

County of Wexford,
Michigan



Year Ended
December 31, 2021

Financial
Statements and
Single Audit Act
Compliance

Rehmann

COUNTY OF WEXFORD, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 30, 2022

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

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Wexford County Road Commission were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 30, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.

Rehmann Lohman LLC

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, 2021.

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 \$20,360,038 (net position). Of this amount, \$9,144,910 (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 \$1,150,714.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,072,376, an increase of \$267,589 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 77.5% of this total amount, or \$7,810,105, represents unassigned fund balance of the General Fund. The unassigned fund balance of the General Fund was 52.2% 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, the liability associated with a landfill formerly owned by the County, the Unrestricted Treasurer's Fund, 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.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

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 2020 Delinquent Tax, Landfill and Unrestricted Treasurer's funds, 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.

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 \$20,360,038 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 18,850,441	\$ 15,738,243	\$ 11,768,511	\$ 11,701,787	\$ 30,618,952	\$ 27,440,030
Capital assets, net	20,566,743	20,533,170	1,379,973	1,427,547	21,946,716	21,960,717
Total assets	39,417,184	36,271,413	13,148,484	13,129,334	52,565,668	49,400,747
Deferred outflows of resources	2,025,412	876,820	-	-	2,025,412	876,820
Long-term debt outstanding	14,678,765	15,123,835	-	-	14,678,765	15,123,835
Other liabilities	13,180,224	10,940,709	1,360,827	999,768	14,541,051	11,940,477
Total liabilities	27,858,989	26,064,544	1,360,827	999,768	29,219,816	27,064,312
Deferred inflows of resources	5,011,226	4,003,931	-	-	5,011,226	4,003,931
Net position:						
Net investment in						
capital assets	6,286,875	5,821,552	1,379,973	1,427,547	7,666,848	7,249,099
Restricted	2,986,440	3,066,291	561,840	561,561	3,548,280	3,627,852
Unrestricted (deficit)	(700,934)	(1,808,085)	9,845,844	10,140,458	9,144,910	8,332,373
Total net position	\$ 8,572,381	\$ 7,079,758	\$ 11,787,657	\$ 12,129,566	\$ 20,360,038	\$ 19,209,324

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

A substantial portion of the County's net position, \$7,666,848 (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 \$3,548,280 (17.4 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 \$9,144,910 (44.9 percent) to meet its ongoing obligations to citizens and creditors.

Change in Net Position						
Governmental Activities		Business-type Activities		Total		
2021	2020	2021	2020	2021	2020	
Program revenues:						
Charges for services	\$ 3,992,481	\$ 3,743,384	\$ 608,778	\$ 578,887	\$ 4,601,259	\$ 4,322,271
Operating grants	4,208,665	4,637,123	20,014	168,583	4,228,679	4,805,706
General revenues:						
Property taxes	10,321,197	9,978,862	-	-	10,321,197	9,978,862
State shared revenue	706,678	538,065	-	-	706,678	538,065
Unrestricted investment earnings	2,004	9,258	-	-	2,004	9,258
Rental income	117,377	111,686	-	-	117,377	111,686
Total revenues	19,348,402	19,018,378	628,792	747,470	19,977,194	19,765,848
Expenses:						
Legislative	62,577	65,007	-	-	62,577	65,007
Judicial	3,744,542	3,787,071	-	-	3,744,542	3,787,071
General government	4,720,116	4,478,496	-	-	4,720,116	4,478,496
Public safety	7,048,030	7,115,140	-	-	7,048,030	7,115,140
Public works	40,117	47,802	-	-	40,117	47,802
Health and welfare	2,321,207	2,153,694	-	-	2,321,207	2,153,694
Recreation and culture	116,804	103,734	-	-	116,804	103,734
Community and economic development	113,063	150	-	-	113,063	150
Interest and fiscal charges	390,576	404,255	-	-	390,576	404,255
Tax collection	-	-	96,094	117,210	96,094	117,210
Water and wastewater	-	-	141,949	90,044	141,949	90,044
Other	-	-	31,405	13,897	31,405	13,897
Total expenses	18,557,032	18,155,349	269,448	221,151	18,826,480	18,376,500

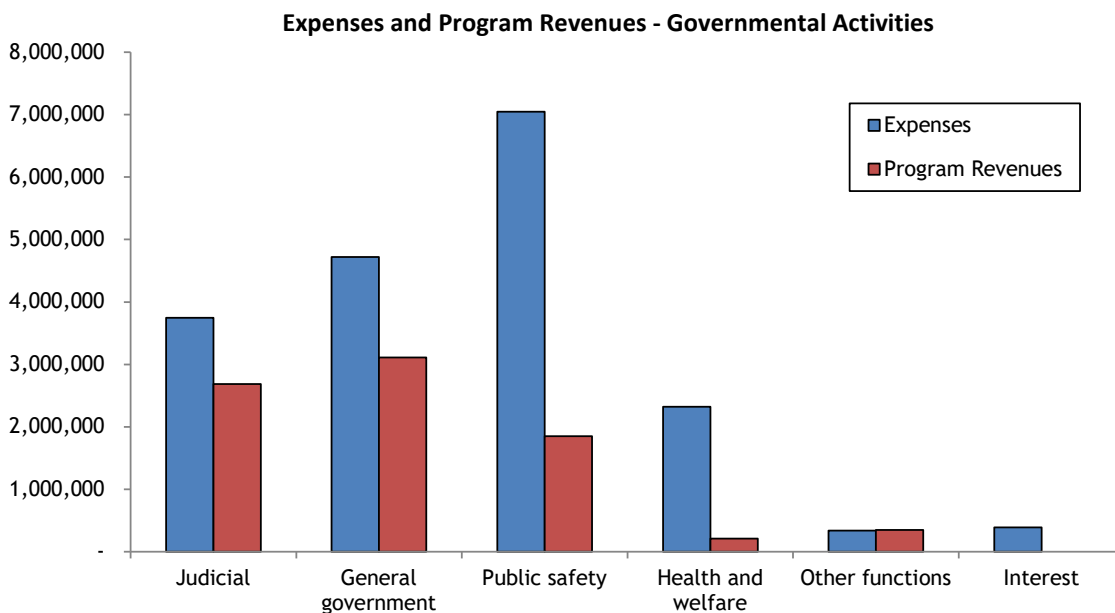
COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Change in net position before transfers	\$ 791,370	\$ 863,029	\$ 359,344	\$ 526,319	\$ 1,150,714	\$ 1,389,348
Transfers	701,253	562,046	(701,253)	(562,046)	-	-
Change in net position	1,492,623	1,425,075	(341,909)	(35,727)	1,150,714	1,389,348
Net position:						
Beginning of year	7,079,758	5,654,683	12,129,566	12,165,293	19,209,324	17,819,976
End of year	\$ 8,572,381	\$ 7,079,758	\$ 11,787,657	\$ 12,129,566	\$ 20,360,038	\$ 19,209,324

Governmental Activities. Governmental activities increased the County's net position by \$1,492,623. Key components of the current year activity are as follows:

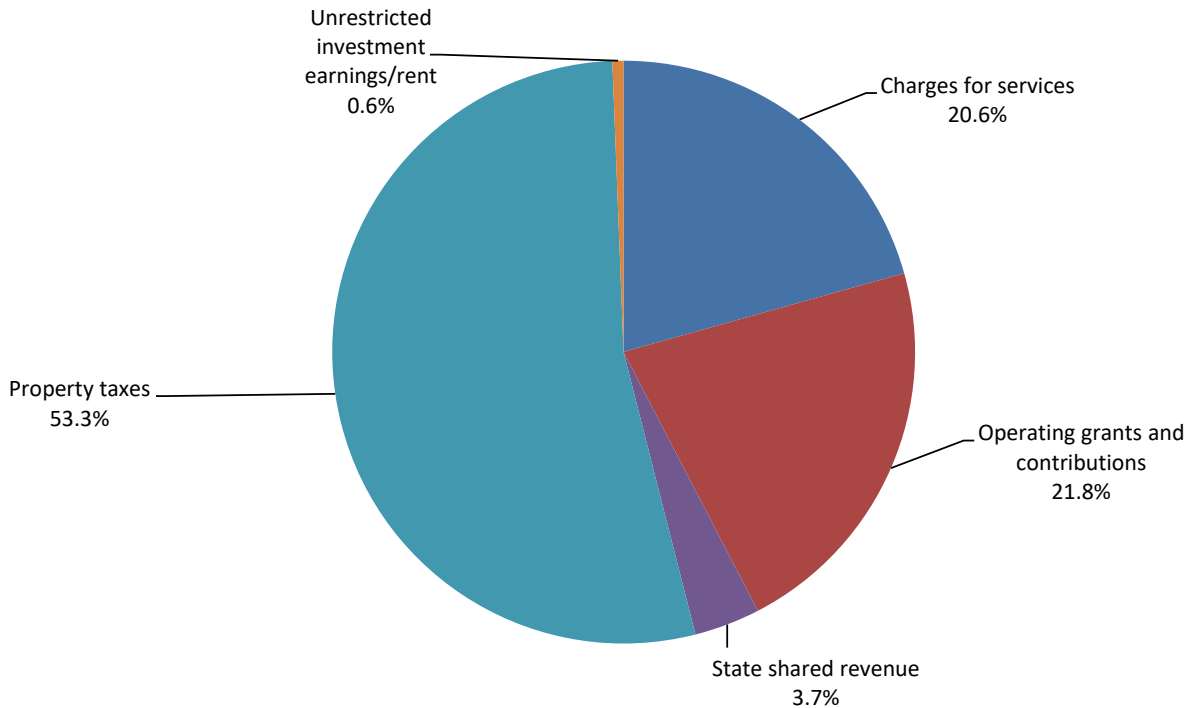
- Total revenue increased by \$330,024. Charges for services increased by \$249,097, mainly in general government. Operating grants decreased \$428,458 due to having received Coronavirus Relief Funds in 2020. Property tax revenue increased \$342,335 due to an increase in property tax values.
- Total expenses increased by \$401,683, primarily as a result of an increase in general government expenses of \$241,620, an increase in health and welfare expenses of \$167,513 and an increase in community and economic development expenses of \$112,913. Increases in these expenses and other areas were due to payroll increases and community development block grants.



