

County of Wexford,
Michigan



Year Ended
December 31, 2022

Financial
Statements and
Single Audit Act
Compliance

Rehmann

COUNTY OF WEXFORD, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 27, 2023

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, 2022, 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, 2022, 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 27, 2023, 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.

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

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, 2022.

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 \$22,149,396 (net position). Of this amount, \$8,913,295 (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 \$1,789,358.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,223,918, an increase of \$1,151,542 in comparison with the prior year. The increase in fund balance can be attributed to not being able to fill and maintain personnel positions in several of our offices, especially in the Sheriff department, Jail and prosecutors office. Approximately 80.4% of this total amount, or \$9,025,536, represents unassigned fund balance of the General Fund. The unassigned fund balance of the General Fund was 58.1% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, and community and economic development. The business-type activities of the County primarily 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 and Community Development Block Grant, 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 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, 2021 Delinquent Tax 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 \$22,149,396 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 23,671,860	\$ 18,861,579	\$ 11,657,503	\$ 11,768,511	\$ 35,329,363	\$ 30,630,090
Capital assets, net	20,984,029	20,844,405	1,332,400	1,379,973	22,316,429	22,224,378
Total assets	44,655,889	39,705,984	12,989,903	13,148,484	57,645,792	52,854,468
Deferred outflows of resources	4,915,191	2,025,412	-	-	4,915,191	2,025,412
Long-term liabilities	29,233,038	23,892,930	300,000	789,900	29,533,038	24,682,830
Other liabilities	6,776,316	4,243,721	663,155	570,927	7,439,471	4,814,648
Total liabilities	36,009,354	28,136,651	963,155	1,360,827	36,972,509	29,497,478
Deferred inflows of resources	3,439,078	5,022,364	-	-	3,439,078	5,022,364
Net position:						
Net investment in capital assets	6,890,775	6,286,875	1,332,400	1,379,973	8,223,175	7,666,848
Restricted	3,947,368	2,986,440	1,065,558	561,840	5,012,926	3,548,280
Unrestricted (deficit)	(715,495)	(700,934)	9,628,790	9,845,844	8,913,295	9,144,910
Total net position	\$ 10,122,648	\$ 8,572,381	\$ 12,026,748	\$ 11,787,657	\$ 22,149,396	\$ 20,360,038

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

A substantial portion of the County's net position, \$8,223,175 (37.1 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 \$5,012,926 (22.6 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net position of \$8,913,295 (40.3 percent) to meet its ongoing obligations to citizens and creditors.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 4,321,577	\$ 3,992,481	\$ 528,867	\$ 608,778	\$ 4,850,444	\$ 4,601,259
Operating grants	4,302,944	4,208,665	94,001	20,014	4,396,945	4,228,679
General revenues:						
Property taxes	10,865,974	10,321,197	-	-	10,865,974	10,321,197
State shared revenue	729,357	706,678	-	-	729,357	706,678
Grants and contributions not restricted to specific programs	960,588	-	-	-	960,588	-
Unrestricted investment earnings (loss)	(9,795)	2,004	-	-	(9,795)	2,004
Rental income	101,672	117,377	-	-	101,672	117,377
Other	868,876	-	-	-	868,876	-
Total revenues	22,141,193	19,348,402	622,868	628,792	22,764,061	19,977,194
Expenses:						
Legislative	75,850	62,577	-	-	75,850	62,577
Judicial	4,532,980	3,744,542	-	-	4,532,980	3,744,542
General government	5,966,998	4,720,116	-	-	5,966,998	4,720,116
Public safety	7,659,059	7,048,030	-	-	7,659,059	7,048,030
Public works	70,462	40,117	-	-	70,462	40,117
Health and welfare	2,464,207	2,321,207	-	-	2,464,207	2,321,207
Recreation and culture	6,493	116,804	-	-	6,493	116,804
Community and economic development	8,661	113,063	-	-	8,661	113,063
Interest and fiscal charges	379,349	390,576	-	-	379,349	390,576
Tax collection	-	-	92,616	96,094	92,616	96,094
Landfill	-	-	(489,900)	-	(489,900)	-
Water and wastewater	-	-	161,315	141,949	161,315	141,949
Other	-	-	46,613	31,405	46,613	31,405
Total expenses	21,164,059	18,557,032	(189,356)	269,448	20,974,703	18,826,480

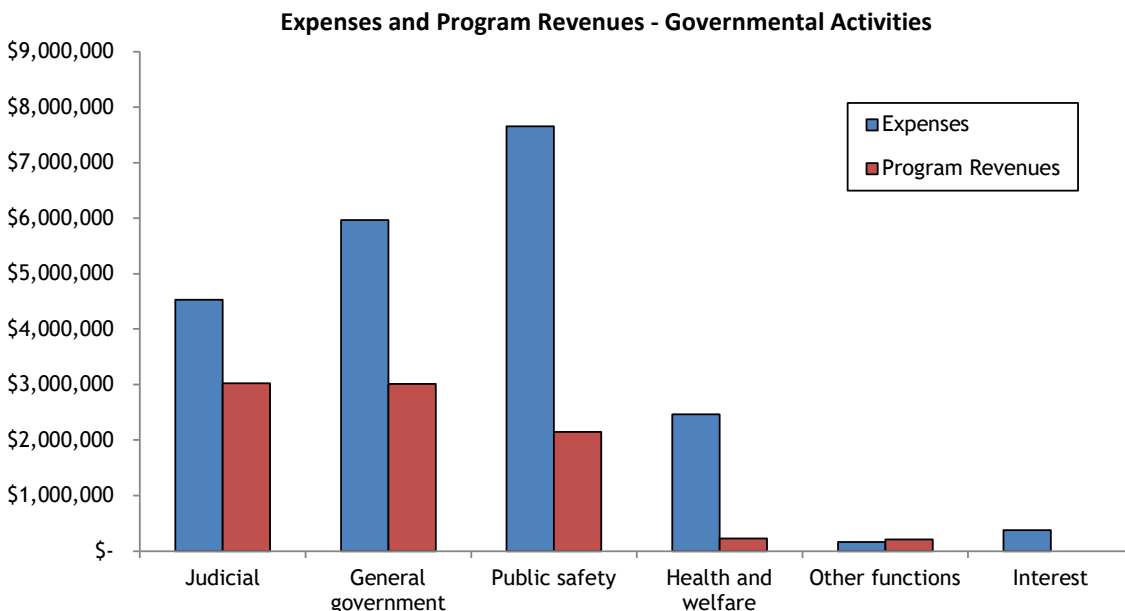
COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Change in net position before transfers	\$ 977,134	\$ 791,370	\$ 812,224	\$ 359,344	\$ 1,789,358	\$ 1,150,714
Transfers	573,133	701,253	(573,133)	(701,253)	-	-
Change in net position	1,550,267	1,492,623	239,091	(341,909)	1,789,358	1,150,714
Net position:						
Beginning of year	8,572,381	7,079,758	11,787,657	12,129,566	20,360,038	19,209,324
End of year	\$ 10,122,648	\$ 8,572,381	\$ 12,026,748	\$ 11,787,657	\$ 22,149,396	\$ 20,360,038

Governmental Activities. Governmental activities increased the County's net position by \$1,550,267. Key components of the current year activity are as follows:

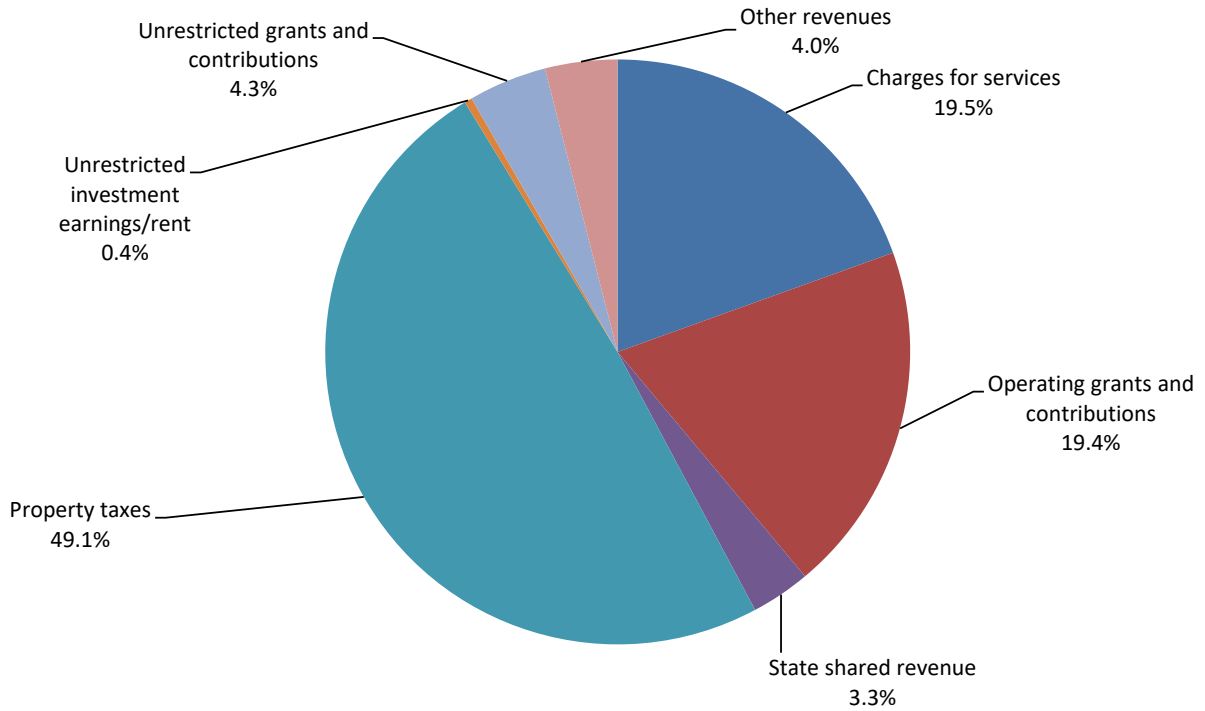
- Total revenue increased by \$2,792,791. Grants and contributions not restricted to specific programs increased by \$960,588 due to American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) funding, which was recognized as revenue with the related expenses incurred. Other revenue increased by \$868,876 due to various opioid settlements in 2022. Property tax revenue increased \$544,777 due to an increase in property tax values.
- Total expenses increased by \$2,607,027, primarily as a result of an increase in judicial expenses of \$788,438, general government expenses of \$1,246,882 and public safety expenses of \$611,029. Increases in these expenses and other areas were due to wage increases in several of our offices in an effort to retain staff, also specific to our buildings and software where we could.



COUNTY OF WEXFORD, MICHIGAN

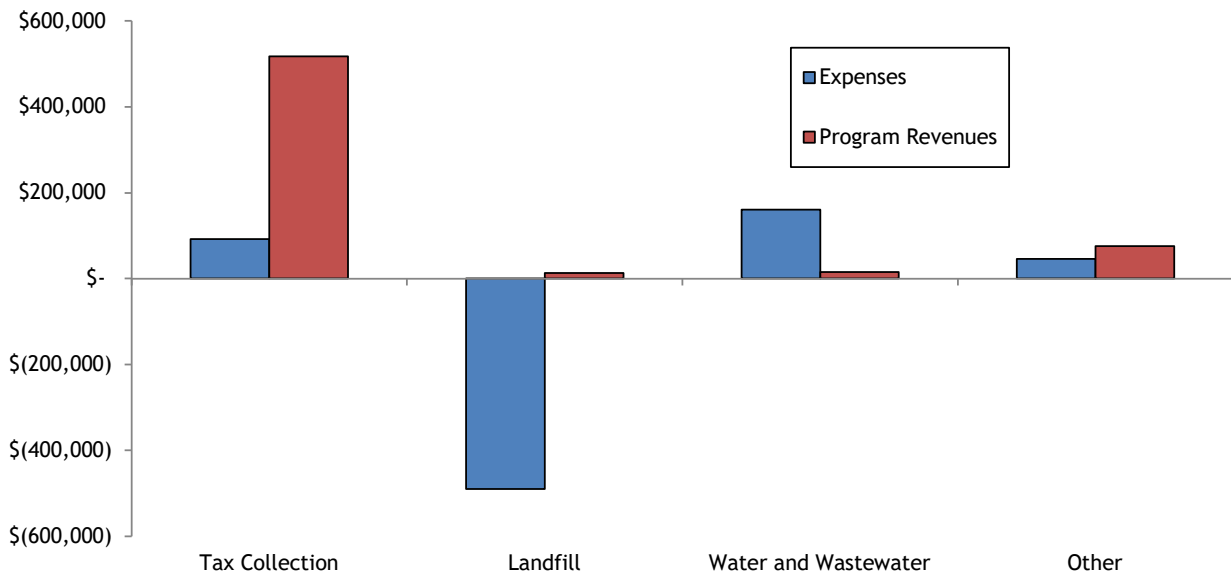
Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased the County’s net position by \$239,091. The primary reason for the change in net position as compared to the prior year is due to negative expenses in the Landfill fund due to an updated corrective action cost estimate required for 2022 as additional wells have been decommissioned.

