977)</u>	<u>1,479,460</u>	<u>28,682,375</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,482,539)	(397,485)	-	-	(4,880,024)
Equipment and furniture	(2,629,983)	(102,681)	-	-	(2,732,664)
Vehicles	(794,091)	(66,913)	112,562	-	(748,442)
	<u>(7,906,613)</u>	<u>(567,079)</u>	<u>112,562</u>	<u>-</u>	<u>(8,361,130)</u>
Total capital assets being depreciated, net	<u>19,188,792</u>	<u>(326,592)</u>	<u>(20,415)</u>	<u>1,479,460</u>	<u>20,321,245</u>
Governmental activities capital assets, net	<u>\$ 20,326,336</u>	<u>\$ 227,249</u>	<u>\$ (20,415)</u>	<u>\$ -</u>	<u>\$ 20,533,170</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

At December 31, 2020, the County's governmental activities had outstanding commitments through construction and other contracts of \$198,200.

	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	(427,808)	(47,573)	-	-	(475,381)
Business-type activities capital assets, net	<u>\$ 1,475,120</u>	<u>\$ (47,573)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427,547</u>

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

Depreciation of governmental activities by function

General government	\$ 175,036
Public safety	339,904
Recreation and culture	52,139
	<u>\$ 567,079</u>

Depreciation of business-type activities by function

Enterprise funds:	
Water and wastewater	<u>\$ 47,573</u>

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	\$ 2,990,000	\$ -	\$ (190,000)	\$ 2,800,000	\$ 200,000

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	\$ -	\$ (60,086)	\$ 1,139,914	\$ 56,362
	4,190,000	-	(250,086)	3,939,914	256,362
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	8,607,000	-	(137,000)	8,470,000	141,000
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	1,912,000	-	(30,000)	1,882,000	31,000
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	479,000	-	(8,000)	471,000	8,000
	10,998,000	-	(175,000)	10,823,000	180,000
Total governmental activities					
installment debt	15,188,000	-	(425,086)	14,762,914	436,362
Compensated absences	320,266	360,921	(320,266)	360,921	360,921
Total governmental activities	\$ 15,508,266	\$ 360,921	\$ (745,352)	\$ 15,123,835	\$ 797,283

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
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	282,456	67,119	201,000	277,035
2026-2030	1,552,499	226,687	1,089,000	1,299,294
2031-2035	850,564	58,008	1,245,000	1,141,194
2036-2040	195,002	7,692	1,426,000	960,327
2041-2045	-	-	1,634,000	753,143
2046-2050	-	-	1,872,000	515,736
2051-2055	-	-	2,142,000	243,870
2056	-	-	465,000	12,787
	<u>\$ 3,939,914</u>	<u>\$ 694,008</u>	<u>\$ 10,823,000</u>	<u>\$ 6,363,748</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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

10. RISK MANAGEMENT

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.

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, 2020 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 2020, for which revenue was recognized in the General Fund, was \$1,013,147,386. The general operating tax rate for this levy was 6.7708 mills. The taxable value of real and personal property for 2019, for which revenue was recognized in all other funds, was \$993,534,270. 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	50
Active employees	<u>130</u>
Total membership	<u><u>293</u></u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2020:

Division/Bargaining Unit	Status	Employer	Employee
01 - General	Closed	\$ 5,139	5.00%
02 - Sheriff 312	Closed	18,954	4.00%
11 - Court Employees	Closed	6,295	5.00%
12 - DPW Landfill Employees	Closed	353	2.04%
14 - Tech and Prof Assoc.	Closed	9,326	5.00%
15 - Non-Union	Closed	13,877	5.00%
16 - Elected Officials	Closed	4,745	4.08%
21 - Command Officers Assoc.	Closed	10,555	6.98%
23 - Sheriff Non 312	Closed	6,591	5.00%
HA - New Hires after 4/1/11	Open	7.26%	0.00%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

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

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, 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 3.00% 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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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, 2019 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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	60.00%	5.25%	3.15%
Global fixed income	20.00%	1.25%	0.25%
Private investments	20.00%	7.25%	1.45%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.60%</u></u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2020 was 7.6% (down from 8.0 at December 31, 2019). 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, 2019	\$ 31,218,087	\$ 20,959,458	\$ 10,258,629
Changes for the year:			
Service cost	488,191	-	488,191
Interest	2,314,086	-	2,314,086
Differences between expected and actual experience	(68,403)	-	(68,403)
Changes in assumptions	934,040	-	934,040
Employer contributions	-	1,654,471	(1,654,471)
Employee contributions	-	135,632	(135,632)
Net investment income	-	2,660,109	(2,660,109)
Benefit payments, including refunds of employee contributions	(2,027,363)	(2,027,363)	-
Administrative expense	-	(41,879)	41,879
Other changes	38,152	-	38,152
Net changes	1,678,703	2,380,970	(702,267)
Balances at December 31, 2020	\$ 32,896,790	\$ 23,340,428	\$ 9,556,362

Changes in Assumptions. In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

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 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.6%) or 1% higher (8.6%) than the current rate:

1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
\$ 13,180,005	\$ 9,556,362	\$ 6,478,720