COUNTY OF WEXFORD, MICHIGAN

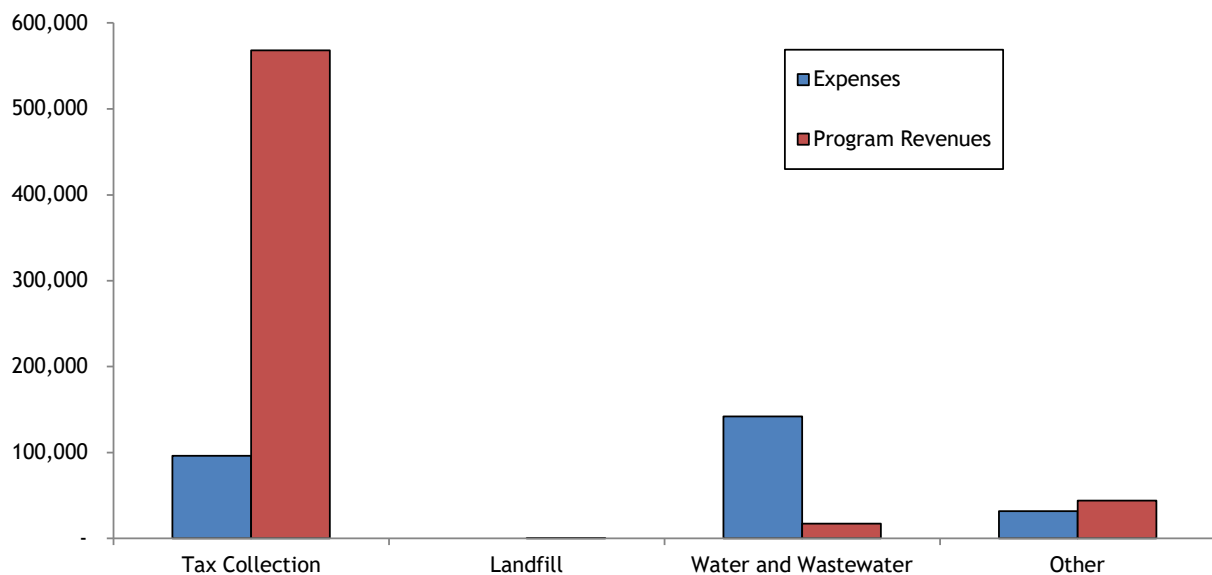
Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities decreased the County's net position by \$341,909. 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 \$10,072,376, an increase of \$267,589 in comparison with the prior year. Of this amount, 77.5 percent (\$7,810,105) 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 (\$8,125); B) restricted for use per various external agreements (\$1,680,601); or C) committed for various purposes (\$573,545).

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 \$7,810,105 while total fund balance amounted to \$7,872,397. 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 52.2 percent of total General Fund expenditures, while total fund balance represents 52.6 percent of that same amount.

The fund balance of the County's General Fund increased by \$444,922 during the current fiscal year. Key factors in this change are as follows:

- Property taxes continue to trend upward, increasing by \$238,349.
- Intergovernmental revenues increased by \$507,911, which was due to additional pandemic funding.

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 \$49,350 during the year, and ending fund balance totaled \$163,005.

The fund balance of the Community Development Block Grant special revenue fund, which accounts for the expenditure of grants received from HUD and the repayment of loans made to residents, decreased by \$80,598 during the year, and ending fund balance totaled \$29,410.

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 \$31,095 during the year, and ending fund balance totaled \$60,752.

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.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

The net position of the 2020 Delinquent Tax fund, which accounts for the collection and remittance of delinquent property taxes levied in 2020, increased by \$279,126 during the year, and ending net position totaled \$280,518.

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 \$279, to an ending balance of \$561,840.

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 \$8,369 during the year, and ending net position totaled \$7,705,472.

General Fund Budgetary Highlights

During the year, there was a \$2,124,390 increase in appropriations (including transfers out) between the original and final amended budget. Significant increases related to General government (\$1,479,867), Public safety (\$412,530) and recreation and culture (\$129,837). The budgeted increases in these expenditure areas were due to an increase in salaries and wages plus benefits. The actual expenditures for the year were \$1,195,495 more than the original budget and \$883,192 less than the amended budget.

The General Fund budgeted for a decrease in fund balance of \$474,159 and the actual increase in fund balance was \$444,922. Significant changes in budgetary variances are as follows:

- The General fund received \$705,989 more revenues than budgeted due to receiving more in fines and forfeitures as well as charges for services and intergovernmental revenues.
- Overall, expenditures were under budget by \$883,192. Wages and benefit expenditures were significantly less due to various position vacancies during the year. Public safety expenditures were \$366,680 under budget and general government expenditures were \$474,463 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, 2021 amounted to \$21,946,716 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, motor vehicles, drains and utility systems. The total decrease of \$14,001 in the County's investment in capital assets for the current fiscal year was primarily a result of 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 211,925	\$ 211,925	\$ -	\$ -	\$ 211,925	\$ 211,925
Buildings and improvements	19,108,455	19,213,689	-	-	19,108,455	19,213,689
Equipment and furniture	636,674	619,550	-	-	636,674	619,550
Vehicles	609,689	488,006	-	-	609,689	488,006
Water distribution system	-	-	1,379,973	1,427,547	1,379,973	1,427,547
Total capital assets, net	\$ 20,566,743	\$ 20,533,170	\$ 1,379,973	\$ 1,427,547	\$ 21,946,716	\$ 21,960,717

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$14,678,765.

	Long-Term Debt					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 3,683,552	\$ 3,939,914	\$ -	\$ -	\$ 3,683,552	\$ 3,939,914
USDA Community Facilities Loans	10,643,000	10,823,000	-	-	10,643,000	10,823,000
Compensated absences	352,213	360,921	-	-	352,213	360,921
Total long-term debt	\$ 14,678,765	\$ 15,123,835	\$ -	\$ -	\$ 14,678,765	\$ 15,123,835

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 \$140,372,730, 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 2022 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

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COUNTY OF WEXFORD, MICHIGAN

Statement of Net Position

December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and short-term investments	\$ 13,314,093	\$ 9,102,596	\$ 22,416,689	\$ 7,338,390
Receivables	5,528,223	1,314,175	6,842,398	3,099,749
Inventories	-	-	-	1,526,801
Prepays	8,125	-	8,125	91,358
Restricted cash and investments	-	1,351,740	1,351,740	-
Capital assets not being depreciated	211,925	-	211,925	9,334,044
Capital assets being depreciated, net	20,354,818	1,379,973	21,734,791	48,389,358
Net pension asset	-	-	-	562,809
Net other postemployment benefits asset	-	-	-	50,956
Total assets	39,417,184	13,148,484	52,565,668	70,393,465
Deferred outflows of resources				
Deferred charge on refunding	46,684	-	46,684	-
Deferred pension amounts	1,978,728	-	1,978,728	2,063,399
Total deferred outflows of resources	2,025,412	-	2,025,412	2,063,399
Liabilities				
Payables	1,116,495	570,927	1,687,422	1,762,033
Unearned revenue	3,127,226	-	3,127,226	62,635
Long-term debt:				
Due within one year	794,040	-	794,040	30,220
Due in more than one year	13,884,725	-	13,884,725	319,550
Landfill remediation liability (due in more than one year)	-	789,900	789,900	-
Net pension liability (due in more than one year)	8,936,503	-	8,936,503	1,054,095
Total liabilities	27,858,989	1,360,827	29,219,816	3,228,533
Deferred inflows of resources				
Property taxes levied for subsequent year	3,107,958	-	3,107,958	851,041
Deferred pension amounts	1,903,268	-	1,903,268	788,366
Deferred other postemployment benefits	-	-	-	38,421
Total deferred inflows of resources	5,011,226	-	5,011,226	1,677,828
Net position				
Net investment in capital assets	6,286,875	1,379,973	7,666,848	57,723,402
Restricted for:				
Pension	-	-	-	1,509,300
Other postemployment benefits	-	-	-	12,535
Public library	-	-	-	30,571
Public safety	1,160,385	-	1,160,385	-
Health and welfare	416,798	-	416,798	-
Community and economic development	1,409,257	-	1,409,257	-
Landfill	-	561,840	561,840	-
Unrestricted (deficit)	(700,934)	9,845,844	9,144,910	8,274,695
Total net position	\$ 8,572,381	\$ 11,787,657	\$ 20,360,038	\$ 67,550,503

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, 2021

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
Legislative	\$ 62,577	\$ -	\$ -	\$ -	\$ (62,577)
Judicial	3,744,542	905,921	1,778,240	-	(1,060,381)
General government	4,720,116	1,423,415	1,688,900	-	(1,607,801)
Public safety	7,048,030	1,318,939	532,798	-	(5,196,293)
Public works	40,117	184,240	-	-	144,123
Health and welfare	2,321,207	190	208,727	-	(2,112,290)
Recreation and culture	116,804	130,000	-	-	13,196
Community and economic development	113,063	29,776	-	-	(83,287)
Interest and fiscal charges	390,576	-	-	-	(390,576)
Total governmental activities	18,557,032	3,992,481	4,208,665	-	(10,355,886)
Business-type activities:					
Tax collection	96,094	567,552	487	-	471,945
Landfill	-	-	279	-	279
Water and wastewater	141,949	-	16,722	-	(125,227)
Other	31,405	41,226	2,526	-	12,347
Total business-type activities	269,448	608,778	20,014	-	359,344
Total primary government	\$ 18,826,480	\$ 4,601,259	\$ 4,228,679	\$ -	\$ (9,996,542)
Component units					
Transit Authority	\$ 3,100,846	\$ 391,536	\$ 2,088,565	\$ 366,508	\$ (254,237)
Airport Authority	727,431	348,134	83,000	54,829	(241,468)
Public Library	1,123,383	1,298	255,432	7,426	(859,227)
Road Commission	9,349,384	2,663,411	8,208,278	1,367,929	2,890,234
Total component units	\$ 14,301,044	\$ 3,404,379	\$ 10,635,275	\$ 1,796,692	\$ 1,535,302

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COUNTY OF WEXFORD, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (10,355,886)	\$ 359,344	\$ (9,996,542)	\$ 1,535,302
General revenues:				
Property taxes	10,321,197	-	10,321,197	1,434,338
State shared revenue	706,678	-	706,678	-
Contributions not restricted to specific programs	-	-	-	104,305
Unrestricted investment earnings	2,004	-	2,004	6,437
Rental income	117,377	-	117,377	-
Gain on sale of capital assets	-	-	-	1,200
Other revenue	-	-	-	532,667
Transfers - internal activities	701,253	(701,253)	-	-
Total general revenues and transfers	11,848,509	(701,253)	11,147,256	2,078,947
Change in net position	1,492,623	(341,909)	1,150,714	3,614,249
Net position, beginning of year	7,079,758	12,129,566	19,209,324	63,936,254
Net position, end of year	<u>\$ 8,572,381</u>	<u>\$ 11,787,657</u>	<u>\$ 20,360,038</u>	<u>\$ 67,550,503</u>
				concluded