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 \$11,223,918, an increase of \$1,151,542 in comparison with the prior year. Of this amount, 80.4 percent (\$9,025,536) 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 (\$110,159); B) restricted for use per various external agreements (\$1,792,547); or C) committed for various purposes (\$295,676).

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 \$9,025,536 while total fund balance amounted to \$9,190,873. 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 58.1 percent of total General Fund expenditures, while total fund balance represents 59.2 percent of that same amount.

The fund balance of the County's General Fund increased by \$1,318,476 during the current fiscal year. Key factors in this change are as follows:

- Property taxes continue to trend upward, increasing by \$399,234.
- Intergovernmental revenues increased by \$839,211, which was due to recognizing revenue related to ARPA 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, decreased by \$20,196 during the year, and ending fund balance totaled \$142,809.

The fund balance of the Community Development Block Grant special revenue fund, which accounts for the expenditure of grants received from HUD and the repayment of loans made to residents, increased by \$37,464 during the year, and ending fund balance totaled \$66,874.

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 \$137,104 during the year, and ending net position totaled \$417,622.

The net position of the 2021 Delinquent Tax fund, which accounts for the collection and remittance of delinquent property taxes levied in 2021, increased by \$282,283 during the year, and ending net position totaled \$282,795.

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 \$459,613 during the year, and ending net position totaled \$7,245,859.

General Fund Budgetary Highlights

During the year, there was a \$1,473,702 increase in appropriations (including transfers out) between the original and final amended budget. Significant increases primarily related to general government (\$1,322,171). The budgeted increase was primarily due to special projects to be paid from ARPA funds. The actual expenditures for the year were \$389,361 more than the original budget and \$1,045,642 less than the amended budget.

The General Fund budgeted for a decrease in fund balance of \$466,696 and the actual increase in fund balance was \$1,318,476. Significant budgetary variances are as follows:

- The General fund received \$584,359 more revenues than budgeted due primarily to increases in property tax revenue and increases in state allocations and housing of out of county prisoners.
- Overall, expenditures were under budget by \$1,045,642. Wages and benefit expenditures were significantly less due to various position vacancies during the year, impacting general government expenditures which were \$445,050 under budget and public safety expenditures which were \$732,896 under budget. Judicial expenditures were over budget by \$304,831 due to increases in trials now that COVID is moving out and we are working thru a backlog of cases.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2022 amounted to \$22,316,429 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, motor vehicles, drains and utility systems and leased assets. The total increase of \$92,051 in the County's investment in capital assets for the current fiscal year was primarily a result of security equipment and property for future expansion near the county jail, and replacement vehicles for county departments.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 211,925	\$ 211,925	\$ -	\$ -	\$ 211,925	\$ 211,925
Construction in progress	363,385	-	-	-	363,385	-
Buildings and improvements	18,717,783	19,108,455	-	-	18,717,783	19,108,455
Land improvements	21,018	-	-	-	21,018	-
Equipment and furniture	680,184	636,674	-	-	680,184	636,674
Vehicles	742,090	609,689	-	-	742,090	609,689
Leased building	247,644	277,662	-	-	247,644	277,662
Water distribution system	-	-	1,332,400	1,379,973	1,332,400	1,379,973
Total capital assets, net	\$ 20,984,029	\$ 20,844,405	\$ 1,332,400	\$ 1,379,973	\$ 22,316,429	\$ 22,224,378

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$14,218,246.

	Long-Term Debt					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 3,425,725	\$ 3,683,552	\$ -	\$ -	\$ 3,425,725	\$ 3,683,552
USDA Community Facilities loans	10,459,000	10,643,000	-	-	10,459,000	10,643,000
Compensated absences	333,521	352,213	-	-	333,521	352,213
Total long-term debt	\$ 14,218,246	\$ 14,678,765	\$ -	\$ -	\$ 14,218,246	\$ 14,678,765

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 \$114,103,748, 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 2023 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, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and short-term investments	\$ 11,039,672	\$ 8,902,283	\$ 19,941,955	\$ 8,890,097
Restricted cash and investments	5,386,273	1,365,558	6,751,831	-
Receivables	7,135,756	1,389,662	8,525,418	3,129,766
Inventories	-	-	-	1,518,027
Prepays	110,159	-	110,159	87,878
Net pension asset	-	-	-	2,072,283
Capital assets not being depreciated/amortized	575,310	-	575,310	9,626,259
Capital assets being depreciated/amortized, net	20,408,719	1,332,400	21,741,119	47,110,417
Total assets	44,655,889	12,989,903	57,645,792	72,434,727
Deferred outflows of resources				
Deferred charge on refunding	42,440	-	42,440	-
Deferred pension amounts	4,872,751	-	4,872,751	2,783,307
Deferred other postemployment benefits amounts	-	-	-	35,744
Total deferred outflows of resources	4,915,191	-	4,915,191	2,819,051
Liabilities				
Payables	1,137,184	663,155	1,800,339	1,308,324
Unearned revenue	5,639,132	-	5,639,132	58,075
Bonds, notes and other long-term liabilities:				
Due within one year	819,302	-	819,302	327,365
Due in more than one year	13,649,913	-	13,649,913	51,336
Landfill remediation liability (due in more than one year)	-	300,000	300,000	-
Net pension liability (due in more than one year)	14,763,823	-	14,763,823	1,037,621
Net other postemployment benefits liability (due in more than one year)	-	-	-	30,969
Total liabilities	36,009,354	963,155	36,972,509	2,813,690
Deferred inflows of resources				
Deferred lease amounts	111,174	-	111,174	-
Property taxes levied for subsequent year	3,273,066	-	3,273,066	897,795
Deferred pension amounts	54,838	-	54,838	1,775,896
Total deferred inflows of resources	3,439,078	-	3,439,078	2,673,691
Net position				
Net investment in capital assets	6,890,775	1,332,400	8,223,175	56,736,676
Restricted for:				
Pension	-	-	-	2,072,283
Public library	-	-	-	43,361
Public safety	1,187,374	-	1,187,374	-
Health and welfare	1,325,954	-	1,325,954	-
Community and economic development	1,434,040	-	1,434,040	-
Landfill	-	1,065,558	1,065,558	-
Unrestricted (deficit)	(715,495)	9,628,790	8,913,295	10,914,077
Total net position	\$ 10,122,648	\$ 12,026,748	\$ 22,149,396	\$ 69,766,397

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, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 75,850	\$ -	\$ -	\$ -	\$ (75,850)
Judicial	4,532,980	992,556	2,032,938	-	(1,507,486)
General government	5,966,998	1,577,341	1,436,007	-	(2,953,650)
Public safety	7,659,059	1,542,204	607,424	-	(5,509,431)
Public works	70,462	179,220	-	-	108,758
Health and welfare	2,464,207	143	226,575	-	(2,237,489)
Recreation and culture	6,493	-	-	-	(6,493)
Community and economic development	8,661	30,113	-	-	21,452
Interest and fiscal charges	379,349	-	-	-	(379,349)
Total governmental activities	21,164,059	4,321,577	4,302,944	-	(12,539,538)
Business-type activities:					
Tax collection	92,616	507,218	10,271	-	424,873
Landfill	(489,900)	-	13,818	-	503,718
Water and wastewater	161,315	-	15,491	-	(145,824)
Other	46,613	21,649	54,421	-	29,457
Total business-type activities	(189,356)	528,867	94,001	-	812,224
Total primary government	\$ 20,974,703	\$ 4,850,444	\$ 4,396,945	\$ -	\$ (11,727,314)
Component units					
Transit Authority	\$ 3,736,153	\$ 488,766	\$ 2,615,442	\$ 135,439	\$ (496,506)
Airport Authority	1,044,132	431,082	87,167	253,178	(272,705)
Public Library	1,234,429	5,762	263,157	76,909	(888,601)
Road Commission	10,323,195	2,058,603	9,333,352	877,804	1,946,564
Total component units	\$ 16,337,909	\$ 2,984,213	\$ 12,299,118	\$ 1,343,330	\$ 288,752

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COUNTY OF WEXFORD, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (12,539,538)	\$ 812,224	\$ (11,727,314)	\$ 288,752
General revenues:				
Property taxes	10,865,974	-	10,865,974	1,494,104
State shared revenue	729,357	-	729,357	-
Grants and contributions not restricted to specific programs	960,588	-	960,588	107,133
Unrestricted investment earnings (loss)	(9,795)	-	(9,795)	14,223
Rental income	101,672	-	101,672	-
Gain on sale of capital assets	-	-	-	45,000
Other revenue	868,876	-	868,876	266,682
Transfers - internal activities	573,133	(573,133)	-	-
Total general revenues and transfers	14,089,805	(573,133)	13,516,672	1,927,142
Change in net position	1,550,267	239,091	1,789,358	2,215,894
Net position, beginning of year	8,572,381	11,787,657	20,360,038	67,550,503
Net position, end of year	<u>\$ 10,122,648</u>	<u>\$ 12,026,748</u>	<u>\$ 22,149,396</u>	<u>\$ 69,766,397</u>

concluded

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

COUNTY OF WEXFORD, MICHIGAN

Balance Sheet

Governmental Funds
December 31, 2022

	General Fund	Public Safety	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and short-term investments	\$ 8,629,375	\$ 305,646	\$ 66,874	\$ 1,756,832	\$ 10,758,727
Restricted cash and investments	5,386,273	-	-	-	5,386,273
Accounts receivable	255,308	-	-	892,236	1,147,544
Property taxes receivable	519,810	1,462,685	-	1,513,457	3,495,952
Interest receivable	14,560	-	-	-	14,560
Due from other governments	563,853	-	-	519,847	1,083,700
Leases receivable	108,352	-	-	-	108,352
Loans receivable	-	-	1,285,586	-	1,285,586
Prepays	109,800	-	-	359	110,159
Total assets	\$ 15,587,331	\$ 1,768,331	\$ 1,352,460	\$ 4,682,731	\$ 23,390,853
Liabilities					
Accounts payable	\$ 527,209	\$ -	\$ -	\$ 24,027	\$ 551,236
Accrued liabilities	371,802	-	-	66,063	437,865
Unearned revenue	5,386,273	-	-	252,859	5,639,132
Total liabilities	6,285,284	-	-	342,949	6,628,233
Deferred inflows of resources					
Unavailable revenue - loans	-	-	1,285,586	-	1,285,586
Unavailable revenue - opioid settlement	-	-	-	868,876	868,876
Deferred lease amounts	111,174	-	-	-	111,174
Property taxes levied for subsequent year	-	1,625,522	-	1,647,544	3,273,066
Total deferred inflows of resources	111,174	1,625,522	1,285,586	2,516,420	5,538,702
Fund balances					
Nonspendable	109,800	-	-	359	110,159
Restricted	1,951	142,809	66,874	1,580,913	1,792,547
Committed	53,586	-	-	242,090	295,676
Unassigned	9,025,536	-	-	-	9,025,536
Total fund balances	9,190,873	142,809	66,874	1,823,362	11,223,918
Total liabilities, deferred inflows of resources and fund balances	\$ 15,587,331	\$ 1,768,331	\$ 1,352,460	\$ 4,682,731	\$ 23,390,853

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

COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
December 31, 2022

Fund balances - total governmental funds \$ 11,223,918

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/amortized	575,310
Capital assets being depreciated/amortized, net	20,408,719

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	1,285,586
Unavailable opioid settlement receivable	868,876

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	281,007
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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	(14,763,823)
Deferred outflows related to the net pension liability	4,872,751
Deferred inflows related to the net pension liability	(54,838)

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, notes and other long-term liabilities	(14,135,694)
Compensated absences	(333,521)
Deferred charge on refunding	42,440
Accrued interest on long-term debt	(148,083)