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, 2020, the County recognized pension expense of \$1,260,732. 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	\$ 78,660	\$ 266,923	\$ (188,263)
Changes in assumptions	747,232	-	747,232
Net difference between projected and actual earnings on pension plan investments	-	736,214	(736,214)
Total	\$ 825,892	\$ 1,003,137	\$ (177,245)

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
2021	\$ (85,642)
2022	233,180
2023	(282,350)
2024	(42,433)
Total	\$ (177,245)

Payable to the Pension Plan. At December 31, 2020, the County reported a payable of \$111,974 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

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	\$ 2,006,334	\$ -
2019 Delinquent Tax	-	2,006,334
	<u>\$ 2,006,334</u>	<u>\$ 2,006,334</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, 2020, interfund transfers consisted of the following:

Transfers Out	Transfers in				
	General Fund	Nonmajor Governmental Funds	Unrestricted Treasurer's Fund	Cedar Creek Water System	Totals
General Fund	\$ -	\$ 366,060	\$ -	\$ 44,600	\$ 410,660
Public safety	1,475,052	-	-	-	1,475,052
Nonmajor governmental funds	96,814	21,099	-	-	117,913
Unrestricted treasurer's fund	-	546,646	-	-	546,646
Nonmajor enterprise funds	60,000	-	500,048	-	560,048
	<u>\$ 1,631,866</u>	<u>\$ 933,805</u>	<u>\$ 500,048</u>	<u>\$ 44,600</u>	<u>\$ 3,110,319</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	\$ 20,333	\$ -	\$ -	\$ -	\$ 350	\$ 20,683
Restricted for:						
Friend of the court	-	-	-	-	20,005	20,005
Animal control	-	-	-	-	299,347	299,347
Senior services	-	-	-	91,847	-	91,847
Emergency dispatch system	-	-	-	-	512,702	512,702
Building inspection	-	-	-	-	7,893	7,893
Public safety	1,951	113,655	-	-	13,245	128,851
Officer training	-	-	-	-	5,846	5,846
Register of deeds automation	-	-	-	-	49,096	49,096
Community development	-	-	110,008	-	-	110,008
Homestead audit	-	-	-	-	17,190	17,190
SCAAP grant	-	-	-	-	12,343	12,343
Veterans services	-	-	-	-	213,643	213,643
Concealed pistol licenses	-	-	-	-	100,495	100,495
Family counseling	-	-	-	-	305	305
MSU extension	-	-	-	-	59,933	59,933
Jail construction (unexpended bond proceeds)	-	-	-	-	368	368
Total restricted	1,951	113,655	110,008	91,847	1,312,411	1,629,872
Committed for:						
Dispatch building construction	-	-	-	-	19,625	19,625
Child care	-	-	-	-	728,666	728,666
Courthouse expansion	-	-	-	-	750	750
Public improvement	53,586	-	-	-	-	53,586
Total committed	53,586	-	-	-	749,041	802,627
Unassigned	7,351,605	-	-	-	-	7,351,605
Total fund balances, governmental funds	\$ 7,427,475	\$ 113,655	\$ 110,008	\$ 91,847	\$ 2,061,802	\$ 9,804,787

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, 2020, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 211,925	\$ -
Capital assets being depreciated, net	20,321,245	1,427,547
	<u>20,533,170</u>	<u>1,427,547</u>
Related debt:		
Total bonds and loans payable	14,762,914	-
Deferred charge on refunding	(50,928)	-
Unspent bond proceeds	(368)	-
	<u>14,711,618</u>	<u>-</u>
Net investment in capital assets	<u>\$ 5,821,552</u>	<u>\$ 1,427,547</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 \$854,672 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, 2020.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

18. TAX ABATEMENTS

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. Property taxes abated by the County in 2020 amounted to \$31,497 (\$21,494 related to the operating millage and \$10,003 related to special voted millages).

19. RESTATEMENT

The County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result of this change, beginning net position of the custodial fund, Inmate Trust, was increased by \$38,874.

20. CORONAVIRUS (COVID-19)

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.



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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,			
	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 488,191	\$ 457,859	\$ 435,413	\$ 413,766
Interest	2,314,086	2,384,981	2,301,304	2,281,542
Changes in benefit terms	-	(32,569)	-	-
Differences between expected and actual experience	(68,403)	(137,386)	196,647	(648,837)
Changes in assumptions	934,040	-	-	-
Benefit payments, including refunds of employee contributions	(2,027,363)	(1,893,020)	(1,782,707)	(1,738,878)
Other changes	38,152	(91,617)	(60,760)	(49,488)
Net change in total pension liability	<u>1,678,703</u>	<u>688,248</u>	<u>1,089,897</u>	<u>258,105</u>
Total pension liability, beginning of year	<u>31,218,087</u>	<u>30,529,839</u>	<u>29,439,942</u>	<u>29,181,837</u>
Total pension liability, end of year	<u>32,896,790</u>	<u>31,218,087</u>	<u>30,529,839</u>	<u>29,439,942</u>
Plan fiduciary net position				
Employer contributions	1,654,471	1,161,398	1,731,033	914,964
Employee contributions	135,632	139,572	121,007	127,423
Net investment income (loss)	2,660,109	2,559,640	(795,709)	2,369,166
Benefit payments, including refunds of employee contributions	(2,027,363)	(1,893,020)	(1,782,707)	(1,738,878)
Administrative expense	(41,879)	(44,098)	(38,461)	(37,551)
Net change in plan fiduciary net position	<u>2,380,970</u>	<u>1,923,492</u>	<u>(764,837)</u>	<u>1,635,124</u>
Plan fiduciary net position, beginning of year	<u>20,959,458</u>	<u>19,035,966</u>	<u>19,800,803</u>	<u>18,165,679</u>
Plan fiduciary net position, end of year	<u>23,340,428</u>	<u>20,959,458</u>	<u>19,035,966</u>	<u>19,800,803</u>
County's net pension liability	<u>\$ 9,556,362</u>	<u>\$ 10,258,629</u>	<u>\$ 11,493,873</u>	<u>\$ 9,639,139</u>
Plan fiduciary net position as a percentage of total pension liability	71.0%	67.1%	62.4%	67.3%
Covered payroll	\$ 6,177,699	\$ 5,907,042	\$ 5,282,911	\$ 5,004,252
County's net pension liability as a percentage of covered payroll	154.7%	173.7%	217.6%	192.6%