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

COUNTY OF WEXFORD, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2021

	General Fund	Public Safety	Community Development Block Grant
Assets			
Cash and short-term investments	\$ 10,555,997	\$ 275,207	\$ 29,410
Accounts receivable	192,336	-	-
Property taxes receivable	456,848	1,431,155	-
Interest receivable	14,560	-	-
Due from other governments	420,131	-	-
Loans receivable	-	-	1,304,469
Prepays	6,755	-	-
Total assets	\$ 11,646,627	\$ 1,706,362	\$ 1,333,879
Liabilities			
Accounts payable	\$ 548,063	\$ -	\$ -
Accrued liabilities	324,336	-	-
Unearned revenue	2,901,831	-	-
Total liabilities	3,774,230	-	-
Deferred inflows of resources			
Unavailable revenue - loans	-	-	1,304,469
Property taxes levied for subsequent year	-	1,543,357	-
Total deferred inflows of resources	-	1,543,357	1,304,469
Fund balances			
Nonspendable	6,755	-	-
Restricted	1,951	163,005	29,410
Committed	53,586	-	-
Unassigned	7,810,105	-	-
Total fund balances	7,872,397	163,005	29,410
Total liabilities, deferred inflows of resources and fund balances	\$ 11,646,627	\$ 1,706,362	\$ 1,333,879

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 141,057	\$ 2,038,081	\$ 13,039,752
-	9,320	201,656
984,127	462,368	3,334,498
-	-	14,560
-	252,909	673,040
-	-	1,304,469
-	1,370	8,125
<u>\$ 1,125,184</u>	<u>\$ 2,764,048</u>	<u>\$ 18,576,100</u>
\$ -	\$ 26,128	\$ 574,191
-	65,544	389,880
-	225,395	3,127,226
<u>-</u>	<u>317,067</u>	<u>4,091,297</u>
-	-	1,304,469
1,064,432	500,169	3,107,958
<u>1,064,432</u>	<u>500,169</u>	<u>4,412,427</u>
-	1,370	8,125
60,752	1,425,483	1,680,601
-	519,959	573,545
-	-	7,810,105
<u>60,752</u>	<u>1,946,812</u>	<u>10,072,376</u>
<u>\$ 1,125,184</u>	<u>\$ 2,764,048</u>	<u>\$ 18,576,100</u>

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COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
December 31, 2021

Fund balances - total governmental funds \$ 10,072,376

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	20,354,818

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	1,304,469
------------------------------	-----------

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	274,341
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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	(8,936,503)
Deferred outflows related to the net pension liability	1,978,728
Deferred inflows related to the net pension liability	(1,903,268)

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	(14,326,552)
Compensated absences	(352,213)
Deferred charge on refunding	46,684
Accrued interest on long-term debt	(152,424)

Net position of governmental activities \$ 8,572,381

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, 2021

	General Fund	Public Safety	Community Development Block Grant
Revenues			
Taxes	\$ 7,306,201	\$ 1,496,875	\$ -
Licenses and permits	20,390	-	-
Intergovernmental	3,730,236	51,703	-
Charges for services	2,080,120	-	32,455
Fines and forfeitures	261,782	-	-
Interest and rent	119,382	72	10
Other	356,974	-	-
Total revenues	13,875,085	1,548,650	32,465
Expenditures			
Current:			
Legislative	62,577	-	-
Judicial	3,037,059	-	-
General government	4,942,906	-	-
Public safety	5,778,197	-	-
Public works	48,319	-	-
Health and welfare	665,353	-	-
Recreation and culture	186,885	-	-
Community and economic development	-	-	113,063
Capital outlay	235,273	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	14,956,569	-	113,063
Revenues over (under) expenditures	(1,081,484)	1,548,650	(80,598)
Other financing sources (uses)			
Transfers in	1,792,311	-	-
Transfers out	(395,905)	(1,499,300)	-
Insurance recovery	130,000	-	-
Total other financing sources (uses)	1,526,406	(1,499,300)	-
Net change in fund balances	444,922	49,350	(80,598)
Fund balances, beginning of year	7,427,475	113,655	110,008
Fund balances, end of year	\$ 7,872,397	\$ 163,005	\$ 29,410

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



Council On Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,032,344	\$ 485,777	\$ 10,321,197
-	7,894	28,284
90,088	1,948,807	5,820,834
-	325,589	2,438,164
-	-	261,782
10	271	119,745
-	3,242	360,216
<u>1,122,442</u>	<u>2,771,580</u>	<u>19,350,222</u>
-	-	62,577
-	828,917	3,865,976
-	183,207	5,126,113
-	1,261,372	7,039,569
-	-	48,319
1,153,537	502,317	2,321,207
-	-	186,885
-	-	113,063
-	87,918	323,191
-	436,362	436,362
-	390,624	390,624
<u>1,153,537</u>	<u>3,690,717</u>	<u>19,913,886</u>
<u>(31,095)</u>	<u>(919,137)</u>	<u>(563,664)</u>
-	934,563	2,726,874
-	(130,416)	(2,025,621)
-	-	130,000
<u>-</u>	<u>804,147</u>	<u>831,253</u>
(31,095)	(114,990)	267,589
<u>91,847</u>	<u>2,061,802</u>	<u>9,804,787</u>
<u>\$ 60,752</u>	<u>\$ 1,946,812</u>	<u>\$ 10,072,376</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, 2021

Net change in fund balances - total governmental funds \$ 267,589

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	672,272
Depreciation expense	(630,363)
Loss on disposal of capital assets	(8,336)

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	(131,968)
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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	436,362
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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	48
Change in the accrual for compensated absences	8,708
Change in the net pension liability and related deferred amounts	872,564

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	148
Operating income from governmental activities in internal service fund - Self-insurance	5,599

Change in net position of governmental activities \$ 1,492,623

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 7,210,920	\$ 7,210,920	\$ 7,306,201	\$ 95,281
Licenses and permits	13,500	13,500	20,390	6,890
Intergovernmental	2,849,774	3,581,449	3,730,236	148,787
Charges for services	1,894,091	1,944,091	2,080,120	136,029
Fines and forfeitures	45,500	45,500	261,782	216,282
Interest and rent	100,079	100,079	119,382	19,303
Other	270,114	273,557	356,974	83,417
Total revenues	12,383,978	13,169,096	13,875,085	705,989
Expenditures				
Current:				
Legislative	62,537	63,787	62,577	(1,210)
Judicial	2,991,159	2,995,159	3,037,059	41,900
General government	3,937,502	5,417,369	4,942,906	(474,463)
Public safety	5,732,347	6,144,877	5,778,197	(366,680)
Public works	67,475	67,475	48,319	(19,156)
Health and welfare	672,551	678,051	665,353	(12,698)
Recreation and culture	57,200	187,037	186,885	(152)
Capital outlay	240,303	286,006	235,273	(50,733)
Total expenditures	13,761,074	15,839,761	14,956,569	(883,192)
Revenues under expenditures	(1,377,096)	(2,670,665)	(1,081,484)	1,589,181
Other financing sources (uses)				
Transfers in	1,655,581	1,899,484	1,792,311	(107,173)
Transfers out	(646,399)	(692,102)	(395,905)	(296,197)
Insurance recovery	-	129,637	130,000	363
Total other financing sources (uses)	1,009,182	1,337,019	1,526,406	189,387
Net change in fund balance	(367,914)	(1,333,646)	444,922	1,778,568
Fund balance, beginning of year	7,427,475	7,427,475	7,427,475	-
Fund balance, end of year	\$ 7,059,561	\$ 6,093,829	\$ 7,872,397	\$ 1,778,568

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,479,300	\$ 1,479,335	\$ 1,496,875	\$ 17,540
Intergovernmental	20,000	20,000	51,703	31,703
Interest and rent	-	-	72	72
Total revenues	1,499,300	1,499,335	1,548,650	49,315
Other financing use				
Transfers out	(1,499,300)	(1,499,300)	(1,499,300)	-
Net change in fund balance	-	35	49,350	49,315
Fund balance, beginning of year	113,655	113,655	113,655	-
Fund balance, end of year	<u>\$ 113,655</u>	<u>\$ 113,690</u>	<u>\$ 163,005</u>	<u>\$ 49,315</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 32,455	\$ (67,545)
Interest and rent	20	20	10	(10)
Total revenues	100,020	100,020	32,465	(67,555)
Expenditures				
Current:				
Community and economic development	100,020	117,020	113,063	(3,957)
Net change in fund balance	-	(17,000)	(80,598)	(63,598)
Fund balance, beginning of year	110,008	110,008	110,008	-
Fund balance, end of year	<u>\$ 110,008</u>	<u>\$ 93,008</u>	<u>\$ 29,410</u>	<u>\$ (63,598)</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,026,700	\$ 1,026,700	\$ 1,032,344	\$ 5,644
Intergovernmental	55,000	55,000	90,088	35,088
Interest and rent	-	-	10	10
Total revenues	1,081,700	1,081,700	1,122,442	40,742
Expenditures				
Current:				
Health and welfare	1,081,700	1,153,540	1,153,537	(3)
Net change in fund balance	-	(71,840)	(31,095)	40,745
Fund balance, beginning of year	91,847	91,847	91,847	-
Fund balance, end of year	\$ 91,847	\$ 20,007	\$ 60,752	\$ 40,745

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2021

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and short-term investments	\$ 2,137,752	\$ -	\$ 4,317,931	\$ 2,646,913
Accounts receivable	35,608	-	-	15,286
Taxes receivable	890,908	-	-	201,405
Accrued interest receivable	96,494	-	963	73,511
Total current assets	<u>3,160,762</u>	<u>-</u>	<u>4,318,894</u>	<u>2,937,115</u>
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	119,944	-	-
Investments	-	1,231,796	-	-
Advance to other funds	-	-	3,386,578	-
Capital assets being depreciated, net	-	-	-	1,379,973
Total noncurrent assets	<u>-</u>	<u>1,351,740</u>	<u>3,386,578</u>	<u>1,379,973</u>
Total assets	<u>3,160,762</u>	<u>1,351,740</u>	<u>7,705,472</u>	<u>4,317,088</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	8,550
Undistributed receipts	-	-	-	562,377
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,927</u>
Noncurrent liabilities:				
Advance from other funds	2,880,244	-	-	506,334
Landfill remediation liability	-	789,900	-	-
Total noncurrent liabilities	<u>2,880,244</u>	<u>789,900</u>	<u>-</u>	<u>506,334</u>
Total liabilities	<u>2,880,244</u>	<u>789,900</u>	<u>-</u>	<u>1,077,261</u>
Net position				
Investment in capital assets	-	-	-	1,379,973
Restricted for landfill	-	561,840	-	-
Unrestricted	<u>280,518</u>	<u>-</u>	<u>7,705,472</u>	<u>1,859,854</u>
Total net position	<u>\$ 280,518</u>	<u>\$ 561,840</u>	<u>\$ 7,705,472</u>	<u>\$ 3,239,827</u>

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



Business-type Activities Enterprise Funds	Governmental Activities
	Internal Service Fund Self-Insurance
Total	

\$ 9,102,596	\$ 274,341
50,894	-
1,092,313	-
170,968	-
<u>10,416,771</u>	<u>274,341</u>

119,944	-
1,231,796	-
3,386,578	-
1,379,973	-
<u>6,118,291</u>	<u>-</u>
<u>16,535,062</u>	<u>274,341</u>