Net position of governmental activities \$ 10,122,648

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, 2022

	General Fund	Public Safety	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 7,705,435	\$ 1,558,383	\$ -	\$ 1,602,156	\$ 10,865,974
Licenses and permits	17,750	-	-	17,634	35,384
Intergovernmental	4,569,447	49,236	-	2,172,512	6,791,195
Charges for services	2,171,594	-	46,103	375,689	2,593,386
Fines and forfeitures	379,798	-	-	-	379,798
Interest and rent	91,879	86	22	890	92,877
Other	524,199	-	-	8,291	532,490
Total revenues	15,460,102	1,607,705	46,125	4,177,172	21,291,104
Expenditures					
Current:					
Legislative	75,850	-	-	-	75,850
Judicial	3,396,012	-	-	898,432	4,294,444
General government	5,324,043	-	-	192,113	5,516,156
Public safety	5,673,558	-	-	1,344,439	7,017,997
Public works	57,335	-	-	-	57,335
Health and welfare	637,141	-	-	1,827,066	2,464,207
Recreation and culture	51,089	-	-	-	51,089
Community and economic development	-	-	8,661	-	8,661
Capital outlay	316,495	-	-	62,495	378,990
Debt service:					
Principal	-	-	-	468,520	468,520
Interest and fiscal charges	-	-	-	379,446	379,446
Total expenditures	15,531,523	-	8,661	5,172,511	20,712,695
Revenues over (under) expenditures	(71,421)	1,607,705	37,464	(995,339)	578,409
Other financing sources (uses)					
Transfers in	1,816,411	-	-	921,838	2,738,249
Transfers out	(426,514)	(1,627,901)	-	(110,701)	(2,165,116)
Total other financing sources (uses)	1,389,897	(1,627,901)	-	811,137	573,133
Net change in fund balances	1,318,476	(20,196)	37,464	(184,202)	1,151,542
Fund balances, beginning of year	7,872,397	163,005	29,410	2,007,564	10,072,376
Fund balances, end of year	\$ 9,190,873	\$ 142,809	\$ 66,874	\$ 1,823,362	\$ 11,223,918

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

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, 2022

Net change in fund balances - total governmental funds \$ 1,151,542

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/amortization expense.

Purchase/construction of capital assets	900,236
Depreciation/amortization expense	(708,112)
Loss on disposal of capital assets	(52,500)

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	(18,883)
Net change in unavailable opioid settlement receivable	868,876

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 bonds, notes and other long-term liabilities	468,520
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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	97
Change in the accrual for compensated absences	18,692
Change in the net pension liability and related deferred amounts	(1,084,867)

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	96
Operating income from governmental activities in internal service fund - self-insurance	6,570

Change in net position of governmental activities \$ 1,550,267

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 7,511,475	\$ 7,511,475	\$ 7,705,435	\$ 193,960
Licenses and permits	14,975	14,975	17,750	2,775
Intergovernmental	3,937,925	4,979,378	4,569,447	(409,931)
Charges for services	2,004,031	2,004,031	2,171,594	167,563
Fines and forfeitures	37,000	37,000	379,798	342,798
Interest and rent	101,084	101,084	91,879	(9,205)
Other	227,800	227,800	524,199	296,399
Total revenues	13,834,290	14,875,743	15,460,102	584,359
Expenditures				
Current:				
Legislative	66,822	73,378	75,850	2,472
Judicial	3,091,181	3,091,181	3,396,012	304,831
General government	4,446,922	5,769,093	5,324,043	(445,050)
Public safety	6,343,077	6,406,454	5,673,558	(732,896)
Public works	65,584	65,584	57,335	(8,249)
Health and welfare	692,576	701,776	637,141	(64,635)
Recreation and culture	57,000	57,000	51,089	(5,911)
Capital outlay	379,000	412,699	316,495	(96,204)
Total expenditures	15,142,162	16,577,165	15,531,523	(1,045,642)
Revenues under expenditures	(1,307,872)	(1,701,422)	(71,421)	1,630,001
Other financing sources (uses)				
Transfers in	1,794,267	1,827,966	1,816,411	(11,555)
Transfers out	(554,541)	(593,240)	(426,514)	(166,726)
Total other financing sources (uses)	1,239,726	1,234,726	1,389,897	155,171
Net change in fund balance	(68,146)	(466,696)	1,318,476	1,785,172
Fund balance, beginning of year	7,872,397	7,872,397	7,872,397	-
Fund balance, end of year	\$ 7,804,251	\$ 7,405,701	\$ 9,190,873	\$ 1,785,172

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,577,901	\$ 1,577,901	\$ 1,558,383	\$ (19,518)
Intergovernmental	50,000	50,000	49,236	(764)
Interest and rent	-	-	86	86
Total revenues	1,627,901	1,627,901	1,607,705	(20,196)
Other financing use				
Transfers out	(1,627,901)	(1,627,901)	(1,627,901)	-
Net change in fund balance	-	-	(20,196)	(20,196)
Fund balance, beginning of year	163,005	163,005	163,005	-
Fund balance, end of year	<u>\$ 163,005</u>	<u>\$ 163,005</u>	<u>\$ 142,809</u>	<u>\$ (20,196)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 46,103	\$ (53,897)
Interest and rent	20	20	22	2
Total revenues	100,020	100,020	46,125	(53,895)
Expenditures				
Current:				
Community and economic development	100,020	100,020	8,661	(91,359)
Net change in fund balance	-	-	37,464	37,464
Fund balance, beginning of year	29,410	29,410	29,410	-
Fund balance, end of year	<u>\$ 29,410</u>	<u>\$ 29,410</u>	<u>\$ 66,874</u>	<u>\$ 37,464</u>

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

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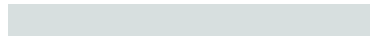
COUNTY OF WEXFORD, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	2021 Delinquent Tax	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and short-term investments	\$ 1,268,013	\$ 1,962,526	\$ 3,755,264	\$ 1,916,480
Accounts receivable	8,693	37,393	-	1,666
Taxes receivable	226,508	944,821	-	-
Accrued interest receivable	76,807	93,774	-	-
Total current assets	<u>1,580,021</u>	<u>3,038,514</u>	<u>3,755,264</u>	<u>1,918,146</u>
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	-	-	119,944
Investments	-	-	-	1,245,614
Advance to other funds	-	-	3,490,595	427,074
Capital assets being depreciated, net	-	-	-	1,332,400
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,490,595</u>	<u>3,125,032</u>
Total assets	<u>1,580,021</u>	<u>3,038,514</u>	<u>7,245,859</u>	<u>5,043,178</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	24,429
Due to other governments	449	-	-	-
Undistributed receipts	-	-	-	638,277
Total current liabilities	<u>449</u>	<u>-</u>	<u>-</u>	<u>662,706</u>
Noncurrent liabilities:				
Advance from other funds	1,161,950	2,755,719	-	-
Landfill remediation liability	-	-	-	300,000
Total noncurrent liabilities	<u>1,161,950</u>	<u>2,755,719</u>	<u>-</u>	<u>300,000</u>
Total liabilities	<u>1,162,399</u>	<u>2,755,719</u>	<u>-</u>	<u>962,706</u>
Net position				
Investment in capital assets	-	-	-	1,332,400
Restricted for landfill	-	-	-	1,065,558
Unrestricted	417,622	282,795	7,245,859	1,682,514
Total net position	<u>\$ 417,622</u>	<u>\$ 282,795</u>	<u>\$ 7,245,859</u>	<u>\$ 4,080,472</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

\$ 8,902,283	\$ 280,945
47,752	62
1,171,329	-
170,581	-
<u>10,291,945</u>	<u>281,007</u>

119,944	-
1,245,614	-
3,917,669	-
1,332,400	-
<u>6,615,627</u>	<u>-</u>
<u>16,907,572</u>	<u>281,007</u>

24,429	-
449	-
638,277	-
<u>663,155</u>	<u>-</u>

3,917,669	-
300,000	-
<u>4,217,669</u>	<u>-</u>
<u>4,880,824</u>	<u>-</u>

1,332,400	-
1,065,558	-
<u>9,628,790</u>	<u>281,007</u>

<u>\$ 12,026,748</u>	<u>\$ 281,007</u>
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COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	2021 Delinquent Tax	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Operating revenues				
Charges for services	\$ 42,814	\$ 109,927	\$ 4,004	\$ 40,989
Interest and penalties	91,389	166,934	-	70,057
Premiums - health insurance	-	-	-	-
Other	-	-	-	2,753
Total operating revenues	<u>134,203</u>	<u>276,861</u>	<u>4,004</u>	<u>113,799</u>
Operating expenses				
Contractual services	1,509	387	-	(288,322)
Employee health care	-	-	-	-
Repairs and maintenance	-	-	-	385
Depreciation	-	-	-	47,573
Other services and charges	-	-	25,321	23,791
Total operating expenses	<u>1,509</u>	<u>387</u>	<u>25,321</u>	<u>(216,573)</u>
Operating income (loss)	132,694	276,474	(21,317)	330,372
Nonoperating revenues				
Investment earnings	4,410	5,809	48,746	35,036
Income before transfers	<u>137,104</u>	<u>282,283</u>	<u>27,429</u>	<u>365,408</u>
Transfers				
Transfers in	-	-	58,841	32,750
Transfers out	-	-	(545,883)	(118,841)
Total transfers	<u>-</u>	<u>-</u>	<u>(487,042)</u>	<u>(86,091)</u>
Change in net position	137,104	282,283	(459,613)	279,317
Net position, beginning of year	<u>280,518</u>	<u>512</u>	<u>7,705,472</u>	<u>3,801,155</u>
Net position, end of year	<u>\$ 417,622</u>	<u>\$ 282,795</u>	<u>\$ 7,245,859</u>	<u>\$ 4,080,472</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
\$ 197,734	\$ -
328,380	-
-	1,704,679
2,753	-
<u>528,867</u>	<u>1,704,679</u>
(286,426)	-
-	1,698,109
385	-
47,573	-
49,112	-
<u>(189,356)</u>	<u>1,698,109</u>
718,223	6,570
94,001	96
<u>812,224</u>	<u>6,666</u>
91,591	-
<u>(664,724)</u>	<u>-</u>
<u>(573,133)</u>	<u>-</u>
239,091	6,666
<u>11,787,657</u>	<u>274,341</u>
<u>\$ 12,026,748</u>	<u>\$ 281,007</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	2021 Delinquent Tax	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 845,205	\$ 1,956,592	\$ 4,967	\$ 499,049
Receipts from internal services provided	-	-	-	-
Payments to vendors	(1,060)	(8,807)	(25,321)	(222,269)
Delinquent taxes purchased	-	(2,755,719)	-	-
Net cash provided by (used in) operating activities	<u>844,145</u>	<u>(807,934)</u>	<u>(20,354)</u>	<u>276,780</u>
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances	(1,718,294)	2,755,719	(104,017)	(933,408)
Transfers in	-	-	58,841	32,750
Transfers out	-	-	(545,883)	(118,841)
Net cash provided by (used in) noncapital financing activities	<u>(1,718,294)</u>	<u>2,755,719</u>	<u>(591,059)</u>	<u>(1,019,499)</u>
Cash flows from investing activities				
Interest received	4,410	5,809	48,746	21,218
Net increase (decrease) in cash and short-term investments	<u>(869,739)</u>	<u>1,953,594</u>	<u>(562,667)</u>	<u>(721,501)</u>
Cash and short-term investments, beginning of year	<u>2,137,752</u>	<u>8,932</u>	<u>4,317,931</u>	<u>2,757,925</u>
Cash and short-term investments, end of year	<u>\$ 1,268,013</u>	<u>\$ 1,962,526</u>	<u>\$ 3,755,264</u>	<u>\$ 2,036,424</u>
Classified on the statement of net position as:				
Cash and short-term investments	\$ 1,268,013	\$ 1,962,526	\$ 3,755,264	\$ 1,916,480
Restricted cash and short-term investments	-	-	-	119,944
	<u>\$ 1,268,013</u>	<u>\$ 1,962,526</u>	<u>\$ 3,755,264</u>	<u>\$ 2,036,424</u>



Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Fund Self-Insurance
\$ 3,305,813	\$ -
-	1,704,617
(257,457)	(1,698,109)
<u>(2,755,719)</u>	<u>-</u>
292,637	6,508
-	-
91,591	-
<u>(664,724)</u>	<u>-</u>
<u>(573,133)</u>	<u>-</u>
80,183	96
(200,313)	6,604
<u>9,222,540</u>	<u>274,341</u>
<u>\$ 9,022,227</u>	<u>\$ 280,945</u>
\$ 8,902,283	\$ 280,945
119,944	-
<u>\$ 9,022,227</u>	<u>\$ 280,945</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds			
	2020 Delinquent Tax	2021 Delinquent Tax	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds
Cash flows from operating activities				
Operating income (loss)	\$ 132,694	\$ 276,474	\$ (21,317)	\$ 330,372
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	47,573
Change in landfill remediation liability	-	-	-	(489,900)
Change in:				
Accounts receivable	26,915	(37,393)	-	13,620
Taxes receivable	664,400	(944,821)	-	201,405
Accrued interest receivable	19,687	(93,774)	963	73,511
Accounts payable	-	(8,420)	-	24,299
Due to other governments	449	-	-	-
Undistributed receipts	-	-	-	75,900
Net cash provided by (used in) operating activities	<u>\$ 844,145</u>	<u>\$ (807,934)</u>	<u>\$ (20,354)</u>	<u>\$ 276,780</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	

\$ 718,223 \$ 6,570

47,573 -
(489,900) -

3,142 (62)
(79,016) -

387 -

15,879 -

449 -

75,900 -

\$ 292,637 \$ 6,508

concluded

COUNTY OF WEXFORD, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

Custodial Funds

Assets

Cash and short-term investments

\$ 430,994

Liabilities

Undistributed receipts

368,347

Net position

Restricted for individuals, organizations
and other governments

\$ 62,647

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, 2022

	Custodial Funds
Additions	
Taxes collected for other governments	\$ 9,935,009
County clerk collections	97,487
Inmate trust collections	343,046
Library penal fine collections	420,902
	<hr/>
Total additions	10,796,444
	<hr/>
Deductions	
Payments of taxes to other governments	9,935,009
County clerk distributions	97,487
Inmate trust distributions	321,599
Library penal fine distributions	420,902
	<hr/>
Total deductions	10,774,997
	<hr/>
Change in net position	21,447
Net position, beginning of year	41,200
	<hr/>
Net position, end of year	\$ 62,647
	<hr/> <hr/>

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

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position Discretely Presented Component Units

	September 30, 2022	December 31, 2022			Total
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	
Assets					
Cash and short-term investments	\$ 1,599,732	\$ 238,020	\$ 888,310	\$ 6,164,035	\$ 8,890,097
Accounts receivable	49,058	725	81	-	49,864
Taxes receivable	63,139	-	897,795	-	960,934
Due from other governments	234,767	-	-	1,884,201	2,118,968
Inventories	-	35,110	-	1,482,917	1,518,027
Prepays	74,097	6,785	6,996	-	87,878
Net pension asset	-	-	-	2,072,283	2,072,283
Capital assets not being depreciated	445,960	125,000	-	9,055,299	9,626,259
Capital assets being depreciated, net	2,814,686	2,951,334	698,236	40,646,161	47,110,417
Total assets	5,281,439	3,356,974	2,491,418	61,304,896	72,434,727
Deferred outflows of resources					
Deferred pension amounts	498,541	-	177,886	2,106,880	2,783,307
Deferred other postemployment benefits amounts	-	-	-	35,744	35,744
Total deferred outflows of resources	498,541	-	177,886	2,142,624	2,819,051
Liabilities					
Accounts payable	12,918	6,248	11,904	463,520	494,590
Accrued liabilities	30,359	-	12,691	40,281	83,331
Due to other governments	-	-	-	730,403	730,403
Unearned revenue	-	-	3,760	54,315	58,075
Bonds, notes and other long-term liabilities:					
Due within one year	55,254	-	-	272,111	327,365
Due in more than one year	-	-	51,336	-	51,336
Net pension liability (due in more than one year)	549,940	-	487,681	-	1,037,621
Net other postemployment benefits liability (due in more than one year)	-	-	-	30,969	30,969
Total liabilities	648,471	6,248	567,372	1,591,599	2,813,690
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	897,795	-	897,795
Deferred pension amounts	178,897	-	113,766	1,483,233	1,775,896
Total deferred inflows of resources	178,897	-	1,011,561	1,483,233	2,673,691
Net position					
Investment in capital assets	3,260,646	3,076,334	698,236	49,701,460	56,736,676
Restricted for:					
Pension	-	-	-	2,072,283	2,072,283
Public library	-	-	43,361	-	43,361
Unrestricted	1,691,966	274,392	348,774	8,598,945	10,914,077
Total net position	\$ 4,952,612	\$ 3,350,726	\$ 1,090,371	\$ 60,372,688	\$ 69,766,397

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				Total
	September 30, 2022	December 31, 2022			
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	
Expenses					
Transit Authority	\$ 3,736,153	\$ -	\$ -	\$ -	\$ 3,736,153
Airport Authority	-	1,044,132	-	-	1,044,132
Public Library	-	-	1,234,429	-	1,234,429
Road Commission	-	-	-	10,323,195	10,323,195
Total expenses	<u>3,736,153</u>	<u>1,044,132</u>	<u>1,234,429</u>	<u>10,323,195</u>	<u>16,337,909</u>
Program revenues					
Charges for services	488,766	431,082	5,762	2,058,603	2,984,213
Operating grants and contributions	2,615,442	87,167	263,157	9,333,352	12,299,118
Capital grants and contributions	135,439	253,178	76,909	877,804	1,343,330
Total program revenues	<u>3,239,647</u>	<u>771,427</u>	<u>345,828</u>	<u>12,269,759</u>	<u>16,626,661</u>
Net revenue (expense)	<u>(496,506)</u>	<u>(272,705)</u>	<u>(888,601)</u>	<u>1,946,564</u>	<u>288,752</u>
General revenues					
Property taxes	643,117	-	850,987	-	1,494,104
Grants and contributions not restricted to specific programs	-	-	107,133	-	107,133
Unrestricted investment earnings	841	292	7,041	6,049	14,223
Gain on sale of capital assets	-	-	-	45,000	45,000
Other revenue	12,401	-	16,157	238,124	266,682
Total general revenues	<u>656,359</u>	<u>292</u>	<u>981,318</u>	<u>289,173</u>	<u>1,927,142</u>
Change in net position	<u>159,853</u>	<u>(272,413)</u>	<u>92,717</u>	<u>2,235,737</u>	<u>2,215,894</u>
Net position, beginning of year	<u>4,792,759</u>	<u>3,623,139</u>	<u>997,654</u>	<u>58,136,951</u>	<u>67,550,503</u>
Net position, end of year	<u>\$ 4,952,612</u>	<u>\$ 3,350,726</u>	<u>\$ 1,090,371</u>	<u>\$ 60,372,688</u>	<u>\$ 69,766,397</u>

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 \$250,586 to the Health Department for the year ended December 31, 2022.

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, 2022.

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 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 *2021 Delinquent Tax Fund* accounts for the collection and remittance of delinquent property taxes levied in 2021. The fund will be closed out after the collection process has been completed.

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).

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

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

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

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

Bankers' acceptances of United States banks.

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

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.

Leases

Lessee. The County is a lessee for a noncancellable lease of a building. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The County is a lessor for a noncancellable leases of buildings. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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/amortized using the straight-line method over the following estimated useful lives:

	Years
Building/improvements	10-60
Vehicles	5-10
Equipment and furniture	5-15
Leased building	10
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 represents a consumption of net assets 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 and OPEB plans. In addition, the County reports deferred outflows of resources for the charge on advance bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price.

Compensated Absences

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

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 \$300,000.

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 assets 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 and other long-term receivables. These amounts 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 plan. Finally, the County reports deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

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, 2022 the County incurred expenditures which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund:			
Legislative:			
County commission	\$ 73,378	\$ 75,850	\$ 2,472
Judicial:			
District court	665,559	975,089	309,530
Friend of the court	957,135	1,031,446	74,311
General government:			
Register of deeds	313,586	318,912	5,326
Building and grounds:			
Human services	114,635	120,999	6,364
District health	80,200	83,935	3,735
Jail	250,820	253,583	2,763
Maintenance	5,850	6,607	757
American Rescue Plan	912,050	922,839	10,789
Public safety:			
Emergency management	132,608	135,771	3,163

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

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

Statement of Net Position

Cash and short-term investments	\$ 19,941,955
Restricted cash and investments	6,751,831

Statement of Fiduciary Net Position

Cash and short-term investments	<u>430,994</u>
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Total deposits and investments	<u><u>\$ 27,124,780</u></u>
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Deposits and investments

Bank deposits:	
Checking and savings accounts	\$ 20,752,957
Certificates of deposit:	
Due within one year	2,246,245
Due in one to five years	233,559
Investments:	
Money market	1,245,614
Michigan CLASS government investment pool	2,644,737
Cash on hand	<u>1,668</u>

Total deposits and investments	<u><u>\$ 27,124,780</u></u>
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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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$22,183,031 of the primary government’s combined bank balance of \$23,399,307 was exposed to custodial credit risk because it was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

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

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

Fair Value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. These levels are determined by the County’s investment manager, and are determined at the fund level based on a review of the investment’s class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary. The County had the following recurring fair value measurements as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Money market	\$ 1,245,614	\$ -	\$ -	\$ 1,245,614
Investments carried at net asset value:				
Michigan CLASS government investment pool				2,644,737
Total investments				\$ 3,890,351

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 are valued based on quoted market prices in active markets.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

At year end, the net asset value of the County's investment in Michigan CLASS government investment pool was \$2,644,737. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 1,147,606	\$ 47,752
Taxes (current)	3,495,952	-
Taxes (delinquent)	-	1,171,329
Interest	14,560	170,581
Due from other governments	1,083,700	-
Loans	1,285,586	-
Leases	108,352	-
	<u>\$ 7,135,756</u>	<u>\$ 1,389,662</u>

Of the amounts reported for accounts, loans and leases receivable, \$668,800, \$1,239,483, and \$82,348, respectively, are not expected to be collected within one year. The amount from accounts receivable is related to the opioid settlement as discussed in Note 21.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 551,236	\$ 24,429
Accrued liabilities	437,865	-
Due to other governments	-	449
Undistributed receipts	-	638,277
Interest	148,083	-
	<u>\$ 1,137,184</u>	<u>\$ 663,155</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/ amortized					
Land	\$ 211,925	\$ -	\$ -	\$ -	\$ 211,925
Construction in progress	-	363,385	-	-	363,385
	<u>211,925</u>	<u>363,385</u>	<u>-</u>	<u>-</u>	<u>575,310</u>
Capital assets, being depreciated/ amortized:					
Buildings/improvements	24,421,219	40,620	(1,044,637)	-	23,417,202
Land improvements	-	21,557	-	-	21,557
Equipment and furniture	3,480,770	188,718	(1,744,913)	-	1,924,575
Vehicles	1,413,759	285,956	(60,985)	-	1,638,730
Leased building (Note 9)	277,662	-	-	-	277,662
	<u>29,593,410</u>	<u>536,851</u>	<u>(2,850,535)</u>	<u>-</u>	<u>27,279,726</u>
Less accumulated depreciation and amortization for:					
Buildings/improvements	(5,312,764)	(431,292)	1,044,637	-	(4,699,419)
Land improvements	-	(539)	-	-	(539)
Equipment and furniture	(2,844,096)	(145,053)	1,744,758	-	(1,244,391)
Vehicles	(804,070)	(101,210)	8,640	-	(896,640)
Leased building (Note 9)	-	(30,018)	-	-	(30,018)
	<u>(8,960,930)</u>	<u>(708,112)</u>	<u>2,798,035</u>	<u>-</u>	<u>(6,871,007)</u>
Total capital assets being depreciated/ amortized, net	<u>20,632,480</u>	<u>(171,261)</u>	<u>(52,500)</u>	<u>-</u>	<u>20,408,719</u>
Governmental activities capital assets, net	<u>\$ 20,844,405</u>	<u>\$ 192,124</u>	<u>\$ (52,500)</u>	<u>\$ -</u>	<u>\$ 20,984,029</u>
Business-type Activities					
Capital assets, being depreciated:					
Water distribution system	\$ 1,902,928	\$ -	\$ -	\$ -	\$ 1,902,928
Less accumulated depreciation for:					
Water distribution system	(522,955)	(47,573)	-	-	(570,528)
Business-type activities capital assets, net	<u>\$ 1,379,973</u>	<u>\$ (47,573)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,332,400</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

* The County implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, a leased asset has been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

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

Depreciation/amortization of governmental activities by function	
General government	\$ 224,684
Public safety	363,420
Recreation and culture	89,990
Judicial	<u>30,018</u>
	<u>\$ 708,112</u>

Depreciation of business-type activities by function	
Enterprise funds:	
Water and wastewater	<u>\$ 47,573</u>

At December 31, 2022, the County's governmental activities had outstanding commitments through construction contracts of approximately \$186,000.