See notes to required supplementary information.

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2016	2015
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\$ 447,451	\$ 440,718
2,166,430	2,096,030
-	-

(6,784)	-
1,451,805	-

(1,656,133)	(1,511,095)
(85,030)	(103,166)
<u>2,317,739</u>	<u>922,487</u>

<u>26,864,098</u>	<u>25,941,611</u>
-------------------	-------------------

<u>29,181,837</u>	<u>26,864,098</u>
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811,992	790,703
141,358	159,240
1,906,875	(264,296)

(1,656,133)	(1,511,095)
(37,656)	(38,748)
<u>1,166,436</u>	<u>(864,196)</u>

<u>16,999,243</u>	<u>17,863,439</u>
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<u>18,165,679</u>	<u>16,999,243</u>
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<u>\$ 11,016,158</u>	<u>\$ 9,864,855</u>
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62.2%	63.3%
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\$ 4,597,331	\$ 4,998,247
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239.6%	197.4%
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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	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%
2020	1,154,471	1,654,471	500,000	6,177,699	26.8%

See notes to required supplementary information.

COUNTY OF WEXFORD, MICHIGAN

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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

Changes in Assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

Notes to Schedule of Contributions

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

Valuation Date	Actuarially determined contribution rates are calculated as of the December 31 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.
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Methods and assumptions used to determine contribution rates (2020, based on the 12/31/2018 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	20 years for County divisions; 14 years for Road Commission
Asset valuation method	5-year smooth market
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
Normal 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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 7,337,851	\$ 7,376,101	\$ 7,541,636	\$ 165,535
Licenses and permits	12,000	12,000	15,351	3,351
Intergovernmental	2,521,907	2,758,092	3,222,325	464,233
Charges for services:				
Court fees	727,602	727,602	701,304	(26,298)
Other fees	493,595	493,595	540,366	46,771
Other charges for services	654,175	680,248	747,884	67,636
Total charges for services	1,875,372	1,901,445	1,989,554	88,109
Fines and forfeitures	52,643	52,643	242,627	189,984
Interest and rents	125,184	125,184	120,948	(4,236)
Other revenues	178,850	179,726	244,660	64,934
Total revenues	12,103,807	12,405,191	13,377,101	971,910
Expenditures				
Current:				
Legislative:				
County commission	67,537	67,537	65,007	(2,530)
Judicial:				
Circuit court	338,599	348,599	328,588	(20,011)
District court	652,175	652,175	835,509	183,334
Friend of the court	888,449	888,449	843,682	(44,767)
Jury commission	3,550	3,550	2,869	(681)
Probate court	637,235	637,235	606,812	(30,423)
Probation and parole	2,730	2,730	2,051	(679)
Family counseling	75,319	79,419	78,437	(982)
Public defender	246,340	246,340	211,469	(34,871)
Court security	123,485	123,485	111,184	(12,301)
Total judicial	2,967,882	2,981,982	3,020,601	38,619

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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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government:				
Administrator	\$ 202,912	\$ 210,788	\$ 204,675	\$ (6,113)
Elections	53,800	82,950	81,329	(1,621)
Clerk	295,782	295,782	286,733	(9,049)
Equalization	438,590	438,590	396,311	(42,279)
Prosecuting attorney	485,173	542,821	518,748	(24,073)
Prosecuting attorney cooperative reimbursement	50,940	52,940	50,816	(2,124)
Register of deeds	261,541	261,541	259,311	(2,230)
State survey and remonumentation	42,737	42,737	42,736	(1)
Treasurer	335,451	335,451	329,305	(6,146)
Building and grounds:				
Human services	45,600	92,500	89,153	(3,347)
District health	38,200	71,600	66,290	(5,310)
Jail	166,935	178,435	177,874	(561)
Maintenance	5,150	5,150	4,743	(407)
Building and grounds	414,972	334,672	299,761	(34,911)
Drain commission	30,505	56,165	44,398	(11,767)
Forest roads	144,000	144,000	112,005	(31,995)
General services administration	696,600	1,420,725	1,299,502	(121,223)
Delinquent personal property tax administration	1,105	1,105	1,105	-
Law library	40,000	46,300	37,869	(8,431)
Total general government	<u>3,749,993</u>	<u>4,614,252</u>	<u>4,302,664</u>	<u>(311,588)</u>
Public safety:				
Sheriff	2,410,735	2,500,516	2,396,172	(104,344)
Secondary roads	100,172	101,672	73,936	(27,736)
Marine	24,848	24,848	7,630	(17,218)
Federal forest	4,500	4,500	4,044	(456)
Snowmobile	25,250	25,250	12,190	(13,060)
ORV grant	25,396	31,896	29,577	(2,319)
Jail	2,715,414	2,785,614	2,638,809	(146,805)
Emergency management	74,708	89,708	84,939	(4,769)
Sheriff court security	30,000	30,000	4,674	(25,326)
Total public safety	<u>5,411,023</u>	<u>5,594,004</u>	<u>5,251,971</u>	<u>(342,033)</u>
Public works:				
Sanitary landfill	<u>76,650</u>	<u>76,650</u>	<u>48,866</u>	<u>(27,784)</u>