8,550	-
562,377	-
<u>570,927</u>	<u>-</u>

3,386,578	-
789,900	-
<u>4,176,478</u>	<u>-</u>
<u>4,747,405</u>	<u>-</u>

1,379,973	-
561,840	-
<u>9,845,844</u>	<u>274,341</u>
<u>\$ 11,787,657</u>	<u>\$ 274,341</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Operating revenues				
Charges for services	\$ 114,945	\$ -	\$ 20,679	\$ 120,405
Interest and penalties	163,760	-	-	185,177
Premiums - health insurance	-	-	-	-
Other	-	-	-	3,812
Total operating revenues	<u>278,705</u>	<u>-</u>	<u>20,679</u>	<u>309,394</u>
Operating expenses				
Contractual services	-	-	-	187,788
Employee health care	-	-	-	-
Repairs and maintenance	-	-	-	90
Depreciation	-	-	-	47,574
Other services and charges	-	-	12,397	21,599
Total operating expenses	<u>-</u>	<u>-</u>	<u>12,397</u>	<u>257,051</u>
Operating income	278,705	-	8,282	52,343
Nonoperating revenues				
Investment earnings	<u>421</u>	<u>279</u>	<u>2,109</u>	<u>17,205</u>
Income before transfers	<u>279,126</u>	<u>279</u>	<u>10,391</u>	<u>69,548</u>
Transfers				
Transfers in	-	-	528,073	43,780
Transfers out	-	-	(546,833)	(726,273)
Total transfers	<u>-</u>	<u>-</u>	<u>(18,760)</u>	<u>(682,493)</u>
Change in net position	<u>279,126</u>	<u>279</u>	<u>(8,369)</u>	<u>(612,945)</u>
Net position, beginning of year	<u>1,392</u>	<u>561,561</u>	<u>7,713,841</u>	<u>3,852,772</u>
Net position, end of year	<u>\$ 280,518</u>	<u>\$ 561,840</u>	<u>\$ 7,705,472</u>	<u>\$ 3,239,827</u>

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



Business-type Activities Enterprise Funds	Governmental Activities
	Internal Service Fund Self-Insurance
\$ 256,029	\$ -
348,937	-
-	1,675,154
3,812	-
<u>608,778</u>	<u>1,675,154</u>
187,788	-
-	1,669,555
90	-
47,574	-
33,996	-
<u>269,448</u>	<u>1,669,555</u>
339,330	5,599
<u>20,014</u>	<u>148</u>
<u>359,344</u>	<u>5,747</u>
571,853	-
<u>(1,273,106)</u>	<u>-</u>
<u>(701,253)</u>	<u>-</u>
(341,909)	5,747
<u>12,129,566</u>	<u>268,594</u>
<u>\$ 11,787,657</u>	<u>\$ 274,341</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 2,135,939	\$ -	\$ 20,679	\$ 1,941,389
Receipts from internal services provided	-	-	-	-
Payments to vendors	(24,545)	-	(12,397)	(210,942)
Delinquent taxes purchased	(2,880,244)	-	-	-
Net cash provided by (used in) operating activities	<u>(768,850)</u>	<u>-</u>	<u>8,282</u>	<u>1,730,447</u>
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances				
from other funds	2,880,244	-	(1,380,244)	(1,500,000)
Transfers in	-	-	528,073	43,780
Transfers out	-	-	(546,833)	(726,273)
Net cash provided by (used in) noncapital financing activities	<u>2,880,244</u>	<u>-</u>	<u>(1,399,004)</u>	<u>(2,182,493)</u>
Cash flows from investing activities				
Interest received	421	-	6,408	17,205
Net increase (decrease) in cash and short-term investments	<u>2,111,815</u>	<u>-</u>	<u>(1,384,314)</u>	<u>(434,841)</u>
Cash and short-term investments, beginning of year	<u>25,937</u>	<u>119,944</u>	<u>5,702,245</u>	<u>3,081,754</u>
Cash and short-term investments, end of year	<u><u>\$ 2,137,752</u></u>	<u><u>\$ 119,944</u></u>	<u><u>\$ 4,317,931</u></u>	<u><u>\$ 2,646,913</u></u>
Classified on the statement of net position as:				
Cash and short-term investments	\$ 2,137,752	\$ -	\$ 4,317,931	\$ 2,646,913
Restricted cash and short-term investments	-	119,944	-	-
	<u><u>\$ 2,137,752</u></u>	<u><u>\$ 119,944</u></u>	<u><u>\$ 4,317,931</u></u>	<u><u>\$ 2,646,913</u></u>



Business-type Activities Enterprise Funds	Governmental Activities
	Internal Service Fund Self-Insurance
Total	

\$ 4,098,007	\$ -
-	1,675,154
(247,884)	(1,669,555)
(2,880,244)	-

969,879	5,599
---------	-------

-	-
571,853	-
(1,273,106)	-

(701,253)	-
-----------	---

24,034	148
--------	-----

292,660	5,747
---------	-------

8,929,880	268,594
-----------	---------

\$ 9,222,540	\$ 274,341
--------------	------------

\$ 9,102,596	\$ 274,341
119,944	-

\$ 9,222,540	\$ 274,341
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continued...

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Cash flows from operating activities				
Operating income	\$ 278,705	\$ -	\$ 8,282	\$ 52,343
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	-	-	-	47,574
Change in:				
Accounts receivable	(35,608)	-	-	38,263
Taxes receivable	(890,908)	-	-	1,064,953
Accrued interest receivable	(96,494)	-	-	141,710
Accounts payable	(24,545)	-	-	(1,465)
Due to other governments	-	-	-	(660)
Undistributed receipts	-	-	-	387,729
Net cash provided by (used in) operating activities	<u>\$ (768,850)</u>	<u>\$ -</u>	<u>\$ 8,282</u>	<u>\$ 1,730,447</u>

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



Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Fund Self-Insurance

\$ 339,330	\$ 5,599
------------	----------

47,574	-
--------	---

2,655	-
-------	---

174,045	-
---------	---

45,216	-
--------	---

(26,010)	-
----------	---

(660)	-
-------	---

387,729	-
---------	---

<u>\$ 969,879</u>	<u>\$ 5,599</u>
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concluded

COUNTY OF WEXFORD, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

Custodial
Funds

Assets

Cash and short-term investments	\$ 516,685
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Liabilities

Undistributed receipts	<u>475,485</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 41,200</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, 2021

	Custodial Funds
Additions	
Taxes collected for other governments	\$ 10,413,598
County clerk collections	100,000
Inmate trust collections	259,004
Library penal fine collections	235,701
Other additions	313
Total additions	<u>11,008,616</u>
Deductions	
Payments of taxes to other governments	10,413,598
County clerk distributions	100,000
Inmate trust distributions	256,755
Library penal fine distributions	235,701
Other deductions	313
Total deductions	<u>11,006,367</u>
Change in net position	2,249
Net position, beginning of year	<u>38,951</u>
Net position, end of year	<u><u>\$ 41,200</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, 2021	December 31, 2021			
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Assets					
Cash and short-term investments	\$ 1,270,541	\$ 257,912	\$ 689,653	\$ 5,120,284	\$ 7,338,390
Accounts receivable	59,934	9,038	54	-	69,026
Taxes receivable	-	-	851,041	-	851,041
Due from other governments	177,674	-	-	2,002,008	2,179,682
Inventories	-	47,689	-	1,479,112	1,526,801
Prepays	70,484	16,836	4,038	-	91,358
Capital assets not being depreciated	445,960	125,000	-	8,763,084	9,334,044
Capital assets being depreciated, net	3,203,360	3,177,475	745,509	41,263,014	48,389,358
Net pension asset	-	-	-	562,809	562,809
Net other postemployment benefits asset	-	-	-	50,956	50,956
Total assets	5,227,953	3,633,950	2,290,295	59,241,267	70,393,465
Deferred outflows of resources					
Deferred pension amounts	327,814	-	147,939	1,587,646	2,063,399
Liabilities					
Accounts payable	24,052	6,676	6,316	980,537	1,017,581
Accrued liabilities	26,348	3,401	12,386	36,608	78,743
Due to other governments	-	-	-	665,709	665,709
Unearned revenue	-	-	-	62,635	62,635
Long-term debt:					
Due within one year	30,220	-	-	-	30,220
Due in more than one year	-	734	51,919	266,897	319,550
Net pension liability (due in more than one year)	579,683	-	474,412	-	1,054,095
Total liabilities	660,303	10,811	545,033	2,012,386	3,228,533
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	851,041	-	851,041
Deferred pension amounts	102,705	-	44,506	641,155	788,366
Deferred other postemployment benefits amounts	-	-	-	38,421	38,421
Total deferred inflows of resources	102,705	-	895,547	679,576	1,677,828
Net position					
Investment in capital assets	3,649,320	3,302,475	745,509	50,026,098	57,723,402
Restricted for:					
Pension	-	-	-	1,509,300	1,509,300
Other postemployment benefits	-	-	-	12,535	12,535
Public library	-	-	30,571	-	30,571
Unrestricted	1,143,439	320,664	221,574	6,589,018	8,274,695
Total net position	\$ 4,792,759	\$ 3,623,139	\$ 997,654	\$ 58,136,951	\$ 67,550,503

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, 2021	December 31, 2021			
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Expenses					
Transit Authority	\$ 3,100,846	\$ -	\$ -	\$ -	\$ 3,100,846
Airport Authority	-	727,431	-	-	727,431
Public Library	-	-	1,123,383	-	1,123,383
Road Commission	-	-	-	9,349,384	9,349,384
Total expenses	3,100,846	727,431	1,123,383	9,349,384	14,301,044
Program revenues					
Charges for services	391,536	348,134	1,298	2,663,411	3,404,379
Operating grants and contributions	2,088,565	83,000	255,432	8,208,278	10,635,275
Capital grants and contributions	366,508	54,829	7,426	1,367,929	1,796,692
Total program revenues	2,846,609	485,963	264,156	12,239,618	15,836,346
Net revenue (expense)	(254,237)	(241,468)	(859,227)	2,890,234	1,535,302
General revenues					
Property taxes	618,734	-	815,604	-	1,434,338
Grants and contributions not restricted to specific programs	-	-	104,305	-	104,305
Unrestricted investment earnings	29	231	2,476	3,701	6,437
Gain on sale of capital assets	1,200	-	-	-	1,200
Other revenue	18,112	-	18,371	496,184	532,667
Total general revenues	638,075	231	940,756	499,885	2,078,947
Change in net position	383,838	(241,237)	81,529	3,390,119	3,614,249
Net position, beginning of year	4,408,921	3,864,376	916,125	54,746,832	63,936,254
Net position, end of year	\$ 4,792,759	\$ 3,623,139	\$ 997,654	\$ 58,136,951	\$ 67,550,503

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, 2021.

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, 2021.

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.