8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities 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	\$ 2,600,000	\$ -	\$ (200,000)	\$ 2,400,000	\$ 210,000
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	1,083,552	-	(57,827)	1,025,725	59,331
	<u>3,683,552</u>	<u>-</u>	<u>(257,827)</u>	<u>3,425,725</u>	<u>269,331</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Beginning Balance*	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities (concluded)					
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	\$ 8,329,000	\$ -	\$ (144,000)	\$ 8,185,000	\$ 148,000
2016 USDA Community Facilities Loan Series 2016B, \$2,000,000, due in annual installments of \$30,000 to \$81,000 through August 1, 2056, interest at 2.75%, payable semi-annually	1,851,000	-	(32,000)	1,819,000	33,000
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	463,000	-	(8,000)	455,000	8,000
	<u>10,643,000</u>	<u>-</u>	<u>(184,000)</u>	<u>10,459,000</u>	<u>189,000</u>
Total governmental activities installment debt	14,326,552	-	(441,827)	13,884,725	458,331
Lease payable (Note 9)	277,662	-	(26,693)	250,969	27,450
Compensated absences	352,213	333,521	(352,213)	333,521	333,521
Total governmental activities	<u>\$ 14,956,427</u>	<u>\$ 333,521</u>	<u>\$ (820,733)</u>	<u>\$ 14,469,215</u>	<u>\$ 819,302</u>

* The County implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, a lease payable amount has been added to the beginning balances shown above and a corresponding leased asset has been recorded for the same amount.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Governmental Activities			
	Public Placement		Direct Placement	
	Principal	Interest	Principal	Interest
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	300,746	53,016	212,000	265,843
2028-2032	1,632,687	149,169	1,149,000	1,238,600
2033-2037	308,876	29,157	1,314,000	1,071,758
2038-2042	66,676	867	1,506,000	880,824
2043-2047	-	-	1,725,000	662,035
2048-2052	-	-	1,976,000	411,345
2053-2056	-	-	1,785,000	124,438
	<u>\$ 3,425,725</u>	<u>\$ 513,922</u>	<u>\$ 10,459,000</u>	<u>\$ 5,773,432</u>

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

9. LEASES

Lessee - The County is involved in an agreement as a lessee that qualifies as a long-term lease. Below is a summary of the nature of this agreement. The agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the County will not own the asset at the end of the contract term and the noncancelable term of the agreements surpasses one year.

The leased building and the related activity are included in Note 7, Capital Assets. The lease liability and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

Remaining Term of Agreement

Asset Type

Building

9 years

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

The asset acquired through the lease is summarized as follows:

	Governmental Activities
Leased building	\$ 277,662
Less accumulated amortization	<u>(30,018)</u>
Net book value	<u><u>\$ 247,644</u></u>

The net present value of future minimum payments as of December 31, 2022 were as follows:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 27,450	\$ 1,372
2024	28,234	2,894
2025	29,041	4,578
2026	29,870	6,437
2027	30,724	8,488
2028-2031	<u>105,650</u>	<u>44,415</u>
Totals	<u><u>\$ 250,969</u></u>	<u><u>\$ 68,184</u></u>

Lessor - The County is involved in two agreements as a lessor that qualify as long-term leases. Below is a summary of these agreements. The agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended December 31, 2022 was \$27,305.

Remaining Term of Agreement

Asset Type	
Buildings	1-6 years

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Lease receivable activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Leases receivable	\$ 135,657	\$ -	\$ (27,305)	\$ 108,352

10. 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 \$300,000 at December 31, 2022, a decrease of \$489,900 from the balance of \$789,900 at December 31, 2021. 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.

11. 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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, 2022 was required.

12. PROPERTY TAXES

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

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

The net taxable value of real and personal property for 2022, for which revenue was recognized in the General Fund, was \$1,141,037,480. The general operating tax rate for this levy was 6.6615 mills. The taxable value of real and personal property for 2021, for which revenue was recognized in all other funds, was \$1,073,340,985. The tax rates for these voted levies were 1.4379, 0.1983, 0.0991, 0.9991 and 0.1685 mills assessed for public safety, animal control, services provided to veterans, senior citizens and MSU extension, respectively.

13. CONTINGENT LIABILITIES

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

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

14. PENSION BENEFIT PLANS

Defined Benefit Pension Plan

General Information About the Plan

Plan Description. The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

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

Employees Covered by Benefit Terms. At the December 31, 2021 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	55
Active employees	<u>126</u>
Total membership	<u><u>304</u></u>

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2022:

Division/Bargaining Unit	Status	Employer	Employee
01 - General	Closed	\$ 7,667	5.00%
02 - Sheriff 312	Closed	21,278	4.00%
11 - Court Employees	Closed	8,012	5.00%
12 - DPW Landfill Employees	Closed	1,632	2.04%
14 - Tech and Prof Assoc.	Closed	5,534	5.00%
15 - Non-Union	Closed	15,555	5.00%
16 - Elected Officials	Closed	6,974	4.08%
17 - Animal Control	Closed	425	5.00%
19 - Building Dept B	Closed	2,255	5.00%
20 - Dispatch	Closed	3,733	4.00%
21 - Command Officers Assoc.	Closed	14,399	6.98%
23 - Sheriff Non 312	Closed	9,998	5.00%
24 - Comm Correction	Closed	4,086	5.00%
HA - New Hires after 4/1/11	Open	7.49%	0.00%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions. The total pension liability in the December 31, 2021 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	7.00%, 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, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	20.00%	7.00%	1.40%
	100.00%		
Inflation			2.50%
Administrative expenses netted above			0.25%
Investment rate of return			7.25%

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25% (down from 7.60% at December 31, 2021). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	\$ 35,363,374	\$ 26,426,871	\$ 8,936,503
Changes for the year:			
Service cost	526,589	-	526,589
Interest	2,502,475	-	2,502,475
Differences between expected and actual experience	374,534	-	374,534
Changes in assumptions	1,368,758	-	1,368,758
Employer contributions	-	1,624,775	(1,624,775)
Employee contributions	-	143,812	(143,812)
Net investment loss	-	(2,739,576)	2,739,576
Benefit payments, including refunds of employee contributions	(2,219,555)	(2,219,555)	-
Administrative expense	-	(48,586)	48,586
Other changes	35,389	-	35,389
Net changes	<u>2,588,190</u>	<u>(3,239,130)</u>	<u>5,827,320</u>
Balances at December 31, 2022	<u>\$ 37,951,564</u>	<u>\$ 23,187,741</u>	<u>\$ 14,763,823</u>

Changes in assumptions. In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	<u>\$ 19,175,633</u>	<u>\$ 14,763,823</u>	<u>\$ 11,059,794</u>

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

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

For the year ended December 31, 2022, the County recognized pension expense of \$2,709,642. 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	\$ 523,731	\$ 54,838	\$ 468,893
Changes in assumptions	2,191,582	-	2,191,582
Net difference between projected and actual earnings on pension plan investments	2,157,438	-	2,157,438
Total	\$ 4,872,751	\$ 54,838	\$ 4,817,913

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
2023	\$ 1,122,723
2024	1,362,642
2025	1,405,065
2026	927,483
Total	\$ 4,817,913

Payable to the Pension Plan. At December 31, 2022, the County had \$142,395 payable for contributions to the pension plan.

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

15. 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
2020 Delinquent Tax	\$ -	\$ 1,161,950
2021 Delinquent Tax	-	2,755,719
Unrestricted Treasurer's fund	3,490,595	-
Nonmajor enterprise funds	427,074	-
	<u>\$ 3,917,669</u>	<u>\$ 3,917,669</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, 2022, 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	\$ -	\$ 393,764	\$ -	\$ 32,750	\$ 426,514
Public safety	1,627,901	-	-	-	1,627,901
Nonmajor governmental funds	110,701	-	-	-	110,701
Unrestricted treasurer's fund	69,211	476,672	-	-	545,883
Nonmajor enterprise funds	8,598	51,402	58,841	-	118,841
	<u>\$ 1,816,411</u>	<u>\$ 921,838</u>	<u>\$ 58,841</u>	<u>\$ 32,750</u>	<u>\$ 2,829,840</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

16. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Public Safety	Community Development Block Grant	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepays	\$ 109,800	\$ -	\$ -	\$ 359	\$ 110,159
Restricted for:					
Friend of the court	-	-	-	14,088	14,088
Animal control	-	-	-	264,459	264,459
Senior services	-	-	-	32,648	32,648
Building inspection	-	-	-	168,434	168,434
Public safety	1,951	142,809	-	430,121	574,881
Officer training	-	-	-	17,677	17,677
Register of deeds automation	-	-	-	81,580	81,580
Community development	-	-	66,874	-	66,874
Homestead audit	-	-	-	17,934	17,934
SCAAP grant	-	-	-	12,343	12,343
Veterans services	-	-	-	274,020	274,020
Concealed pistol licenses	-	-	-	143,630	143,630
Family counseling	-	-	-	236	236
MSU extension	-	-	-	123,743	123,743
Total restricted	1,951	142,809	66,874	1,580,913	1,792,547
Committed for:					
Child care	-	-	-	241,340	241,340
Courthouse expansion	-	-	-	750	750
Public improvement	53,586	-	-	-	53,586
Total committed	53,586	-	-	242,090	295,676
Unassigned	9,025,536	-	-	-	9,025,536
Total fund balances, governmental funds	\$ 9,190,873	\$ 142,809	\$ 66,874	\$ 1,823,362	\$ 11,223,918

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.

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2022, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated/ amortized	\$ 575,310	\$ -
Capital assets being depreciated/ amortized, net	<u>20,408,719</u>	<u>1,332,400</u>
	<u>20,984,029</u>	<u>1,332,400</u>
Related debt:		
Total bonds, loans and leases payable	14,135,694	-
Deferred charge on refunding	<u>(42,440)</u>	<u>-</u>
	<u>14,093,254</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 6,890,775</u></u>	<u><u>\$ 1,332,400</u></u>

18. 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 \$300,000 to the benefit of the Michigan Department of Environment, Great Lakes and Energy as of November 10, 2022. There were no borrowings on the letter as of December 31, 2022.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

19. 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 2022 amounted to \$24,631 (\$15,814 related to the operating millage and \$8,817 related to special voted millages).

20. 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.

21. OPIOID SETTLEMENT

The County is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$50,434 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$149,642 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 0.3345% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$680,726 and \$188,155 from the Distributors and Janssen, respectively.

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2022 is \$868,876.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Additional settlements with pharmacies and manufacturers were entered into during 2022, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of December 31, 2022, the amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

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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,		
	2022	2021	2020
Total pension liability			
Service cost	\$ 526,589	\$ 498,013	\$ 488,191
Interest	2,502,475	2,438,136	2,314,086
Changes in benefit terms	-	-	-
Differences between expected and actual experience	374,534	404,719	(68,403)
Changes in assumptions	1,368,758	1,318,998	934,040
Benefit payments, including refunds of employee contributions	(2,219,555)	(2,130,132)	(2,027,363)
Other changes	35,389	(63,150)	38,152
Net change in total pension liability	<u>2,588,190</u>	<u>2,466,584</u>	<u>1,678,703</u>
Total pension liability, beginning of year	<u>35,363,374</u>	<u>32,896,790</u>	<u>31,218,087</u>
Total pension liability, end of year	<u>37,951,564</u>	<u>35,363,374</u>	<u>32,896,790</u>
Plan fiduciary net position			
Employer contributions	1,624,775	1,844,914	1,654,471
Employee contributions	143,812	127,890	135,632
Net investment income (loss)	(2,739,576)	3,281,354	2,660,109
Benefit payments, including refunds of employee contributions	(2,219,555)	(2,130,132)	(2,027,363)
Administrative expense	(48,586)	(37,583)	(41,879)
Net change in plan fiduciary net position	<u>(3,239,130)</u>	<u>3,086,443</u>	<u>2,380,970</u>
Plan fiduciary net position, beginning of year	<u>26,426,871</u>	<u>23,340,428</u>	<u>20,959,458</u>
Plan fiduciary net position, end of year	<u>23,187,741</u>	<u>26,426,871</u>	<u>23,340,428</u>
County's net pension liability	<u>\$ 14,763,823</u>	<u>\$ 8,936,503</u>	<u>\$ 9,556,362</u>
Plan fiduciary net position as a percentage of total pension liability	61.1%	74.7%	71.0%
Covered payroll	\$ 6,222,462	\$ 6,544,818	\$ 6,177,699
County's net pension liability as a percentage of covered payroll	237.3%	136.5%	154.7%

See notes to required supplementary information.