continued...

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Health and welfare:				
Special appropriations	\$ 568,354	\$ 575,854	\$ 573,254	\$ (2,600)
Contagious diseases	600	1,200	635	(565)
Medical examiner	95,400	107,500	92,990	(14,510)
Veteran's burial	10,000	10,000	7,800	(2,200)
Total health and welfare	674,354	694,554	674,679	(19,875)
Recreation and culture:				
Civic center	57,810	164,268	158,053	(6,215)
Other	50,000	50,000	-	(50,000)
Capital outlay	268,577	379,940	325,071	(54,869)
Total expenditures	13,323,826	14,623,188	13,846,912	(776,275)
Revenues over (under) expenditures	(1,220,019)	(2,217,996)	(469,811)	1,748,185
Other financing sources (uses)				
Transfers in	1,633,711	1,740,669	1,631,866	(108,803)
Transfers out	(663,526)	(664,501)	(410,660)	(253,841)
Insurance recovery	-	-	106,458	106,458
Total other financing sources (uses)	970,185	1,076,168	1,327,664	251,496
Net change in fund balance	(249,834)	(1,141,828)	857,853	1,999,681
Fund balances, beginning of year	6,569,622	6,569,622	6,569,622	-
Fund balance, end of year	\$ 6,319,788	\$ 5,427,794	\$ 7,427,475	\$ 1,999,681

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COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2020

	Special Revenue Funds			
	Recreation Millage	Friend of the Court	Animal Control	Building Inspection
Assets				
Cash and short-term investments	\$ -	\$ 19,645	\$ 328,336	\$ 14,880
Property taxes receivable	-	-	184,689	-
Due from other governments	-	360	-	-
Prepays	-	-	-	350
Total assets	<u>\$ -</u>	<u>\$ 20,005</u>	<u>\$ 513,025</u>	<u>\$ 15,230</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,167	\$ 2,145
Accrued liabilities	-	-	4,883	4,842
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>7,050</u>	<u>6,987</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	-	-	206,628	-
Fund balances				
Nonspendable	-	-	-	350
Restricted	-	20,005	299,347	7,893
Committed	-	-	-	-
Total fund balances	<u>-</u>	<u>20,005</u>	<u>299,347</u>	<u>8,243</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 20,005</u>	<u>\$ 513,025</u>	<u>\$ 15,230</u>

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Special Revenue Funds						
Homestead Audit	Register of Deeds Automation	Community Alternative Program	911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant
\$ 17,490	\$ 49,096	\$ -	\$ 327,866	\$ 4,588	\$ 305	\$ 12,343
-	-	-	-	-	-	-
-	-	-	221,548	-	-	-
-	-	-	-	-	-	-
<u>\$ 17,490</u>	<u>\$ 49,096</u>	<u>\$ -</u>	<u>\$ 549,414</u>	<u>\$ 4,588</u>	<u>\$ 305</u>	<u>\$ 12,343</u>
\$ 300	\$ -	\$ -	\$ 14,643	\$ -	\$ -	\$ -
-	-	-	22,069	-	-	-
-	-	-	-	-	-	-
<u>300</u>	<u>-</u>	<u>-</u>	<u>36,712</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,190	49,096	-	512,702	4,588	305	12,343
-	-	-	-	-	-	-
<u>17,190</u>	<u>49,096</u>	<u>-</u>	<u>512,702</u>	<u>4,588</u>	<u>305</u>	<u>12,343</u>
<u>\$ 17,490</u>	<u>\$ 49,096</u>	<u>\$ -</u>	<u>\$ 549,414</u>	<u>\$ 4,588</u>	<u>\$ 305</u>	<u>\$ 12,343</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2020

	Special Revenue Funds			
	Michigan Justice Training	Juvenile Justice	Child Care	Department of Veteran's Services
Assets				
Cash and short-term investments	\$ 1,258	\$ 12,213	\$ 528,941	\$ 227,331
Property taxes receivable	-	-	-	92,356
Due from other governments	-	1,032	199,741	-
Prepays	-	-	-	-
Total assets	<u>\$ 1,258</u>	<u>\$ 13,245</u>	<u>\$ 728,682</u>	<u>\$ 319,687</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 16	\$ 960
Accrued liabilities	-	-	-	2,357
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>16</u>	<u>3,317</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	-	-	-	102,727
Fund balances				
Nonspendable	-	-	-	-
Restricted	1,258	13,245	-	213,643
Committed	-	-	728,666	-
Total fund balances	<u>1,258</u>	<u>13,245</u>	<u>728,666</u>	<u>213,643</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,258</u>	<u>\$ 13,245</u>	<u>\$ 728,682</u>	<u>\$ 319,687</u>