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 *2020 Delinquent Tax Fund* accounts for the collection and remittance of delinquent property taxes levied in 2020. 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.

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 noncurrent 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 Environment, Great Lakes and Energy 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.

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

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 Environment, Great Lakes and Energy to have continuing remediation obligations for groundwater contamination cleanup which are reflected in the landfill remediation liability of \$789,900.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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 assets/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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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, 2021 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	\$ 683,469	\$ 843,139	\$ 159,670
General government:			
General services administration	1,525,368	1,550,479	25,111

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	\$ 22,416,689
Restricted cash and investments	1,351,740

Statement of Fiduciary Net Position

Cash and short-term investments	516,685
Total	\$ 24,285,114

Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 18,952,278
Certificates of deposit:	
Due within one year	1,000,989
Due in one to five years	498,570
Investments:	
Money market	1,231,796
Michigan CLASS government investment pool	2,599,813
Cash on hand	1,668

Total deposits and investments	\$ 24,285,114
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COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County's investments do not have fixed maturity dates.

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 investment in Michigan CLASS is rated at AAAm by Standard and Poor's. The County's money market is not rated.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$19,285,009 of the primary government's combined bank balance of \$20,533,579 was exposed to custodial credit risk because it was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

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

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Fair Value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. These levels are determined by the County's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary. The County had the following recurring fair value measurements as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Money market	\$ 1,231,796	\$ -	\$ -	\$ 1,231,796
Investments carried at net asset value:				
Michigan CLASS government investment pool				2,599,813
Total investments				\$ 3,831,609

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 are valued based on quoted market prices in active markets.

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 \$2,599,813. 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 201,656	\$ 50,894
Taxes (current)	3,334,498	-
Taxes (delinquent)	-	1,092,313
Interest	14,560	170,968
Due from other governments	673,040	-
Loans	1,304,469	-
	<u>\$ 5,528,223</u>	<u>\$ 1,314,175</u>

Of the amounts reported for loans receivable, \$1,303,269 is not expected to be collected within one year.

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 574,191	\$ 8,550
Accrued liabilities	389,880	-
Undistributed receipts	-	562,377
Interest	152,424	-
	<u>\$ 1,116,495</u>	<u>\$ 570,927</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Primary government

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 211,925	\$ -	\$ -	\$ -	\$ 211,925
Capital assets, being depreciated:					
Buildings and improvements	24,093,713	327,506	-	-	24,421,219
Equipment and furniture	3,352,214	128,556	-	-	3,480,770
Vehicles	1,236,448	216,210	(38,899)	-	1,413,759
	<u>28,682,375</u>	<u>672,272</u>	<u>(38,899)</u>	<u>-</u>	<u>29,315,748</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,880,024)	(432,740)	-	-	(5,312,764)
Equipment and furniture	(2,732,664)	(111,432)	-	-	(2,844,096)
Vehicles	(748,442)	(86,191)	30,563	-	(804,070)
	<u>(8,361,130)</u>	<u>(630,363)</u>	<u>30,563</u>	<u>-</u>	<u>(8,960,930)</u>
Total capital assets being depreciated, net	<u>20,321,245</u>	<u>41,909</u>	<u>(8,336)</u>	<u>-</u>	<u>20,354,818</u>
Governmental activities capital assets, net	<u>\$ 20,533,170</u>	<u>\$ 41,909</u>	<u>\$ (8,336)</u>	<u>\$ -</u>	<u>\$ 20,566,743</u>
Business-type Activities					
Capital assets, being depreciated:					
Water distribution system	\$ 1,902,928	\$ -	\$ -	\$ -	\$ 1,902,928
Less accumulated depreciation for:					
Water distribution system	(475,381)	(47,574)	-	-	(522,955)
Business-type activities capital assets, net	<u>\$ 1,427,547</u>	<u>\$ (47,574)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,379,973</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

Depreciation of governmental activities by function

General government	\$ 218,610
Public safety	352,528
Recreation and culture	59,225
	<u>\$ 630,363</u>

Depreciation of business-type activities by function

Enterprise funds:	
Water and wastewater	<u>\$ 47,574</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	\$ 2,800,000	\$ -	\$ (200,000)	\$ 2,600,000	\$ 200,000
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	1,139,914	-	(56,362)	1,083,552	57,827
	<u>3,939,914</u>	<u>-</u>	<u>(256,362)</u>	<u>3,683,552</u>	<u>257,827</u>
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	8,470,000	-	(141,000)	8,329,000	144,000

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities (concluded)					
Direct placement (concluded)					
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	\$ 1,882,000	\$ -	\$ (31,000)	\$ 1,851,000	\$ 32,000
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	471,000	-	(8,000)	463,000	8,000
	10,823,000	-	(180,000)	10,643,000	184,000
Total governmental activities installment debt	14,762,914	-	(436,362)	14,326,552	441,827
Compensated absences	360,921	352,213	(360,921)	352,213	352,213
Total governmental activities	\$ 15,123,835	\$ 352,213	\$ (797,283)	\$ 14,678,765	\$ 794,040

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
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	289,080	60,179	206,000	271,508
2027-2031	1,601,274	188,404	1,118,000	1,269,345
2032-2036	576,049	40,359	1,280,000	1,106,958
2037-2041	131,662	3,445	1,465,000	921,112
2042-2046	-	-	1,679,000	708,208
2047-2051	-	-	1,924,000	464,255
2052-2056	-	-	2,201,000	184,965
	<u>\$ 3,683,552</u>	<u>\$ 600,843</u>	<u>\$ 10,643,000</u>	<u>\$ 6,066,116</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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 Environment, Great Lakes and Energy requiring remedial action and operation and maintenance over a 30-year period for the Wexford County Landfill. The County and the MDEQ negotiated a settlement on this issue in an amount of \$4,040,000. The total future liability under this agreement is \$789,900. The liability for this action plan was not assumed by the purchaser of the landfill, but remains with the County. The MDEQ mandated that \$1,100,000 of the sales proceeds be set aside in escrow for future payments on this liability. The balance of the escrow is reported as restricted investments in the landfill fund.

10. RISK MANAGEMENT

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, 2021 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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 2021, for which revenue was recognized in the General Fund, was \$1,073,340,985. The general operating tax rate for this levy was 6.7234 mills. The taxable value of real and personal property for 2020, for which revenue was recognized in all other funds, was \$1,029,627,323. The tax rates for these voted levies were 1.4481, 0.1997, 0.0998, 0.9987 and 0.1697 mills assessed for public safety, animal control, services provided to veterans, senior citizens and MSU extension, respectively.

12. CONTINGENT LIABILITIES

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

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

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. At the December 31, 2020 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	117
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>132</u>
Total membership	<u><u>296</u></u>

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

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2021:

Division/Bargaining Unit	Status	Employer	Employee
01 - General	Closed	\$ 6,213	5.00%
02 - Sheriff 312	Closed	18,712	4.00%
11 - Court Employees	Closed	7,105	5.00%
12 - DPW Landfill Employees	Closed	1,372	2.04%
14 - Tech and Prof Assoc.	Closed	6,210	5.00%
15 - Non-Union	Closed	13,009	5.00%
16 - Elected Officials	Closed	5,732	4.08%
17 - Animal Control	Closed	404	5.00%
18 - Building Dept A	Closed	255	5.00%
19 - Building Dept B	Closed	2,103	5.00%
20 - Dispatch	Closed	2,950	4.00%
21 - Command Officers Assoc.	Closed	12,890	6.98%
23 - Sheriff Non 312	Closed	8,178	5.00%
24 - Comm Correction	Closed	2,946	0.00%
HA - New Hires after 4/1/11	Open	7.36%	0.00%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2020 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

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2021 was 7.6%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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, 2020	\$ 32,896,790	\$ 23,340,428	\$ 9,556,362
Changes for the year:			
Service cost	498,013	-	498,013
Interest	2,438,136	-	2,438,136
Differences between expected and actual experience	404,719	-	404,719
Changes in assumptions	1,318,998	-	1,318,998
Employer contributions	-	1,844,914	(1,844,914)
Employee contributions	-	127,890	(127,890)
Net investment income	-	3,281,354	(3,281,354)
Benefit payments, including refunds of employee contributions	(2,130,132)	(2,130,132)	-
Administrative expense	-	(37,583)	37,583
Other changes	(63,150)	-	(63,150)
Net changes	2,466,584	3,086,443	(619,859)
Balances at December 31, 2021	\$ 35,363,374	\$ 26,426,871	\$ 8,936,503

Changes in assumptions. A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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%)
\$ 12,972,937	\$ 8,936,503	\$ 5,534,361

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

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

For the year ended December 31, 2021, the County recognized pension expense of \$972,350. 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	\$ 363,106	\$ 95,996	\$ 267,110
Changes in assumptions	1,615,622	-	1,615,622
Net difference between projected and actual earnings on pension plan investments	-	1,807,272	(1,807,272)
Total	\$ 1,978,728	\$ 1,903,268	\$ 75,460

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
2022	\$ 274,947
2023	(240,583)
2024	(666)
2025	41,762
Total	\$ 75,460

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Payable to the Pension Plan. At December 31, 2021, the County reported a payable of \$122,864 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

The net pension liability attributable to the governmental activities will be liquidated by the General Fund and all special revenue funds with eligible employees.

Defined Contribution Pension Plan

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

14. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
Unrestricted Treasurer's fund	\$ 3,386,578	\$ -
2020 Delinquent Tax	-	2,880,244
Nonmajor enterprise funds	-	506,334
	<u>\$ 3,386,578</u>	<u>\$ 3,386,578</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, 2021, interfund transfers consisted of the following:

Transfers Out	Transfers in				Totals
	General Fund	Nonmajor Governmental Funds	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 352,125	\$ -	\$ 43,780	\$ 395,905
Public safety	1,499,300	-	-	-	1,499,300
Nonmajor governmental funds	25,600	104,816	-	-	130,416
Unrestricted treasurer's fund	69,211	477,622	-	-	546,833
Nonmajor enterprise funds	198,200	-	528,073	-	726,273
	<u>\$ 1,792,311</u>	<u>\$ 934,563</u>	<u>\$ 528,073</u>	<u>\$ 43,780</u>	<u>\$ 3,298,727</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	\$ 6,755	\$ -	\$ -	\$ -	\$ 1,370	\$ 8,125
Restricted for:						
Friend of the court	-	-	-	-	17,436	17,436
Animal control	-	-	-	-	256,462	256,462
Senior services	-	-	-	60,752	-	60,752
Building inspection	-	-	-	-	57,333	57,333
Public safety	1,951	163,005	-	-	528,894	693,850
Officer training	-	-	-	-	10,297	10,297
Register of deeds automation	-	-	-	-	75,378	75,378
Community development	-	-	29,410	-	-	29,410
Homestead audit	-	-	-	-	18,005	18,005
SCAAP grant	-	-	-	-	12,343	12,343
Veterans services	-	-	-	-	241,721	241,721
Concealed pistol licenses	-	-	-	-	123,068	123,068
Family counseling	-	-	-	-	285	285
MSU extension	-	-	-	-	84,261	84,261
Total restricted	1,951	163,005	29,410	60,752	1,425,483	1,680,601
Committed for:						
Child care	-	-	-	-	519,209	519,209
Courthouse expansion	-	-	-	-	750	750
Public improvement	53,586	-	-	-	-	53,586
Total committed	53,586	-	-	-	519,959	573,545
Unassigned	7,810,105	-	-	-	-	7,810,105
Total fund balances, governmental funds	\$ 7,872,397	\$ 163,005	\$ 29,410	\$ 60,752	\$ 1,946,812	\$ 10,072,376

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, 2021, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 211,925	\$ -
Capital assets being depreciated, net	20,354,818	1,379,973
	<u>20,566,743</u>	<u>1,379,973</u>
Related debt:		
Total bonds and loans payable	14,326,552	-
Deferred charge on refunding	(46,684)	-
	<u>14,279,868</u>	<u>-</u>
Net investment in capital assets	<u>\$ 6,286,875</u>	<u>\$ 1,379,973</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 Environment, Great Lakes and Energy as of September 21, 2021. There were no borrowings on the letter as of December 31, 2021.