For the Year Ended December 31,

2019	2018	2017	2016	2015
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\$ 457,859	\$ 435,413	\$ 413,766	\$ 447,451	\$ 440,718
2,384,981	2,301,304	2,281,542	2,166,430	2,096,030
(32,569)	-	-	-	-
(137,386)	196,647	(648,837)	(6,784)	-
-	-	-	1,451,805	-
(1,893,020)	(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
(91,617)	(60,760)	(49,488)	(85,030)	(103,166)
<u>688,248</u>	<u>1,089,897</u>	<u>258,105</u>	<u>2,317,739</u>	<u>922,487</u>
<u>30,529,839</u>	<u>29,439,942</u>	<u>29,181,837</u>	<u>26,864,098</u>	<u>25,941,611</u>
<u>31,218,087</u>	<u>30,529,839</u>	<u>29,439,942</u>	<u>29,181,837</u>	<u>26,864,098</u>

1,161,398	1,731,033	914,964	811,992	790,703
139,572	121,007	127,423	141,358	159,240
2,559,640	(795,709)	2,369,166	1,906,875	(264,296)
(1,893,020)	(1,782,707)	(1,738,878)	(1,656,133)	(1,511,095)
(44,098)	(38,461)	(37,551)	(37,656)	(38,748)
<u>1,923,492</u>	<u>(764,837)</u>	<u>1,635,124</u>	<u>1,166,436</u>	<u>(864,196)</u>
<u>19,035,966</u>	<u>19,800,803</u>	<u>18,165,679</u>	<u>16,999,243</u>	<u>17,863,439</u>
<u>20,959,458</u>	<u>19,035,966</u>	<u>19,800,803</u>	<u>18,165,679</u>	<u>16,999,243</u>
<u>\$ 10,258,629</u>	<u>\$ 11,493,873</u>	<u>\$ 9,639,139</u>	<u>\$ 11,016,158</u>	<u>\$ 9,864,855</u>

67.1%	62.4%	67.3%	62.2%	63.3%
\$ 5,907,042	\$ 5,282,911	\$ 5,004,252	\$ 4,597,331	\$ 4,998,247
173.7%	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%
2022	1,624,775	1,624,775	-	6,222,462	26.1%

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.

In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

Notes to Schedule of Contributions

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

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

Methods and assumptions used to determine contribution rates (2022, based on the 12/31/2020 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	13-18 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

COUNTY OF WEXFORD, MICHIGAN

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Mortality

- 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

**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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes - property	\$ 7,511,475	\$ 7,511,475	\$ 7,705,435	\$ 193,960
Licenses and permits	14,975	14,975	17,750	2,775
Intergovernmental	3,937,925	4,979,378	4,569,447	(409,931)
Charges for services:				
Court fees	732,860	732,860	668,978	(63,882)
Other fees	550,320	550,320	649,153	98,833
Other charges for services	720,851	720,851	853,463	132,612
Total charges for services	2,004,031	2,004,031	2,171,594	167,563
Fines and forfeitures	37,000	37,000	379,798	342,798
Interest and rents	101,084	101,084	91,879	(9,205)
Other revenues	227,800	227,800	524,199	296,399
Total revenues	13,834,290	14,875,743	15,460,102	584,359
Expenditures				
Current:				
Legislative:				
County commission	66,822	73,378	75,850	2,472
Judicial:				
Circuit court	331,107	331,107	319,783	(11,324)
District court	665,559	665,559	975,089	309,530
Friend of the court	957,135	957,135	1,031,446	74,311
Jury commission	3,700	3,700	3,449	(251)
Probate court	637,075	637,075	627,894	(9,181)
Probation and parole	2,700	2,700	2,569	(131)
Family counseling	68,405	68,405	52,387	(16,018)
Public defender	269,330	269,330	248,690	(20,640)
Court security	156,170	156,170	134,705	(21,465)
Total judicial	3,091,181	3,091,181	3,396,012	304,831

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government:				
Administrator	\$ 277,658	\$ 271,658	\$ 139,988	\$ (131,670)
Elections	80,600	80,600	40,179	(40,421)
Clerk	345,093	365,093	348,924	(16,169)
Equalization	525,191	532,541	515,599	(16,942)
Prosecuting attorney	732,358	732,358	624,521	(107,837)
Prosecuting attorney cooperative reimbursement	57,843	57,843	56,420	(1,423)
Register of deeds	313,586	313,586	318,912	5,326
State survey and remonumentation	46,531	46,531	46,518	(13)
Treasurer	410,515	410,515	385,275	(25,240)
Building and grounds:				
Human services	79,000	114,635	120,999	6,364
District health	65,200	80,200	83,935	3,735
Jail	169,750	250,820	253,583	2,763
Maintenance	5,850	5,850	6,607	757
Building and grounds	337,723	410,188	397,169	(13,019)
Human Resources	78,885	88,485	85,183	(3,302)
Drain commission	65,931	123,532	67,464	(56,068)
Forest roads	139,000	139,000	120,452	(18,548)
American Rescue Plan	-	912,050	922,839	10,789
General services administration	664,208	775,608	742,623	(32,985)
Delinquent personal property tax administration	550	6,550	3,513	(3,037)
Law library	51,450	51,450	43,340	(8,110)
Total general government	4,446,922	5,769,093	5,324,043	(445,050)
Public safety:				
Sheriff	2,651,094	2,682,900	2,536,402	(146,498)
Secondary roads	121,969	121,969	116,760	(5,209)
Marine	30,792	30,792	12,896	(17,896)
Federal forest	4,000	4,000	950	(3,050)
Snowmobile	31,042	38,939	23,236	(15,703)
ORV grant	30,442	39,887	31,147	(8,740)
Jail	3,358,880	3,335,359	2,816,396	(518,963)
Emergency management	94,858	132,608	135,771	3,163
Sheriff court security	20,000	20,000	-	(20,000)
Total public safety	6,343,077	6,406,454	5,673,558	(732,896)
Public works:				
Sanitary landfill	65,584	65,584	57,335	(8,249)

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Health and welfare:				
Special appropriations	\$ 585,476	\$ 592,676	\$ 535,739	\$ (56,937)
Contagious diseases	700	700	491	(209)
Medical examiner	97,400	97,400	90,111	(7,289)
Veteran's burial	9,000	11,000	10,800	(200)
Total health and welfare	<u>692,576</u>	<u>701,776</u>	<u>637,141</u>	<u>(64,635)</u>
Recreation and culture:				
Civic center	<u>57,000</u>	<u>57,000</u>	<u>51,089</u>	<u>(5,911)</u>
Capital outlay	<u>379,000</u>	<u>412,699</u>	<u>316,495</u>	<u>(96,204)</u>
Total expenditures	<u>15,142,162</u>	<u>16,577,165</u>	<u>15,531,523</u>	<u>(1,045,642)</u>
Revenues under expenditures	<u>(1,307,872)</u>	<u>(1,701,422)</u>	<u>(71,421)</u>	<u>1,630,001</u>
Other financing sources (uses)				
Transfers in	1,794,267	1,827,966	1,816,411	(11,555)
Transfers out	<u>(554,541)</u>	<u>(593,240)</u>	<u>(426,514)</u>	<u>(166,726)</u>
Total other financing sources (uses)	<u>1,239,726</u>	<u>1,234,726</u>	<u>1,389,897</u>	<u>155,171</u>
Net change in fund balance	<u>(68,146)</u>	<u>(466,696)</u>	<u>1,318,476</u>	<u>1,785,172</u>
Fund balances, beginning of year	<u>7,872,397</u>	<u>7,872,397</u>	<u>7,872,397</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,804,251</u>	<u>\$ 7,405,701</u>	<u>\$ 9,190,873</u>	<u>\$ 1,785,172</u>

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COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds				
	Friend of the Court	Animal Control	Building Inspection	Homestead Audit	Register of Deeds Automation
Assets					
Cash and short-term investments	\$ 13,688	\$ 295,679	\$ 174,764	\$ 17,934	\$ 87,615
Accounts receivable	400	-	-	-	535
Property taxes receivable	-	201,662	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	359	-	-
Total assets	<u>\$ 14,088</u>	<u>\$ 497,341</u>	<u>\$ 175,123</u>	<u>\$ 17,934</u>	<u>\$ 88,150</u>
Liabilities					
Accounts payable	\$ -	\$ 2,900	\$ 220	\$ -	\$ 6,570
Accrued liabilities	-	5,882	6,110	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>8,782</u>	<u>6,330</u>	<u>-</u>	<u>6,570</u>
Deferred inflows of resources					
Unavailable revenue - opioid settlement	-	-	-	-	-
Property taxes levied for subsequent year	-	224,100	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>224,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	359	-	-
Restricted	14,088	264,459	168,434	17,934	81,580
Committed	-	-	-	-	-
Total fund balances	<u>14,088</u>	<u>264,459</u>	<u>168,793</u>	<u>17,934</u>	<u>81,580</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,088</u>	<u>\$ 497,341</u>	<u>\$ 175,123</u>	<u>\$ 17,934</u>	<u>\$ 88,150</u>



Special Revenue Funds

911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice	Child Care
\$ 215,578	\$ 17,677	\$ 236	\$ 12,343	\$ -	\$ 2,312	\$ 220,935
-	-	-	-	-	1,836	20,589
-	-	-	-	-	-	-
236,815	-	-	-	3,241	-	-
-	-	-	-	-	-	-
<u>\$ 452,393</u>	<u>\$ 17,677</u>	<u>\$ 236</u>	<u>\$ 12,343</u>	<u>\$ 3,241</u>	<u>\$ 4,148</u>	<u>\$ 241,524</u>
\$ 6,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184
23,021	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>29,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
422,732	17,677	236	12,343	3,241	4,148	-
-	-	-	-	-	-	241,340
<u>422,732</u>	<u>17,677</u>	<u>236</u>	<u>12,343</u>	<u>3,241</u>	<u>4,148</u>	<u>241,340</u>
<u>\$ 452,393</u>	<u>\$ 17,677</u>	<u>\$ 236</u>	<u>\$ 12,343</u>	<u>\$ 3,241</u>	<u>\$ 4,148</u>	<u>\$ 241,524</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds				
	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense	Opioid Settlement
Assets					
Cash and short-term investments	\$ 288,507	\$ 144,525	\$ 142,809	\$ 7,451	\$ -
Accounts receivable	-	-	-	-	868,876
Property taxes receivable	100,734	-	171,373	-	-
Due from other governments	-	-	-	279,791	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 389,241</u>	<u>\$ 144,525</u>	<u>\$ 314,182</u>	<u>\$ 287,242</u>	<u>\$ 868,876</u>
Liabilities					
Accounts payable	\$ 617	\$ 895	\$ -	\$ 6,001	\$ -
Accrued liabilities	2,668	-	-	28,382	-
Unearned revenue	-	-	-	252,859	-
Total liabilities	<u>3,285</u>	<u>895</u>	<u>-</u>	<u>287,242</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue - opioid settlement	-	-	-	-	868,876
Property taxes levied for subsequent year	111,936	-	190,439	-	-
Total deferred inflows of resources	<u>111,936</u>	<u>-</u>	<u>190,439</u>	<u>-</u>	<u>868,876</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	274,020	143,630	123,743	-	-
Committed	-	-	-	-	-
Total fund balances	<u>274,020</u>	<u>143,630</u>	<u>123,743</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 389,241</u>	<u>\$ 144,525</u>	<u>\$ 314,182</u>	<u>\$ 287,242</u>	<u>\$ 868,876</u>