Special Revenue Funds			Debt Service Funds		
CPL Tech	MSU Extension	Indigent Defense	Courthouse Expansion	Jail Project	Dispatch Project
\$ 100,495	\$ 77,576	\$ 459,866	\$ 750	\$ -	\$ -
-	156,992	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<hr/>					
<u>\$ 100,495</u>	<u>\$ 234,568</u>	<u>\$ 459,866</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>
<hr/>					
\$ -	\$ -	\$ 5,217	\$ -	\$ -	\$ -
-	-	11,840	-	-	-
-	-	442,809	-	-	-
<hr/>					
-	-	459,866	-	-	-
<hr/>					
-	174,635	-	-	-	-
<hr/>					
-	-	-	-	-	-
100,495	59,933	-	-	-	-
-	-	-	750	-	-
<hr/>					
100,495	59,933	-	750	-	-
<hr/>					
<u>\$ 100,495</u>	<u>\$ 234,568</u>	<u>\$ 459,866</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2020

	Capital Project Funds			
	Jail Construction	Dispatch Building	Octagon Building	Total
Assets				
Cash and short-term investments	\$ 368	\$ 19,625	\$ -	\$ 2,202,972
Property taxes receivable	-	-	-	434,037
Due from other governments	-	-	-	422,681
Prepays	-	-	-	350
Total assets	<u>\$ 368</u>	<u>\$ 19,625</u>	<u>\$ -</u>	<u>\$ 3,060,040</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 25,448
Accrued liabilities	-	-	-	45,991
Unearned revenue	-	-	-	442,809
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>514,248</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	-	-	-	483,990
Fund balances				
Nonspendable	-	-	-	350
Restricted	368	-	-	1,312,411
Committed	-	19,625	-	749,041
Total fund balances	<u>368</u>	<u>19,625</u>	<u>-</u>	<u>2,061,802</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 368</u>	<u>\$ 19,625</u>	<u>\$ -</u>	<u>\$ 3,060,040</u>

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COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2020

	Special Revenue Funds			
	Recreation Millage	Friend of the Court	Animal Control	Building Inspection
Revenues				
Taxes	\$ -	\$ -	\$ 216,875	\$ -
Licenses and permits	-	-	4,356	-
Intergovernmental	-	6,216	2,696	-
Charges for services	-	10,720	6,741	146,623
Interest and rent	-	13	159	21
Other	-	-	3,291	-
Total revenues	-	16,949	234,118	146,644
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	195,740	209,086
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	195,740	209,086
Revenues over (under) expenditures	-	16,949	38,378	(62,442)
Other financing sources (uses)				
Transfers in	-	-	1,500	-
Transfers out	(103)	(25,000)	-	-
Total other financing sources (uses)	(103)	(25,000)	1,500	-
Net change in fund balances	(103)	(8,051)	39,878	(62,442)
Fund balances, beginning of year	103	28,056	259,469	70,685
Fund balances, end of year	<u>\$ -</u>	<u>\$ 20,005</u>	<u>\$ 299,347</u>	<u>\$ 8,243</u>

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Special Revenue Funds						
Homestead Audit	Register of Deeds Automation	Community Alternative Program	911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,625	-
-	-	177,469	892,183	-	-	-
471	37,195	18,421	-	6,641	-	-
8	12	7	192	-	-	-
-	-	26,036	-	-	-	-
479	37,207	221,933	892,375	6,641	2,625	-
-	-	-	-	-	-	-
476	13,969	-	-	-	-	-
-	-	254,607	748,534	22,016	-	-
-	-	-	-	-	-	-
-	-	-	157,380	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
476	13,969	254,607	905,914	22,016	-	-
3	23,238	(32,674)	(13,539)	(15,375)	2,625	-
-	-	8,359	-	9,350	-	-
-	-	-	(90,310)	-	(2,500)	-
-	-	8,359	(90,310)	9,350	(2,500)	-
3	23,238	(24,315)	(103,849)	(6,025)	125	-
17,187	25,858	24,315	616,551	10,613	180	12,343
\$ 17,190	\$ 49,096	\$ -	\$ 512,702	\$ 4,588	\$ 305	\$ 12,343

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenditures

and Change in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2020

	Special Revenue Funds			
	Michigan Justice Training	Juvenile Justice	Child Care	Department of Veteran's Services
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 108,392
Licenses and permits	-	-	-	-
Intergovernmental	2,939	5,840	205,945	102,315
Charges for services	-	-	-	-
Interest and rent	-	-	283	87
Other	-	-	-	100
Total revenues	<u>2,939</u>	<u>5,840</u>	<u>206,228</u>	<u>210,894</u>
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	2,595	-	-	-
Health and welfare	-	5,839	253,483	133,991
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,595</u>	<u>5,839</u>	<u>253,483</u>	<u>133,991</u>
Revenues over (under) expenditures	<u>344</u>	<u>1</u>	<u>(47,255)</u>	<u>76,903</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>344</u>	<u>1</u>	<u>(47,255)</u>	<u>76,903</u>
Fund balances, beginning of year	<u>914</u>	<u>13,244</u>	<u>775,921</u>	<u>136,740</u>
Fund balances, end of year	<u>\$ 1,258</u>	<u>\$ 13,245</u>	<u>\$ 728,666</u>	<u>\$ 213,643</u>