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 2021 amounted to \$29,730 (\$20,474 related to the operating millage and \$9,256 related to special voted millages).

19. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic has resulted in operational changes for the County as it determines the impact on employees, vendors, and taxpayers, and the appropriate method for providing services. At this time, management does not believe that any ongoing negative financial impact related to the pandemic, if any, would be material to the County.

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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,		
	2021	2020	2019
Total pension liability			
Service cost	\$ 498,013	\$ 488,191	\$ 457,859
Interest	2,438,136	2,314,086	2,384,981
Changes in benefit terms	-	-	(32,569)
Differences between expected and actual experience	404,719	(68,403)	(137,386)
Changes in assumptions	1,318,998	934,040	-
Benefit payments, including refunds of employee contributions	(2,130,132)	(2,027,363)	(1,893,020)
Other changes	(63,150)	38,152	(91,617)
Net change in total pension liability	<u>2,466,584</u>	<u>1,678,703</u>	<u>688,248</u>
Total pension liability, beginning of year	<u>32,896,790</u>	<u>31,218,087</u>	<u>30,529,839</u>
Total pension liability, end of year	<u>35,363,374</u>	<u>32,896,790</u>	<u>31,218,087</u>
Plan fiduciary net position			
Employer contributions	1,844,914	1,654,471	1,161,398
Employee contributions	127,890	135,632	139,572
Net investment income (loss)	3,281,354	2,660,109	2,559,640
Benefit payments, including refunds of employee contributions	(2,130,132)	(2,027,363)	(1,893,020)
Administrative expense	(37,583)	(41,879)	(44,098)
Net change in plan fiduciary net position	<u>3,086,443</u>	<u>2,380,970</u>	<u>1,923,492</u>
Plan fiduciary net position, beginning of year	<u>23,340,428</u>	<u>20,959,458</u>	<u>19,035,966</u>
Plan fiduciary net position, end of year	<u>26,426,871</u>	<u>23,340,428</u>	<u>20,959,458</u>
County's net pension liability	<u>\$ 8,936,503</u>	<u>\$ 9,556,362</u>	<u>\$ 10,258,629</u>
Plan fiduciary net position as a percentage of total pension liability	74.7%	71.0%	67.1%
Covered payroll	\$ 6,544,818	\$ 6,177,699	\$ 5,907,042
County's net pension liability as a percentage of covered payroll	136.5%	154.7%	173.7%

See notes to required supplementary information.

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For the Year Ended December 31,			
2018	2017	2016	2015
\$ 435,413	\$ 413,766	\$ 447,451	\$ 440,718
2,301,304	2,281,542	2,166,430	2,096,030
-	-	-	-
196,647	(648,837)	(6,784)	-
-	-	1,451,805	-
(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
(60,760)	(49,488)	(85,030)	(103,166)
1,089,897	258,105	2,317,739	922,487
29,439,942	29,181,837	26,864,098	25,941,611
30,529,839	29,439,942	29,181,837	26,864,098
1,731,033	914,964	811,992	790,703
121,007	127,423	141,358	159,240
(795,709)	2,369,166	1,906,875	(264,296)
(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
(38,461)	(37,551)	(37,656)	(38,748)
(764,837)	1,635,124	1,166,436	(864,196)
19,800,803	18,165,679	16,999,243	17,863,439
19,035,966	19,800,803	18,165,679	16,999,243
\$ 11,493,873	\$ 9,639,139	\$ 11,016,158	\$ 9,864,855
62.4%	67.3%	62.2%	63.3%
\$ 5,282,911	\$ 5,004,252	\$ 4,597,331	\$ 4,998,247
217.6%	192.6%	239.6%	197.4%

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%
2021	1,344,914	1,844,914	500,000	6,544,818	28.2%

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%.

In 2021, amounts reported as changes of assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

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 (2021, based on the 12/31/2019 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	14-19 years for County divisions
Asset valuation method	5-year smooth market
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
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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes - property	\$ 7,210,920	\$ 7,210,920	\$ 7,306,201	\$ 95,281
Licenses and permits	13,500	13,500	20,390	6,890
Intergovernmental	2,849,774	3,581,449	3,730,236	148,787
Charges for services:				
Court fees	748,647	748,647	703,600	(45,047)
Other fees	540,915	540,915	696,639	155,724
Other charges for services	604,529	654,529	679,881	25,352
Total charges for services	1,894,091	1,944,091	2,080,120	136,029
Fines and forfeitures	45,500	45,500	261,782	216,282
Interest and rents	100,079	100,079	119,382	19,303
Other revenues	270,114	273,557	356,974	83,417
Total revenues	12,383,978	13,169,096	13,875,085	705,989
Expenditures				
Current:				
Legislative:				
County commission	62,537	63,787	62,577	(1,210)
Judicial:				
Circuit court	329,927	329,927	307,951	(21,976)
District court	683,469	683,469	843,139	159,670
Friend of the court	876,953	876,953	865,047	(11,906)
Jury commission	3,550	3,550	3,469	(81)
Probate court	633,900	633,900	615,618	(18,282)
Probation and parole	2,700	2,700	1,373	(1,327)
Family counseling	74,875	74,875	64,153	(10,722)
Public defender	256,315	260,315	215,055	(45,260)
Court security	129,470	129,470	121,254	(8,216)
Total judicial	2,991,159	2,995,159	3,037,059	41,900

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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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government:				
Administrator	\$ 265,828	\$ 262,778	\$ 201,559	\$ (61,219)
Elections	38,550	38,550	9,173	(29,377)
Clerk	303,470	314,295	301,417	(12,878)
Equalization	401,360	437,285	419,074	(18,211)
Prosecuting attorney	619,743	648,048	517,047	(131,001)
Prosecuting attorney cooperative reimbursement	53,155	54,860	53,726	(1,134)
Register of deeds	271,642	291,597	287,476	(4,121)
State survey and remonumentation	36,955	36,955	36,955	-
Treasurer	343,125	363,516	336,678	(26,838)
Building and grounds:				
Human services	81,500	99,625	88,933	(10,692)
District health	74,200	74,200	64,079	(10,121)
Jail	167,259	244,474	198,781	(45,693)
Maintenance	5,450	5,450	1,898	(3,552)
Building and grounds	362,795	370,495	300,478	(70,017)
Human Resources	-	21,395	20,559	(836)
Drain commission	28,215	75,544	44,967	(30,577)
Forest roads	139,000	139,000	104,816	(34,184)
American Rescue Plan	-	364,384	364,382	(2)
General services administration	695,705	1,525,368	1,550,479	25,111
Delinquent personal property tax administration	550	550	354	(196)
Law library	49,000	49,000	40,075	(8,925)
Total general government	<u>3,937,502</u>	<u>5,417,369</u>	<u>4,942,906</u>	<u>(474,463)</u>
Public safety:				
Sheriff	2,533,983	2,555,936	2,515,482	(40,454)
Secondary roads	108,955	108,955	97,446	(11,509)
Marine	27,602	27,602	11,928	(15,674)
Federal forest	4,500	4,500	4,057	(443)
Snowmobile	27,852	27,852	14,556	(13,296)
ORV grant	27,052	40,777	38,821	(1,956)
Jail	2,889,533	3,220,142	2,975,749	(244,393)
Emergency management	82,870	129,113	120,158	(8,955)
Sheriff court security	30,000	30,000	-	(30,000)
Total public safety	<u>5,732,347</u>	<u>6,144,877</u>	<u>5,778,197</u>	<u>(366,680)</u>
Public works:				
Sanitary landfill	<u>67,475</u>	<u>67,475</u>	<u>48,319</u>	<u>(19,156)</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Health and welfare:				
Special appropriations	\$ 568,001	\$ 573,501	\$ 571,480	\$ (2,021)
Contagious diseases	750	750	728	(22)
Medical examiner	93,800	93,800	85,945	(7,855)
Veteran's burial	10,000	10,000	7,200	(2,800)
Total health and welfare	<u>672,551</u>	<u>678,051</u>	<u>665,353</u>	<u>(12,698)</u>
Recreation and culture:				
Civic center	<u>57,200</u>	<u>187,037</u>	<u>186,885</u>	<u>(152)</u>
Capital outlay	<u>240,303</u>	<u>286,006</u>	<u>235,273</u>	<u>(50,733)</u>
Total expenditures	<u>13,761,074</u>	<u>15,839,761</u>	<u>14,956,569</u>	<u>(883,192)</u>
Revenues under expenditures	<u>(1,377,096)</u>	<u>(2,670,665)</u>	<u>(1,081,484)</u>	<u>1,589,181</u>
Other financing sources (uses)				
Transfers in	1,655,581	1,899,484	1,792,311	(107,173)
Transfers out	(646,399)	(692,102)	(395,905)	(296,197)
Insurance recovery	<u>-</u>	<u>129,637</u>	<u>130,000</u>	<u>363</u>
Total other financing sources (uses)	<u>1,009,182</u>	<u>1,337,019</u>	<u>1,526,406</u>	<u>189,387</u>
Net change in fund balance	<u>(367,914)</u>	<u>(1,333,646)</u>	<u>444,922</u>	<u>1,778,568</u>
Fund balances, beginning of year	<u>7,427,475</u>	<u>7,427,475</u>	<u>7,427,475</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,059,561</u>	<u>\$ 6,093,829</u>	<u>\$ 7,872,397</u>	<u>\$ 1,778,568</u>