Special Revenue Funds	Debt Service Funds			Capital Project Funds		Total
	Courthouse Expansion	Jail Project	Dispatch Project	Jail Construction	Dispatch Building	
\$ 114,029	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ 1,756,832
-	-	-	-	-	-	892,236
1,039,688	-	-	-	-	-	1,513,457
-	-	-	-	-	-	519,847
-	-	-	-	-	-	359
<u>\$ 1,153,717</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,682,731</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,027
-	-	-	-	-	-	66,063
-	-	-	-	-	-	252,859
-	-	-	-	-	-	342,949
-	-	-	-	-	-	868,876
<u>1,121,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,647,544</u>
<u>1,121,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,516,420</u>
-	-	-	-	-	-	359
32,648	-	-	-	-	-	1,580,913
-	750	-	-	-	-	242,090
<u>32,648</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,823,362</u>
<u>\$ 1,153,717</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,682,731</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, 2022**

	Special Revenue Funds				
	Friend of the Court	Animal Control	Building Inspection	Homestead Audit	Register of Deeds Automation
Revenues					
Taxes	\$ -	\$ 213,934	\$ -	\$ -	\$ -
Licenses and permits	-	14,184	-	-	-
Intergovernmental	4,862	22,426	-	-	-
Charges for services	13,880	5,010	286,059	120	40,645
Interest and rent	10	148	76	9	38
Other	-	8,291	-	-	-
Total revenues	<u>18,752</u>	<u>263,993</u>	<u>286,135</u>	<u>129</u>	<u>40,683</u>
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	200	34,481
Public safety	-	255,996	176,045	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>255,996</u>	<u>176,045</u>	<u>200</u>	<u>34,481</u>
Revenues over (under) expenditures	<u>18,752</u>	<u>7,997</u>	<u>110,090</u>	<u>(71)</u>	<u>6,202</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>(3,348)</u>	<u>7,997</u>	<u>110,090</u>	<u>(71)</u>	<u>6,202</u>
Fund balances, beginning of year	<u>17,436</u>	<u>256,462</u>	<u>58,703</u>	<u>18,005</u>	<u>75,378</u>
Fund balances, end of year	<u>\$ 14,088</u>	<u>\$ 264,459</u>	<u>\$ 168,793</u>	<u>\$ 17,934</u>	<u>\$ 81,580</u>

Special Revenue Funds						
911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice	Child Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,450	-	-	-	-
953,666	-	-	-	6,069	15,532	149,881
-	7,838	-	-	-	-	131
139	-	1	-	-	-	137
-	-	-	-	-	-	-
<u>953,805</u>	<u>7,838</u>	<u>3,451</u>	<u>-</u>	<u>6,069</u>	<u>15,532</u>	<u>150,149</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
904,127	396	-	-	6,364	-	-
-	-	-	-	-	24,628	428,018
62,495	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>966,622</u>	<u>396</u>	<u>-</u>	<u>-</u>	<u>6,364</u>	<u>24,628</u>	<u>428,018</u>
<u>(12,817)</u>	<u>7,442</u>	<u>3,451</u>	<u>-</u>	<u>(295)</u>	<u>(9,096)</u>	<u>(277,869)</u>
5,000	-	-	-	3,474	-	-
(85,101)	-	(3,500)	-	-	-	-
<u>(80,101)</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>	<u>3,474</u>	<u>-</u>	<u>-</u>
(92,918)	7,442	(49)	-	3,179	(9,096)	(277,869)
515,650	10,235	285	12,343	62	13,244	519,209
<u>\$ 422,732</u>	<u>\$ 17,677</u>	<u>\$ 236</u>	<u>\$ 12,343</u>	<u>\$ 3,241</u>	<u>\$ 4,148</u>	<u>\$ 241,340</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

**Combining Statement of Revenues, Expenditures
and Change in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2022**

	Special Revenue Funds				
	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense	Opioid Settlement
Revenues					
Taxes	\$ 106,854	\$ -	\$ 181,737	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	78,053	-	15,113	837,966	-
Charges for services	-	22,006	-	-	-
Interest and rent	122	67	64	68	-
Other	-	-	-	-	-
Total revenues	<u>185,029</u>	<u>22,073</u>	<u>196,914</u>	<u>838,034</u>	<u>-</u>
Expenditures					
Current:					
Judicial	-	-	-	898,432	-
General government	-	-	157,432	-	-
Public safety	-	1,511	-	-	-
Health and welfare	157,730	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	26,693	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>157,730</u>	<u>1,511</u>	<u>157,432</u>	<u>925,125</u>	<u>-</u>
Revenues over (under) expenditures	<u>27,299</u>	<u>20,562</u>	<u>39,482</u>	<u>(87,091)</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	5,000	-	-	87,091	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>87,091</u>	<u>-</u>
Net change in fund balances	<u>32,299</u>	<u>20,562</u>	<u>39,482</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>241,721</u>	<u>123,068</u>	<u>84,261</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 274,020</u>	<u>\$ 143,630</u>	<u>\$ 123,743</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds	Debt Service Funds			Capital Project Funds		Total
	Council On Aging	Courthouse Expansion	Jail Project	Dispatch Project	Jail Construction	
\$ 1,099,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,602,156
-	-	-	-	-	-	17,634
88,944	-	-	-	-	-	2,172,512
-	-	-	-	-	-	375,689
11	-	-	-	-	-	890
-	-	-	-	-	-	8,291
<u>1,188,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,177,172</u>
-	-	-	-	-	-	898,432
-	-	-	-	-	-	192,113
-	-	-	-	-	-	1,344,439
1,216,690	-	-	-	-	-	1,827,066
-	-	-	-	-	-	62,495
-	200,000	184,000	57,827	-	-	468,520
-	59,500	292,672	27,274	-	-	379,446
<u>1,216,690</u>	<u>259,500</u>	<u>476,672</u>	<u>85,101</u>	<u>-</u>	<u>-</u>	<u>5,172,511</u>
<u>(28,104)</u>	<u>(259,500)</u>	<u>(476,672)</u>	<u>(85,101)</u>	<u>-</u>	<u>-</u>	<u>(995,339)</u>
-	259,500	476,672	85,101	-	-	921,838
-	-	-	-	-	-	(110,701)
-	259,500	476,672	85,101	-	-	811,137
(28,104)	-	-	-	-	-	(184,202)
60,752	750	-	-	-	-	2,007,564
<u>\$ 32,648</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,823,362</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2022

	Land Reutilization	Cedar Creek Water	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Assets				
Current assets:				
Cash and short-term investments	\$ 1,655,129	\$ 153,348	\$ -	\$ -
Accounts receivable	1,666	-	-	-
Total current assets	<u>1,656,795</u>	<u>153,348</u>	<u>-</u>	<u>-</u>
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	-	-	-
Investments	-	-	-	-
Advances to other funds	-	-	-	-
Capital assets being depreciated, net	-	1,332,400	-	-
Total noncurrent assets	<u>-</u>	<u>1,332,400</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,656,795</u>	<u>1,485,748</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	-	3,466	-	-
Undistributed receipts	638,277	-	-	-
Total current liabilities	<u>638,277</u>	<u>3,466</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:				
Landfill remediation liability	-	-	-	-
Total liabilities	<u>638,277</u>	<u>3,466</u>	<u>-</u>	<u>-</u>
Net position				
Investment in capital assets	-	1,332,400	-	-
Restricted for Landfill	-	-	-	-
Unrestricted	1,018,518	149,882	-	-
Total net position	<u>\$ 1,018,518</u>	<u>\$ 1,482,282</u>	<u>\$ -</u>	<u>\$ -</u>

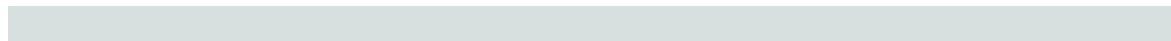


2019 Delinquent Tax	2022 Delinquent Tax	Landfill	Recycling	Jail Commissary	Total
\$ -	\$ 21,800	\$ -	\$ 46,855	\$ 39,348	\$ 1,916,480
-	-	-	-	-	1,666
-	21,800	-	46,855	39,348	1,918,146
-	-	119,944	-	-	119,944
-	-	1,245,614	-	-	1,245,614
427,074	-	-	-	-	427,074
-	-	-	-	-	1,332,400
427,074	-	1,365,558	-	-	3,125,032
427,074	21,800	1,365,558	46,855	39,348	5,043,178
-	20,814	-	-	149	24,429
-	-	-	-	-	638,277
-	20,814	-	-	149	662,706
-	-	300,000	-	-	300,000
-	20,814	300,000	-	149	962,706
-	-	-	-	-	1,332,400
-	-	1,065,558	-	-	1,065,558
427,074	986	-	46,855	39,199	1,682,514
<u>\$ 427,074</u>	<u>\$ 986</u>	<u>\$ 1,065,558</u>	<u>\$ 46,855</u>	<u>\$ 39,199</u>	<u>\$ 4,080,472</u>

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenses and Change in Fund Net Position - Nonmajor Enterprise Funds For the Year Ended December 31, 2022

	Land Reutilization	Cedar Creek Water	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Operating revenues				
Charges for services	\$ 14,892	\$ -	\$ -	\$ -
Interest and penalties	-	-	-	-
Other	-	2,753	-	-
Total operating revenues	<u>14,892</u>	<u>2,753</u>	<u>-</u>	<u>-</u>
Operating expenses				
Contractual services	-	110,858	2,457	7,053
Repairs and maintenance	385	-	-	-
Depreciation	-	47,573	-	-
Other services and charges	19,276	2,884	-	-
Total operating expenses	<u>19,661</u>	<u>161,315</u>	<u>2,457</u>	<u>7,053</u>
Operating income (loss)	(4,769)	(158,562)	(2,457)	(7,053)
Nonoperating revenues				
Investment earnings	5,633	15,491	-	-
Income (loss) before transfers	<u>864</u>	<u>(143,071)</u>	<u>(2,457)</u>	<u>(7,053)</u>
Transfers				
Transfers in	-	32,750	-	-
Transfers out	(60,000)	-	(7,502)	(8,395)
Total transfers	<u>(60,000)</u>	<u>32,750</u>	<u>(7,502)</u>	<u>(8,395)</u>
Change in net position	(59,136)	(110,321)	(9,959)	(15,448)
Net position, beginning of year	<u>1,077,654</u>	<u>1,592,603</u>	<u>9,959</u>	<u>15,448</u>
Net position, end of year	<u>\$ 1,018,518</u>	<u>\$ 1,482,282</u>	<u>\$ -</u>	<u>\$ -</u>



2019 Delinquent Tax	2022 Delinquent Tax	Landfill	Recycling	Jail Commissary	Total
\$ 25,293	\$ 804	\$ -	\$ -	\$ -	\$ 40,989
69,634	423	-	-	-	70,057
-	-	-	-	-	2,753
<u>94,927</u>	<u>1,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,799</u>
80,917	293	(489,900)	-	-	(288,322)
-	-	-	-	-	385
-	-	-	-	-	47,573
-	-	-	-	1,631	23,791
<u>80,917</u>	<u>293</u>	<u>(489,900)</u>	<u>-</u>	<u>1,631</u>	<u>(216,573)</u>
14,010	934	489,900	-	(1,631)	330,372
-	52	13,818	23	19	35,036
<u>14,010</u>	<u>986</u>	<u>503,718</u>	<u>23</u>	<u>(1,612)</u>	<u>365,408</u>
-	-	-	-	-	32,750
(42,944)	-	-	-	-	(118,841)
<u>(42,944)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,091)</u>
(28,934)	986	503,718	23	(1,612)	279,317
<u>456,008</u>	<u>-</u>	<u>561,840</u>	<u>46,832</u>	<u>40,811</u>	<u>3,801,155</u>
<u>\$ 427,074</u>	<u>\$ 986</u>	<u>\$ 1,065,558</u>	<u>\$ 46,855</u>	<u>\$ 39,199</u>	<u>\$ 4,080,472</u>