Special Revenue Funds			Debt Service Funds		
CPL Tech	MSU Extension	Indigent Defense	Courthouse Expansion	Jail Project	Dispatch Project
\$ -	\$ 184,200	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	741,622	-	-	-
25,961	-	-	-	-	-
35	53	84	-	-	-
-	-	-	-	-	-
25,996	184,253	741,706	-	-	-
-	-	829,656	-	-	-
-	157,625	-	-	-	-
873	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	190,000	175,000	60,086
-	-	-	68,901	302,435	30,224
873	157,625	829,656	258,901	477,435	90,310
25,123	26,628	(87,950)	(258,901)	(477,435)	(90,310)
-	-	87,950	258,901	477,435	90,310
-	-	-	-	-	-
-	-	87,950	258,901	477,435	90,310
25,123	26,628	-	-	-	-
75,372	33,305	-	750	-	-
\$ 100,495	\$ 59,933	\$ -	\$ 750	\$ -	\$ -

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COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenditures

and Change in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2020

	Capital Project Funds			Total
	Jail Construction	Dispatch Building	Octagon Building	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 509,467
Licenses and permits	-	-	-	6,981
Intergovernmental	-	-	-	2,137,225
Charges for services	-	-	-	252,773
Interest and rent	-	-	-	954
Other	-	-	-	29,427
Total revenues	-	-	-	2,936,827
Expenditures				
Current:				
Judicial	-	-	-	829,656
General government	-	-	-	172,070
Public safety	-	2,441	-	1,435,892
Health and welfare	-	-	-	393,313
Capital outlay	361,679	29,734	354	549,147
Debt service:				
Principal	-	-	-	425,086
Interest and fiscal charges	-	-	-	401,560
Total expenditures	361,679	32,175	354	4,206,724
Revenues over (under) expenditures	(361,679)	(32,175)	(354)	(1,269,897)
Other financing sources (uses)				
Transfers in	-	-	-	933,805
Transfers out	-	-	-	(117,913)
Total other financing sources (uses)	-	-	-	815,892
Net change in fund balances	(361,679)	(32,175)	(354)	(454,005)
Fund balances, beginning of year	362,047	51,800	354	2,515,807
Fund balances, end of year	<u>\$ 368</u>	<u>\$ 19,625</u>	<u>\$ -</u>	<u>\$ 2,061,802</u>

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COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2020

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Assets			
Current assets:			
Cash and short-term investments	\$ 1,472,597	\$ 7,498	\$ 8,390
Accounts receivable	1,666	376	487
Taxes receivable	-	17	3,897
Accrued interest receivable	-	2,066	2,672
Total current assets	<u>1,474,263</u>	<u>9,957</u>	<u>15,446</u>
Liabilities			
Current liabilities:			
Accounts payable	-	-	-
Due to other governments	-	-	-
Undistributed receipts	183,068	-	-
Total current liabilities	<u>183,068</u>	<u>-</u>	<u>-</u>
Net position			
Unrestricted	<u>\$ 1,291,195</u>	<u>\$ 9,957</u>	<u>\$ 15,446</u>



2017 Delinquent Tax	2018 Delinquent Tax	2020 Delinquent Tax	Recycling	Jail Commissary	Total
\$ -	\$ 137,628	\$ 25,937	\$ 46,827	\$ 27,457	\$ 1,726,334
-	9,756	-	-	519	12,804
-	243,882	-	-	-	247,796
-	93,502	-	-	-	98,240
-	484,768	25,937	46,827	27,976	2,085,174
-	-	24,545	-	645	25,190
-	660	-	-	-	660
-	-	-	-	-	183,068
-	660	24,545	-	645	208,918
\$ -	\$ 484,108	\$ 1,392	\$ 46,827	\$ 27,331	\$ 1,876,256

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenses

and Change in Fund Net Position - Nonmajor Enterprise Funds

For the Year Ended December 31, 2020

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Operating revenues			
Charges for services	\$ 200	\$ -	\$ -
Interest and penalties	-	-	-
Total operating revenues	<u>200</u>	<u>-</u>	<u>-</u>
Operating expenses			
Contractual services	-	-	-
Repairs and maintenance	140	-	-
Other services and charges	5,276	-	-
Total operating expenses	<u>5,416</u>	<u>-</u>	<u>-</u>
Operating income (loss)	(5,216)	-	-
Nonoperating revenues			
Investment earnings	<u>5,961</u>	<u>15</u>	<u>18</u>
Income before transfers	745	15	18
Transfers			
Transfers out	<u>(60,000)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(59,255)</u>	<u>15</u>	<u>18</u>
Net position, beginning of year	<u>1,350,450</u>	<u>9,942</u>	<u>15,428</u>
Net position, end of year	<u>\$ 1,291,195</u>	<u>\$ 9,957</u>	<u>\$ 15,446</u>