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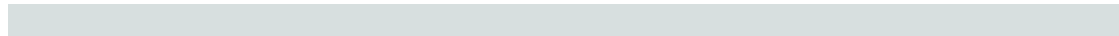
COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds				
	Friend of the Court	Animal Control	Building Inspection	Homestead Audit	Register of Deeds Automation
Assets					
Cash and short-term investments	\$ 17,108	\$ 279,853	\$ 63,443	\$ 18,005	\$ 75,378
Accounts receivable	-	554	-	-	-
Property taxes receivable	-	196,794	-	-	-
Due from other governments	328	-	-	-	-
Prepays	-	-	1,370	-	-
Total assets	<u>\$ 17,436</u>	<u>\$ 477,201</u>	<u>\$ 64,813</u>	<u>\$ 18,005</u>	<u>\$ 75,378</u>
Liabilities					
Accounts payable	\$ -	\$ 2,578	\$ 379	\$ -	\$ -
Accrued liabilities	-	5,317	5,731	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>7,895</u>	<u>6,110</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	-	212,844	-	-	-
Fund balances					
Nonspendable	-	-	1,370	-	-
Restricted	17,436	256,462	57,333	18,005	75,378
Committed	-	-	-	-	-
Total fund balances	<u>17,436</u>	<u>256,462</u>	<u>58,703</u>	<u>18,005</u>	<u>75,378</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,436</u>	<u>\$ 477,201</u>	<u>\$ 64,813</u>	<u>\$ 18,005</u>	<u>\$ 75,378</u>



Special Revenue Funds						
911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice	Child Care
\$ 315,900	\$ 10,235	\$ 285	\$ 12,343	\$ 62	\$ 12,313	\$ 494,853
-	-	-	-	-	299	8,467
-	-	-	-	-	-	-
236,020	-	-	-	-	632	15,929
-	-	-	-	-	-	-
<u>\$ 551,920</u>	<u>\$ 10,235</u>	<u>\$ 285</u>	<u>\$ 12,343</u>	<u>\$ 62</u>	<u>\$ 13,244</u>	<u>\$ 519,249</u>
\$ 6,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40
29,758	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>36,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
515,650	10,235	285	12,343	62	13,244	-
-	-	-	-	-	-	519,209
<u>515,650</u>	<u>10,235</u>	<u>285</u>	<u>12,343</u>	<u>62</u>	<u>13,244</u>	<u>519,209</u>
<u>\$ 551,920</u>	<u>\$ 10,235</u>	<u>\$ 285</u>	<u>\$ 12,343</u>	<u>\$ 62</u>	<u>\$ 13,244</u>	<u>\$ 519,249</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds				Debt Service Funds
	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense	Courthouse Expansion
Assets					
Cash and short-term investments	\$ 255,050	\$ 123,533	\$ 102,371	\$ 256,599	\$ 750
Accounts receivable	-	-	-	-	-
Property taxes receivable	98,352	-	167,222	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 353,402</u>	<u>\$ 123,533</u>	<u>\$ 269,593</u>	<u>\$ 256,599</u>	<u>\$ 750</u>
Liabilities					
Accounts payable	\$ 2,028	\$ 465	\$ 4,375	\$ 9,751	\$ -
Accrued liabilities	3,285	-	-	21,453	-
Unearned revenue	-	-	-	225,395	-
Total liabilities	<u>5,313</u>	<u>465</u>	<u>4,375</u>	<u>256,599</u>	<u>-</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	<u>106,368</u>	<u>-</u>	<u>180,957</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	241,721	123,068	84,261	-	-
Committed	-	-	-	-	750
Total fund balances	<u>241,721</u>	<u>123,068</u>	<u>84,261</u>	<u>-</u>	<u>750</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 353,402</u>	<u>\$ 123,533</u>	<u>\$ 269,593</u>	<u>\$ 256,599</u>	<u>\$ 750</u>



Debt Service Funds		Capital Project Funds		
Jail Project	Dispatch Project	Jail Construction	Dispatch Building	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,038,081
-	-	-	-	9,320
-	-	-	-	462,368
-	-	-	-	252,909
-	-	-	-	1,370
<hr/>				
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,764,048</u>
\$ -	\$ -	\$ -	\$ -	\$ 26,128
-	-	-	-	65,544
-	-	-	-	225,395
<hr/>				
-	-	-	-	317,067
<hr/>				
-	-	-	-	500,169
<hr/>				
-	-	-	-	1,370
-	-	-	-	1,425,483
-	-	-	-	519,959
<hr/>				
-	-	-	-	1,946,812
<hr/>				
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,764,048</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenditures

and Change in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue Funds				
	Friend of the Court	Animal Control	Building Inspection	Homestead Audit	Register of Deeds Automation
Revenues					
Taxes	\$ -	\$ 207,505	\$ -	\$ -	\$ -
Licenses and permits	-	4,414	-	-	-
Intergovernmental	7,648	25,862	-	-	-
Charges for services	11,880	5,490	232,591	1,012	43,065
Interest and rent	3	45	3	2	7
Other	-	3,063	104	-	-
Total revenues	<u>19,531</u>	<u>246,379</u>	<u>232,698</u>	<u>1,014</u>	<u>43,072</u>
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	199	16,790
Public safety	-	289,264	182,238	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>289,264</u>	<u>182,238</u>	<u>199</u>	<u>16,790</u>
Revenues over (under) expenditures	<u>19,531</u>	<u>(42,885)</u>	<u>50,460</u>	<u>815</u>	<u>26,282</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(22,100)	-	-	-	-
Total other financing sources (uses)	<u>(22,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,569)</u>	<u>(42,885)</u>	<u>50,460</u>	<u>815</u>	<u>26,282</u>
Fund balances, beginning of year	<u>20,005</u>	<u>299,347</u>	<u>8,243</u>	<u>17,190</u>	<u>49,096</u>
Fund balances, end of year	<u>\$ 17,436</u>	<u>\$ 256,462</u>	<u>\$ 58,703</u>	<u>\$ 18,005</u>	<u>\$ 75,378</u>

Special Revenue Funds						
911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice	Child Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,480	-	-	-	-
938,368	-	-	-	2,999	3,362	147,470
-	6,877	-	-	-	-	105
44	-	-	-	-	-	69
-	-	-	-	-	-	75
938,412	6,877	3,480	-	2,999	3,362	147,719
-	-	-	-	-	-	-
-	-	-	-	-	-	-
782,435	1,230	-	-	4,195	-	-
-	-	-	-	-	3,363	357,176
87,637	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
870,072	1,230	-	-	4,195	3,363	357,176
68,340	5,647	3,480	-	(1,196)	(1)	(209,457)
19,712	-	-	-	-	-	-
(85,104)	-	(3,500)	-	-	-	-
(65,392)	-	(3,500)	-	-	-	-
2,948	5,647	(20)	-	(1,196)	(1)	(209,457)
512,702	4,588	305	12,343	1,258	13,245	728,666
\$ 515,650	\$ 10,235	\$ 285	\$ 12,343	\$ 62	\$ 13,244	\$ 519,209

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenditures

and Change in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue Funds				Debt Service Funds
	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense	Courthouse Expansion
Revenues					
Taxes	\$ 103,056	\$ -	\$ 175,216	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	66,768	-	15,312	741,018	-
Charges for services	-	24,569	-	-	-
Interest and rent	32	14	18	34	-
Other	-	-	-	-	-
Total revenues	169,856	24,583	190,546	741,052	-
Expenditures					
Current:					
Judicial	-	-	-	828,917	-
General government	-	-	166,218	-	-
Public safety	-	2,010	-	-	-
Health and welfare	141,778	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	200,000
Interest and fiscal charges	-	-	-	-	64,260
Total expenditures	141,778	2,010	166,218	828,917	264,260
Revenues over (under) expenditures	28,078	22,573	24,328	(87,865)	(264,260)
Other financing sources (uses)					
Transfers in	-	-	-	87,865	264,260
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	87,865	264,260
Net change in fund balances	28,078	22,573	24,328	-	-
Fund balances, beginning of year	213,643	100,495	59,933	-	750
Fund balances, end of year	\$ 241,721	\$ 123,068	\$ 84,261	\$ -	\$ 750



Debt Service Funds		Capital Project Funds		
Jail Project	Dispatch Project	Jail Construction	Dispatch Building	Total
\$ -	\$ -	\$ -	\$ -	\$ 485,777
-	-	-	-	7,894
-	-	-	-	1,948,807
-	-	-	-	325,589
-	-	-	-	271
-	-	-	-	3,242
<hr/>				
-	-	-	-	2,771,580
<hr/>				
-	-	-	-	828,917
-	-	-	-	183,207
-	-	-	-	1,261,372
-	-	-	-	502,317
-	-	281	-	87,918
180,000	56,362	-	-	436,362
297,622	28,742	-	-	390,624
<hr/>				
477,622	85,104	281	-	3,690,717
<hr/>				
(477,622)	(85,104)	(281)	-	(919,137)
<hr/>				
477,622	85,104	-	-	934,563
-	-	(87)	(19,625)	(130,416)
<hr/>				
477,622	85,104	(87)	(19,625)	804,147
<hr/>				
-	-	(368)	(19,625)	(114,990)
<hr/>				
-	-	368	19,625	2,061,802
<hr/>				
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,946,812</u>

Concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2021

	Land Reutilization	Cedar Creek Water	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Assets				
Current assets:				
Cash and short-term investments	\$ 1,638,365	\$ 212,630	\$ 7,500	\$ 8,392
Accounts receivable	1,666	-	376	487
Taxes receivable	-	-	17	3,897
Accrued interest receivable	-	-	2,066	2,672
Total current assets	1,640,031	212,630	9,959	15,448
Noncurrent assets:				
Capital assets being depreciated, net	-	1,379,973	-	-
Total assets	1,640,031	1,592,603	9,959	15,448
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	-
Undistributed receipts	562,377	-	-	-
Total current liabilities	562,377	-	-	-
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Total liabilities	562,377	-	-	-
Net position				
Investment in capital assets	-	1,379,973	-	-
Unrestricted	1,077,654	212,630	9,959	15,448
Total net position	\$ 1,077,654	\$ 1,592,603	\$ 9,959	\$ 15,448



2018 Delinquent Tax	2019 Delinquent Tax	2021 Delinquent Tax	Recycling	Jail Commissary	Total
\$ -	\$ 683,321	\$ 8,932	\$ 46,832	\$ 40,941	\$ 2,646,913
-	12,757	-	-	-	15,286
-	197,491	-	-	-	201,405
-	68,773	-	-	-	73,511
-	962,342	8,932	46,832	40,941	2,937,115
-	-	-	-	-	1,379,973
-	962,342	8,932	46,832	40,941	4,317,088
-	-	8,420	-	130	8,550
-	-	-	-	-	562,377
-	-	8,420	-	130	570,927
-	506,334	-	-	-	506,334
-	506,334	8,420	-	130	1,077,261
-	-	-	-	-	1,379,973
-	456,008	512	46,832	40,811	1,859,854
\$ -	\$ 456,008	\$ 512	\$ 46,832	\$ 40,811	\$ 3,239,827