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2022

	Land Reutilization	Cedar Creek Water	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Cash flows from operating activities				
Receipts from customers and users	\$ 90,792	\$ 2,753	\$ 2,459	\$ 7,056
Payments to vendors	(19,661)	(110,276)	(2,457)	(7,053)
Net cash provided by (used in) operating activities	<u>71,131</u>	<u>(107,523)</u>	<u>2</u>	<u>3</u>
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances	-	-	-	-
Transfers in	-	32,750	-	-
Transfers out	(60,000)	-	(7,502)	(8,395)
Net cash provided by (used in) noncapital financing activities	<u>(60,000)</u>	<u>32,750</u>	<u>(7,502)</u>	<u>(8,395)</u>
Cash flows from investing activities				
Interest received	5,633	15,491	-	-
Net increase (decrease) in cash and short-term investments	16,764	(59,282)	(7,500)	(8,392)
Cash and short-term investments, beginning of year	1,638,365	212,630	7,500	8,392
Cash and short-term investments, end of year	<u>\$ 1,655,129</u>	<u>\$ 153,348</u>	<u>\$ -</u>	<u>\$ -</u>
Classified on the statement of net assets as				
Cash and short-term investments	\$ 1,655,129	\$ 153,348	\$ -	\$ -
Restricted cash and short-term investments	-	-	-	-
	<u>\$ 1,655,129</u>	<u>\$ 153,348</u>	<u>\$ -</u>	<u>\$ -</u>



2019 Delinquent Tax	2022 Delinquent Tax	Landfill	Recycling	Jail Commissary	Total
\$ 373,948 (80,917)	\$ 22,041 (293)	\$ - -	\$ - -	\$ - (1,612)	\$ 499,049 (222,269)
<u>293,031</u>	<u>21,748</u>	<u>-</u>	<u>-</u>	<u>(1,612)</u>	<u>276,780</u>
(933,408)	-	-	-	-	(933,408)
-	-	-	-	-	32,750
(42,944)	-	-	-	-	(118,841)
<u>(976,352)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,019,499)</u>
-	52	-	23	19	21,218
(683,321)	21,800	-	23	(1,593)	(721,501)
<u>683,321</u>	<u>-</u>	<u>119,944</u>	<u>46,832</u>	<u>40,941</u>	<u>2,757,925</u>
<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 119,944</u>	<u>\$ 46,855</u>	<u>\$ 39,348</u>	<u>\$ 2,036,424</u>
\$ -	\$ 21,800	\$ -	\$ 46,855	\$ 39,348	\$ 1,916,480
-	-	119,944	-	-	119,944
<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 119,944</u>	<u>\$ 46,855</u>	<u>\$ 39,348</u>	<u>\$ 2,036,424</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2022

	Land Reutilization	Cedar Creek Water	2009 Delinquent Personal Tax	2010 Delinquent Personal Tax
Cash flows from operating activities				
Operating income (loss)	\$ (4,769)	\$ (158,562)	\$ (2,457)	\$ (7,053)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	47,573	-	-
Change in landfill remediation liability	-	-	-	-
Change in:				
Accounts receivable	-	-	376	487
Taxes receivable	-	-	17	3,897
Accrued interest receivable	-	-	2,066	2,672
Accounts payable	-	3,466	-	-
Undistributed receipts	75,900	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 71,131</u>	<u>\$ (107,523)</u>	<u>\$ 2</u>	<u>\$ 3</u>



2019 Delinquent Tax	2022 Delinquent Tax	Landfill	Recycling	Jail Commissary	Total
\$ 14,010	\$ 934	\$ 489,900	\$ -	\$ (1,631)	\$ 330,372
-	-	-	-	-	47,573
-	-	(489,900)	-	-	(489,900)
12,757	-	-	-	-	13,620
197,491	-	-	-	-	201,405
68,773	-	-	-	-	73,511
-	20,814	-	-	19	24,299
-	-	-	-	-	75,900
<u>\$ 293,031</u>	<u>\$ 21,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,612)</u>	<u>\$ 276,780</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds
December 31, 2022

	Trust And Agency	Estate Fund	Inmate Trust	Library Penal Fine	Total
Assets					
Cash and short-term investments	\$ 273,627	\$ 7,924	\$ 62,647	\$ 86,796	\$ 430,994
Liabilities					
Undistributed receipts	273,627	7,924	-	86,796	368,347
Net position					
Restricted for individuals, organizations and other governments	\$ -	\$ -	\$ 62,647	\$ -	\$ 62,647

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2022

	Trust And Agency	Estate Fund	Inmate Trust	Library Penal Fine	Total
Additions					
Taxes collected for other governments	\$ 9,935,009	\$ -	\$ -	\$ -	\$ 9,935,009
County clerk collections	97,487	-	-	-	97,487
Inmate trust collections	-	-	343,046	-	343,046
Library penal fine collections	-	-	-	420,902	420,902
Total additions	10,032,496	-	343,046	420,902	10,796,444
Deductions					
Payments of taxes to other governments	9,935,009	-	-	-	9,935,009
County clerk distributions	97,487	-	-	-	97,487
Inmate trust distributions	-	-	321,599	-	321,599
Library penal fine distributions	-	-	-	420,902	420,902
Total deductions	10,032,496	-	321,599	420,902	10,774,997
Change in net position	-	-	21,447	-	21,447
Net position, beginning of year	-	-	41,200	-	41,200
Net position, end of year	\$ -	\$ -	\$ 62,647	\$ -	\$ 62,647

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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 27, 2023

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, 2022, 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 27, 2023, 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 schedule of expenditures of federal awards 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, 2022

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-	\$ -	\$ 118,637
Community Facilities Loans and Grants Cluster	10.766	Direct	-n/a-	-	10,643,000
Total U.S. Department of Agriculture				-	10,761,637
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	137,692
U.S. Department of Justice					
COVID-19 Coronavirus Emergency Supplemental Funding Program:					
CESF Grant - Courts	16.034	MSP	CESF-8-83-0294	-	8,197
CESF Grant - Sheriff	16.034	MSP	CESF-295-2020	-	4,748
Total U.S. Department of Justice				-	12,945
U.S. Department of the Treasury					
COVID-19 State and Local Fiscal Recovery Funds	21.027	Direct	-n/a-	-	960,588
U.S. Department of Health and Human Services					
Child Support Enforcement:					
AFDC Maintenance (FY 2021-22)	93.563	MDHHS	CSFOC-17-830001	-	53,936
AFDC Maintenance (FY 2022-23)	93.563	MDHHS	CSFOC-17-830001	-	17,394
PA CRP Title IV-D (FY 2021-22)	93.563	MDHHS	CSPA-17-83002	-	55,492
PA CRP Title IV-D (FY 2022-23)	93.563	MDHHS	CSPA-17-83002	-	17,784
PFOC CRP Title IV-D (FY 2021-22)	93.563	MDHHS	CSFOC-17-83001	-	266,661
PFOC CRP Title IV-D (FY 2022-23)	93.563	MDHHS	CSFOC-17-83001	-	106,264
FOC CRP Title IV-D (Missaukee County) (FY 2021-22)	93.563	MDHHS	CSFOC-17-83001	131,684	131,684
FOC CRP Title IV-D (Missaukee County) (FY 2022-23)	93.563	MDHHS	CSFOC-17-83001	44,059	44,059
				<u>175,743</u>	<u>693,274</u>
Foster Care, Title IV E:					
Child and Parent Legal Representation	93.658	MDHHS	E20222631	-	3,351
Child and Parent Legal Representation	93.658	MDHHS	E20231192	-	3,232
				-	6,583
Total U.S. Department of Health and Human Services				175,743	699,857
U.S. Department of Homeland Security					
Boating Safety Financial Assistance	97.012	DNR	-n/a-	-	8,900
Emergency Management Performance Grant	97.042	MSP	-n/a-	-	26,502
Total U.S. Department of Homeland Security				-	35,402
Total Expenditures of Federal Awards				<u>\$ 175,743</u>	<u>\$ 12,608,121</u>

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, 2022. 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, 2022 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 \$1,537,711, \$247,356, \$0 and \$877,804, respectively. These amounts are not included on the Schedule, as those organizations were separately audited.

5. COMMUNITY FACILITIES LOAN

The outstanding balance on the Community Facilities Loan was \$10,459,000 as of December 31, 2022.

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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 27, 2023

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, 2022, 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 27, 2023. 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 "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

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

June 27, 2023

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

Report on Compliance for Each Major Federal Program

Opinion on Each 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 programs for the year ended December 31, 2022. The County's major federal programs are 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 \$1,537,711, \$247,356, \$0, and \$877,804, in federal awards, respectively, and which were not included in the schedule of expenditures of federal awards for the year ended December 31, 2022. 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 each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each 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 each major federal programs. 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and -002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and -002 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Rehmann Loborn LLC

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

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?

 X yes _____ none reported

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

 X yes _____ no

Identification of major programs and report issued on compliance for each major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
10.766	Community Facilities Loans and Grants Cluster	Unmodified
21.027	State and Local Fiscal Recovery Funds	Unmodified

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, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-001 – Suspension and Debarment

Finding Type. Immaterial Noncompliance / Significant Deficiency in Internal Control over Compliance (Procurement, Suspension and Debarment).

Program. Coronavirus State and Local Fiscal Recovery Funds (SLFRF); U.S. Department of Treasury; Assistance Listing Number 21.027.

Criteria. A recipient of federal awards is required to determine that vendors being paid with federal funds are not suspended or debarred from doing business with the County. Such procedures are required whenever the amount disbursed to a single vendor in a given year is expected to be at least \$25,000.

Condition. The County did not verify that any of their vendors over \$25,000 were not suspended or debarred from doing business with the County.

Cause. Management has indicated that it was not aware of the requirement to check vendors participating in federal award programs for active exclusions from federal award work.

Effect. As a result of this condition, the County was exposed to the risk that disbursements of federal awards would be made to vendors suspended or debarred by the federal government.

Questioned Costs. No costs have been questioned as a result of this finding.

Recommendation. We recommend that the County verify that any of their vendors over \$25,000 spent with federal funds were not suspended or debarred.

View of Responsible Officials. We concur with the audit assessment regarding this matter. Moving forward all vendors will be verified.

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-002 – Report Reconciliation

Finding Type. Immaterial Noncompliance / Significant Deficiency in Internal Control over Compliance (Reporting).

Program. Coronavirus State and Local Fiscal Recovery Funds (SLFRF); U.S. Department of Treasury; Assistance Listing Number 21.027.

Criteria. As part of annual reporting requirements, grantees are expected to report current period costs that either agree or can be reconciled to the amount reported on the schedule of expenditures of federal awards (SEFA) and the grantee's accounting records.

Condition. Annual reporting reviewed was neither in agreement, nor could be reconciled to, the amounts reported on the SEFA or the County's general ledger.

Cause. There appears to be a lack of understanding of the proper reporting requirements related to current period cost reporting.

Effect. The County is exposed to an increased risk that future noncompliance could occur and not be prevented or detected by the County's internal controls.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs.

Recommendation. We recommend that the County implement necessary internal controls to ensure reporting agrees or can be reconciled to the accounting records and the SEFA.

View of Responsible Officials. We concur with the audit assessment regarding this matter. The State and Local Fiscal Recovery Funds program has been modified after money was allocated. The reporting instructions for claiming revenue loss provisions have been unclear.

COUNTY OF WEXFORD, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2022

None reported.





CORRECTIVE ACTION PLAN

Certain matters were brought to our attention as a result of the audit process. These are described more fully in the Schedule of Findings and Questioned Costs. We evaluated the matters as noted below and have described our planned actions as a result.

2022-001 – Suspension and Debarment

Auditor Description of Condition and Effect: The County did not verify that any of their vendors over \$25,000 were not suspended or debarred from doing business with the County. As a result of this condition, the County was exposed to the risk that disbursements of federal awards would be made to vendors suspended or debarred by the federal government.

Auditor Recommendation: We recommend that the County verify that any of their vendors over \$25,000 spent with federal funds were not suspended or debarred.

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. Moving forward all vendors will be verified.

Responsible Party. County Administrator

Date of Planned Corrective Action. Immediately

2022-002 – Report Reconciliation

Auditor Description of Condition and Effect: Annual reporting reviewed was neither in agreement, nor could be reconciled to the amounts reported on the SEFA or the County's general ledger. The County is exposed to an increased risk that future noncompliance could occur and not be prevented or detected by the County's internal controls.

Auditor Recommendation: We recommend that the County implement necessary internal controls to ensure reporting agrees or can be reconciled to the accounting records and the SEFA.

Management Assessment. We concur with the audit assessment regarding this matter. The State and Local Fiscal Recovery Funds program has been modified after money was allocated. The reporting instructions for claiming revenue loss provisions have been unclear.

Planned Corrective Action. The administrator will follow up with Treasury on possible amendments to the report for 2022 and going forward so that reporting will be reconciled to the general ledger and SEFA.

Responsible Party. County Administrator

Date of Planned Corrective Action. Immediately