2017 Delinquent Tax	2018 Delinquent Tax	2020 Delinquent Tax	Recycling	Jail Commissary	Total
\$ 56,111	\$ 44,187	\$ 915	\$ -	\$ 17,500	\$ 118,913
-	120,170	482	-	-	120,652
56,111	164,357	1,397	-	17,500	239,565
116,206	878	5	-	-	117,089
-	-	-	-	-	140
-	-	-	-	1,895	7,171
116,206	878	5	-	1,895	124,400
(60,095)	163,479	1,392	-	15,605	115,165
102,468	4,413	-	20	5	112,900
42,373	167,892	1,392	20	15,610	228,065
(500,048)	-	-	-	-	(560,048)
(457,675)	167,892	1,392	20	15,610	(331,983)
457,675	316,216	-	46,807	11,721	2,208,239
\$ -	\$ 484,108	\$ 1,392	\$ 46,827	\$ 27,331	\$ 1,876,256

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2020

	Land Reutilization	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Cash flows from operating activities			
Receipts from customers and users	\$ 183,268	\$ -	\$ -
Payments to vendors	(5,416)	-	-
Net cash provided by operating activities	177,852	-	-
Cash flows from noncapital financing activities			
Net repayment of advances from other funds	-	-	-
Transfers out	(60,000)	-	-
Net cash used in noncapital financing activities	(60,000)	-	-
Cash flows from investing activities			
Interest received	5,961	15	18
Net increase (decrease) in cash and short-term investments	123,813	15	18
Cash and short-term investments, beginning of year	1,348,784	7,483	8,372
Cash and short-term investments, end of year	<u>\$ 1,472,597</u>	<u>\$ 7,498</u>	<u>\$ 8,390</u>
Cash flows from operating activities			
Operating income (loss)	\$ (5,216)	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in:			
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Accrued interest receivable	-	-	-
Accounts payable	-	-	-
Due to other governments	-	-	-
Undistributed receipts	183,068	-	-
Net cash provided by operating activities	<u>\$ 177,852</u>	<u>\$ -</u>	<u>\$ -</u>

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2017 Delinquent Tax	2018 Delinquent Tax	2020 Delinquent Tax	Recycling	Jail Commissary	Total
\$ 458,968 (116,206)	\$ 1,120,603 (878)	\$ 25,942 (5)	\$ - -	\$ 17,500 (2,003)	\$ 1,806,281 (124,508)
342,762	1,119,725	25,937	-	15,497	1,681,773
(400,000)	(2,909,411)	-	-	-	(3,309,411)
(500,048)	-	-	-	-	(560,048)
(900,048)	(2,909,411)	-	-	-	(3,869,459)
102,468	4,413	-	20	5	112,900
(454,818)	(1,785,273)	25,937	20	15,502	(2,074,786)
454,818	1,922,901	-	46,807	11,955	3,801,120
\$ -	\$ 137,628	\$ 25,937	\$ 46,827	\$ 27,457	\$ 1,726,334
\$ (60,095)	\$ 163,479	\$ 1,392	\$ -	\$ 15,605	\$ 115,165
11,321	34,696	-	-	-	46,017
282,480	887,267	-	-	-	1,169,747
109,446	33,623	-	-	-	143,069
-	-	24,545	-	(108)	24,437
(390)	660	-	-	-	270
-	-	-	-	-	183,068
\$ 342,762	\$ 1,119,725	\$ 25,937	\$ -	\$ 15,497	\$ 1,681,773

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2020

	Trust And Agency	Estate Fund	Inmate Trust	Library Penal Fine	Total
Assets					
Cash and short-term investments	\$ 298,954	\$ 7,920	\$ 38,951	\$ 108,764	\$ 454,589
Liabilities					
Undistributed receipts	298,954	7,920	-	108,764	415,638
Net position					
Restricted for individuals, organizations and other governments	\$ -	\$ -	\$ 38,951	\$ -	\$ 38,951

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2020

	Trust And Agency	Estate Fund	Inmate Trust	Library Penal Fine	Total
Additions					
Taxes collected for other governments	\$ 8,810,091	\$ -	\$ -	\$ -	\$ 8,810,091
County clerk collections	106,492	-	-	-	106,492
Inmate trust collections	-	-	258,427	-	258,427
Library penal fine collections	-	-	-	218,101	218,101
Other additions	1,216	-	-	-	1,216
Total additions	8,917,799	-	258,427	218,101	9,394,327
Deductions					
Payments of taxes to other governments	8,810,091	-	-	-	8,810,091
County clerk distributions	107,492	-	-	-	107,492
Inmate trust distributions	-	-	258,350	-	258,350
Library penal fine distributions	-	-	-	218,101	218,101
Other deductions	216	-	-	-	216
Total deductions	8,917,799	-	258,350	218,101	9,394,250
Change in net position	-	-	77	-	77
Net position, beginning of year, as restated	-	-	38,874	-	38,874
Net position, end of year	\$ -	\$ -	\$ 38,951	\$ -	\$ 38,951

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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 1, 2021

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, 2020, 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 1, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC

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COUNTY OF WEXFORD, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