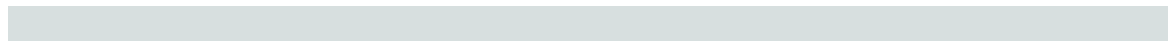
COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenses

and Change in Fund Net Position - Nonmajor Enterprise Funds

For the Year Ended December 31, 2021

	Land Reutilization	Cedar Creek Water	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Operating revenues				
Charges for services	\$ 1,735	\$ -	\$ -	\$ -
Interest and penalties	-	-	-	-
Other	-	3,812	-	-
Total operating revenues	<u>1,735</u>	<u>3,812</u>	<u>-</u>	<u>-</u>
Operating expenses				
Contractual services	-	91,694	-	-
Repairs and maintenance	90	-	-	-
Depreciation	-	47,574	-	-
Other services and charges	17,394	2,681	-	-
Total operating expenses	<u>17,484</u>	<u>141,949</u>	<u>-</u>	<u>-</u>
Operating income (loss)	(15,749)	(138,137)	-	-
Nonoperating revenues				
Investment earnings	408	16,722	2	2
Income (loss) before transfers	<u>(15,341)</u>	<u>(121,415)</u>	<u>2</u>	<u>2</u>
Transfers				
Transfers in	-	43,780	-	-
Transfers out	(198,200)	-	-	-
Total transfers	<u>(198,200)</u>	<u>43,780</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(213,541)</u>	<u>(77,635)</u>	<u>2</u>	<u>2</u>
Net position, beginning of year	<u>1,291,195</u>	<u>1,670,238</u>	<u>9,957</u>	<u>15,446</u>
Net position, end of year	<u>\$ 1,077,654</u>	<u>\$ 1,592,603</u>	<u>\$ 9,959</u>	<u>\$ 15,448</u>



2018 Delinquent Tax	2019 Delinquent Tax	2021 Delinquent Tax	Recycling	Jail Commissary	Total
\$ 51,276	\$ 52,076	\$ 318	\$ -	\$ 15,000	\$ 120,405
88,074	96,910	193	-	-	185,177
-	-	-	-	-	3,812
139,350	148,986	511	-	15,000	309,394
95,446	648	-	-	-	187,788
-	-	-	-	-	90
-	-	-	-	-	47,574
-	-	-	-	1,524	21,599
95,446	648	-	-	1,524	257,051
43,904	148,338	511	-	13,476	52,343
61	-	1	5	4	17,205
43,965	148,338	512	5	13,480	69,548
-	-	-	-	-	43,780
(528,073)	-	-	-	-	(726,273)
(528,073)	-	-	-	-	(682,493)
(484,108)	148,338	512	5	13,480	(612,945)
484,108	307,670	-	46,827	27,331	3,852,772
\$ -	\$ 456,008	\$ 512	\$ 46,832	\$ 40,811	\$ 3,239,827

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2021

	Land Reutilization	Cedar Creek Water	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Cash flows from operating activities				
Receipts from customers and users	\$ 381,044	\$ 3,812	\$ -	\$ -
Payments to vendors	(17,484)	(95,325)	-	-
Net cash provided by (used in) operating activities	<u>363,560</u>	<u>(91,513)</u>	<u>-</u>	<u>-</u>
Cash flows from noncapital financing activities				
Net repayment of advances from other funds	-	-	-	-
Transfers in	-	43,780	-	-
Transfers out	(198,200)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(198,200)</u>	<u>43,780</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest received	<u>408</u>	<u>16,722</u>	<u>2</u>	<u>2</u>
Net increase (decrease) in cash and short-term investments	165,768	(31,011)	2	2
Cash and short-term investments, beginning of year	<u>1,472,597</u>	<u>243,641</u>	<u>7,498</u>	<u>8,390</u>
Cash and short-term investments, end of year	<u><u>\$ 1,638,365</u></u>	<u><u>\$ 212,630</u></u>	<u><u>\$ 7,500</u></u>	<u><u>\$ 8,392</u></u>
Cash flows from operating activities				
Operating income (loss)	\$ (15,749)	\$ (138,137)	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	47,574	-	-
Change in:				
Accounts receivable	-	-	-	-
Taxes receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Accounts payable	-	(950)	-	-
Due to other governments	-	-	-	-
Undistributed receipts	379,309	-	-	-
Net cash provided by (used in) operating activities	<u><u>\$ 363,560</u></u>	<u><u>\$ (91,513)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



2018 Delinquent Tax	2019 Delinquent Tax	2021 Delinquent Tax	Recycling	Jail Commissary	Total
\$ 485,830 (95,446)	\$ 1,046,253 (648)	\$ 8,931 -	\$ - -	\$ 15,519 (2,039)	\$ 1,941,389 (210,942)
390,384	1,045,605	8,931	-	13,480	1,730,447
-	(1,500,000)	-	-	-	(1,500,000)
-	-	-	-	-	43,780
(528,073)	-	-	-	-	(726,273)
(528,073)	(1,500,000)	-	-	-	(2,182,493)
61	-	1	5	4	17,205
(137,628)	(454,395)	8,932	5	13,484	(434,841)
137,628	1,137,716	-	46,827	27,457	3,081,754
\$ -	\$ 683,321	\$ 8,932	\$ 46,832	\$ 40,941	\$ 2,646,913
\$ 43,904	\$ 148,338	\$ 511	\$ -	\$ 13,476	\$ 52,343
-	-	-	-	-	47,574
9,756	27,988	-	-	519	38,263
243,882	821,071	-	-	-	1,064,953
93,502	48,208	-	-	-	141,710
-	-	-	-	(515)	(1,465)
(660)	-	-	-	-	(660)
-	-	8,420	-	-	387,729
\$ 390,384	\$ 1,045,605	\$ 8,931	\$ -	\$ 13,480	\$ 1,730,447

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2021

	Trust And Agency	Estate Fund	Inmate Trust	Library Penal Fine	Total
Assets					
Cash and short-term investments	\$ 354,349	\$ 7,920	\$ 41,200	\$ 113,216	\$ 516,685
Liabilities					
Undistributed receipts	354,349	7,920	-	113,216	475,485
Net position					
Restricted for individuals, organizations and other governments	\$ -	\$ -	\$ 41,200	\$ -	\$ 41,200

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2021

	Trust And Agency	Estate Fund	Inmate Trust	Library Penal Fine	Total
Additions					
Taxes collected for other governments	\$ 10,413,598	\$ -	\$ -	\$ -	\$ 10,413,598
County clerk collections	100,000	-	-	-	100,000
Inmate trust collections	-	-	259,004	-	259,004
Library penal fine collections	-	-	-	235,701	235,701
Other additions	313	-	-	-	313
Total additions	10,513,911	-	259,004	235,701	11,008,616
Deductions					
Payments of taxes to other governments	10,413,598	-	-	-	10,413,598
County clerk distributions	100,000	-	-	-	100,000
Inmate trust distributions	-	-	256,755	-	256,755
Library penal fine distributions	-	-	-	235,701	235,701
Other deductions	313	-	-	-	313
Total deductions	10,513,911	-	256,755	235,701	11,006,367
Change in net position	-	-	2,249	-	2,249
Net position, beginning of year	-	-	38,951	-	38,951
Net position, end of year	\$ -	\$ -	\$ 41,200	\$ -	\$ 41,200

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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 30, 2022

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, 2021, 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 30, 2022, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. 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

COUNTY OF WEXFORD, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

Federal Agency / Cluster / Program Title	Assistance Listing 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-	\$ -	\$ 104,613
Law Enforcement Agreements	10.704	Direct	16-LE-11090400-021	-	1,600
Total U.S. Department of Agriculture				-	106,213
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	131,947
U.S. Department of Justice					
COVID-19 Coronavirus Emergency Supplemental Funding Program:					
CESF Grant - Courts	16.034	MSP	CESF-8-83-0294	-	44,842
CESF Grant - Prosecutor	16.034	MSP	CESF-8-83-0150	-	3,520
CESF Grant - Sheriff	16.034	MSP	CESF-295-2020	-	16,178
Total U.S. Department of Justice				-	64,540
U.S. Department of the Treasury					
COVID-19 State and Local Fiscal Recovery Funds	21.027	Direct	-n/a-	-	364,382
U.S. Department of Health and Human Services					
Child Support Enforcement:					
AFDC Maintenance (FY 2019-20)	93.563	MDHHS	CSFOC-17-830001	-	65,899
AFDC Maintenance (FY 2020-21)	93.563	MDHHS	CSFOC-17-830001	-	20,780
PA CRP Title IV-D (FY 2019-20)	93.563	MDHHS	CSPA-17-83002	-	43,893
PA CRP Title IV-D (FY 2020-21)	93.563	MDHHS	CSPA-17-83002	-	17,139
PFOC CRP Title IV-D (FY 2020-21)	93.563	MDHHS	CSFOC-17-83001	-	234,610
PFOC CRP Title IV-D (FY 2021-22)	93.563	MDHHS	CSFOC-17-83001	-	78,723
FOC CRP Title IV-D (Missaukee County) (FY 2020-21)	93.563	MDHHS	CSFOC-17-83001	86,378	86,378
FOC CRP Title IV-D (Missaukee County) (FY 2021-22)	93.563	MDHHS	CSFOC-17-83001	28,983	28,983
				115,361	576,405
Foster Care, Title IV E					
Child and Parent Legal Representation	93.568	MDHHS	E20203645-00	-	25,056
Total U.S. Department of Health and Human Services				115,361	601,461
U.S. Department of Homeland Security					
Boating Safety Financial Assistance	97.012	DNR	-n/a-	-	9,568
Emergency Management Performance Grant	97.042	MSP	-n/a-	-	25,716
Total U.S. Department of Homeland Security				-	35,284
Total Expenditures of Federal Awards				\$ 115,361	\$ 1,303,827

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, 2021. 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, 2021 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
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 \$1,302,299, \$48,663, \$8,321 and \$1,218,063, 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 30, 2022

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, 2021, 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 30, 2022. 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*.

Report on 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.

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

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

Report on 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*.

Purpose of this Report

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

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

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

June 30, 2022

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the compliance of the ***County of Wexford, Michigan*** (the "County") with the types of compliance requirements identified as subject to audit 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, 2021. 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 \$1,302,299, \$48,663, \$8,321, and \$1,218,063, in federal awards, respectively, and which were not included in the schedule of expenditures of federal awards for the year ended December 31, 2021. 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.

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, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes

 X no

Significant deficiency(ies) identified?

 yes

 X none reported

Noncompliance material to financial statements noted?

 yes

 X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 yes

 X no

Significant deficiency(ies) identified?

 yes

 X none reported

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

Unmodified

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

 yes

 X no

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

93.563

Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes

 X no

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

COUNTY OF WEXFORD, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2021

2020-001 - Material Audit Adjustments

Audit procedures 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. No material adjustments were identified for the year ended December 31, 2021.

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