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-	\$ -	\$ 112,005
Law Enforcement Agreements	10.704	Direct	16-LE-11090400-021	-	3,840
Total U.S. Department of Agriculture				-	115,845
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	127,821
U.S. Department of Justice					
COVID-19 - Coronavirus Emergency Supplemental Funding Program:					
COVID-19 - CESF Grant - Courts	16.034	MSP	CESF-8-83-0294	-	11,050
COVID-19 - CESF Grant - Prosecutor	16.034	MSP	CESF-8-83-0150	-	17,380
COVID-19 - CESF Grant - Sheriff	16.034	MSP	CESF-295-2020	-	32,767
Total U.S. Department of Justice				-	61,197
U.S. Department of the Treasury					
COVID-19 - Coronavirus Relief Fund:					
COVID-19 - Coronavirus Relief Local Government Grant	21.019	MDT	83-0000-CRLGG	-	255,582
COVID-19 - First Responder Hazard Pay Premiums Program	21.019	MDT	83-0000-FRHPPP	-	61,000
COVID-19 - Public Safety / Public Health Payroll Reimbursement	21.019	MDT	83-0000-PSPHPR	-	473,972
Total U.S. Department of the Treasury				-	790,554
U.S. Department of Health and Human Services					
Child Support Enforcement:					
AFDC Maintenance (FY 2019-20)	93.563	MDHHS	CSFOC-17-83001	-	56,800
AFDC Maintenance (FY 2020-21)	93.563	MDHHS	CSFOC-17-83001	-	21,889
PA CRP Title IV-D (FY 2019-20)	93.563	MDHHS	CSPA-17-83002	-	42,266
PA CRP Title IV-D (FY 2020-21)	93.563	MDHHS	CSPA-17-83002	-	15,099
PFOC CRP Title IV-D (FY 2019-20)	93.563	MDHHS	CSFOC-17-83001	-	227,494
PFOC CRP Title IV-D (FY 2020-21)	93.563	MDHHS	CSFOC-17-83001	-	91,640
FOC CRP Title IV-D (Missaukee County) (FY 2019-20)	93.563	MDHHS	CSFOC-17-83001	77,132	77,132
FOC CRP Title IV-D (Missaukee County) (FY 2020-21)	93.563	MDHHS	CSFOC-17-83001	31,069	31,069
				108,201	563,389
Foster Care, Title IV E					
Child and Parent Legal Representation	93.568	MDHHS	E20203645-00	-	27,490
Total U.S. Department of Health and Human Services				108,201	590,879

continued...

COUNTY OF WEXFORD, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Homeland Security					
Boating Safety Financial Assistance	97.012	DNR	-n/a-	\$ -	\$ 6,964
Emergency Management Performance Grant	97.042	MSP	-n/a-	-	9,393
Total U.S. Department of Homeland Security				-	16,357
Total Expenditures of Federal Awards				\$ 108,201	\$ 1,702,653

concluded

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, 2020. 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 or other applicable 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, 2020 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
MSP	Michigan State Police
MDT	Michigan Department of Treasury
MDHHS	Michigan Department of Health and Human Services

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 \$1,385,013, \$32,250, \$5,826 and \$366,264, respectively. These amounts are not included on the Schedule, as those organizations were separately audited.

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


June 1, 2021

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, 2020, 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 1, 2021. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2020-001 that we consider to be a material weakness.

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 financial statements. 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*.

County of Wexford's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

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

June 1, 2021

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, 2020. 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 \$1,385,013, \$32,250, \$5,826, and \$366,264, in federal awards, respectively, and which were not included in the schedule of expenditures of federal awards for the year ended December 31, 2020. 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 the 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, 2020.

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.

Rehmann Loborn LLC

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2020

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?

 X yes

 no

Significant deficiency(ies) identified?

 yes

 X none reported

Noncompliance material to financial statements noted?

 yes

 X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 yes

 X no

Significant deficiency(ies) identified?

 yes

 X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes

 X no

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund

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, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-001 - Material Audit Adjustments

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. We identified and proposed material adjustments (which were approved and posted by management) to adjust the County's accounting records. These adjustments included entries to properly classify accounts receivable and adjust cash balances.

Cause. This condition was the result of management oversight to make adjustments to the general ledger and reconcile certain balance sheet accounts to their underlying detail.

Effect. As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries.

View of Responsible Officials. The County concurs with the Auditor's recommendation and will reconcile all applicable balance sheet accounts to the subsidiary detail and follow-up on any variances in a timely manner.

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2020

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, 2020

None noted.

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Office of
Kristi Nottingham
Wexford County Treasurer

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Annie Strom, Chief Deputy
Ginette Haines, PA 123 Admin
Lori Nix, Deputy
Tiffany March, Deputy

Corrective Action Plan

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, the following are the findings as noted in the County of Wexford, Michigan's Single Audit report for the year ended December 31, 2020, and corrective actions to be completed.

2020-001 – Material Audit Adjustments

Auditor Description of Condition and Effect. We identified and proposed certain material adjustments (which were approved and posted by management) to adjust the County's accounting records. These adjustments included entries to properly classify accounts receivable and adjust cash balances.

As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements.

Auditor Recommendation. The related correcting entries have been reviewed and approved by management, and no further corrective action is required at this time.

Corrective Action. The County concurs with the Auditor's recommendation and will reconcile all applicable balance sheet accounts to the subsidiary detail and follow-up on any variances in a timely manner.

Responsible Person. Treasurer

Anticipated Completion Date: December 31, 2021