

County of Wexford,
Michigan



Year Ended
December 31, 2025

Financial
Statements and
Single Audit Act
Compliance

Rehmann

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COUNTY OF WEXFORD, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 30, 2026

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, 2025, 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, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective 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. 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. The financial statements of the Wexford County Road Commission were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

As management of the County of Wexford, Michigan (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2025.

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 \$32,326,910 (net position). Of this amount, \$13,436,557 (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 \$273,226.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$19,157,850, an increase of \$311,868 in comparison with the prior year. Approximately 85.5 percent of this total amount, or \$16,386,136, represents unassigned fund balance of the General Fund. The unassigned fund balance of the General Fund was 91.5 percent 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, water and wastewater systems, and other activities.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

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

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

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

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

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

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

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Delinquent Tax funds, the Unrestricted Treasurer's Fund, Land Reutilization 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 an internal service fund to account for its self-insurance program, which is included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the 2024 Delinquent Tax, Unrestricted Treasurer's, and Land Reutilization 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.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

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

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

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

Government-Wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,326,910 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 27,505,544	\$ 27,170,959	\$ 12,363,159	\$ 12,061,636	\$ 39,868,703	\$ 39,232,595
Capital assets, net	24,474,953	24,213,079	1,189,681	1,237,254	25,664,634	25,450,333
Total assets	51,980,497	51,384,038	13,552,840	13,298,890	65,533,337	64,682,928
Deferred outflows of resources	523,007	2,366,836	-	-	523,007	2,366,836
Other liabilities	1,946,305	2,203,205	775,050	730,690	2,721,355	2,933,895
Long-term liabilities	25,382,921	27,989,872	325,800	318,300	25,708,721	28,308,172
Total liabilities	27,329,226	30,193,077	1,100,850	1,048,990	28,430,076	31,242,067
Deferred inflows of resources	5,299,358	3,754,013	-	-	5,299,358	3,754,013
Net position:						
Net investment in capital assets	11,327,169	11,097,225	1,189,681	1,237,254	12,516,850	12,334,479
Restricted	5,190,803	5,157,806	1,228,540	1,178,566	6,419,343	6,336,372
Unrestricted	3,356,948	3,548,753	10,033,769	9,834,080	13,390,717	13,382,833
Total net position	\$ 19,874,920	\$ 19,803,784	\$ 12,451,990	\$ 12,249,900	\$ 32,326,910	\$ 32,053,684

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

A substantial portion of the County's net position, \$12,516,850 (38.7 percent), reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position of \$6,419,343 (19.9 percent) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net position of \$13,390,717 (41.4 percent) to meet its ongoing obligations to citizens and creditors.

		Change in Net Position										
		Governmental Activities		Business-type Activities		Total						
		2025	2024	2025	2024	2025	2024					
Program revenues:												
Charges for services	\$	4,587,307	\$	5,259,905	\$	664,321	\$	622,285	\$	5,251,628	\$	5,882,190
Operating grants		5,305,778		4,933,171		321,762		367,685		5,627,540		5,300,856
General revenues:												
Property taxes		12,994,497		12,217,679		-		-		12,994,497		12,217,679
State shared revenue		915,440		819,065		-		-		915,440		819,065
Grants and contributions not restricted to specific programs												
		95,000		3,612,934		-		-		95,000		3,612,934
Unrestricted investment earnings		204,727		305,129		-		-		204,727		305,129
Rental income		55,940		55,980		-		-		55,940		55,980
Total revenues		24,158,689		27,203,863		986,083		989,970		25,144,772		28,193,833
Expenses:												
Legislative		133,912		124,859		-		-		133,912		124,859
Judicial		5,026,220		5,319,809		-		-		5,026,220		5,319,809
General government		6,188,130		6,382,791		-		-		6,188,130		6,382,791
Public safety		9,548,267		9,530,031		-		-		9,548,267		9,530,031
Public works		46,876		57,066		-		-		46,876		57,066
Health and welfare		3,102,648		2,679,680		-		-		3,102,648		2,679,680
Recreation and culture		165,051		164,967		-		-		165,051		164,967
Community and economic development		50,500		66,709		-		-		50,500		66,709
Interest and fiscal charges		347,112		355,687		-		-		347,112		355,687

continued...

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Expenses (concluded):						
Tax collection	\$ -	\$ -	\$ 81,729	\$ 100,886	\$ 81,729	\$ 100,886
Landfill	-	-	7,500	4,800	7,500	4,800
Water and wastewater	-	-	135,450	125,272	135,450	125,272
Other	-	-	38,151	27,991	38,151	27,991
Total expenses	24,608,716	24,681,599	262,830	258,949	24,871,546	24,940,548
Change in net position before transfers	(450,027)	2,522,264	723,253	731,021	273,226	3,253,285
Transfers	521,163	576,126	(521,163)	(576,126)	-	-
Change in net position	71,136	3,098,390	202,090	154,895	273,226	3,253,285
Net position:						
Beginning of year	19,803,784	16,705,394	12,249,900	12,095,005	32,053,684	28,800,399
End of year	\$ 19,874,920	\$ 19,803,784	\$ 12,451,990	\$ 12,249,900	\$ 32,326,910	\$ 32,053,684

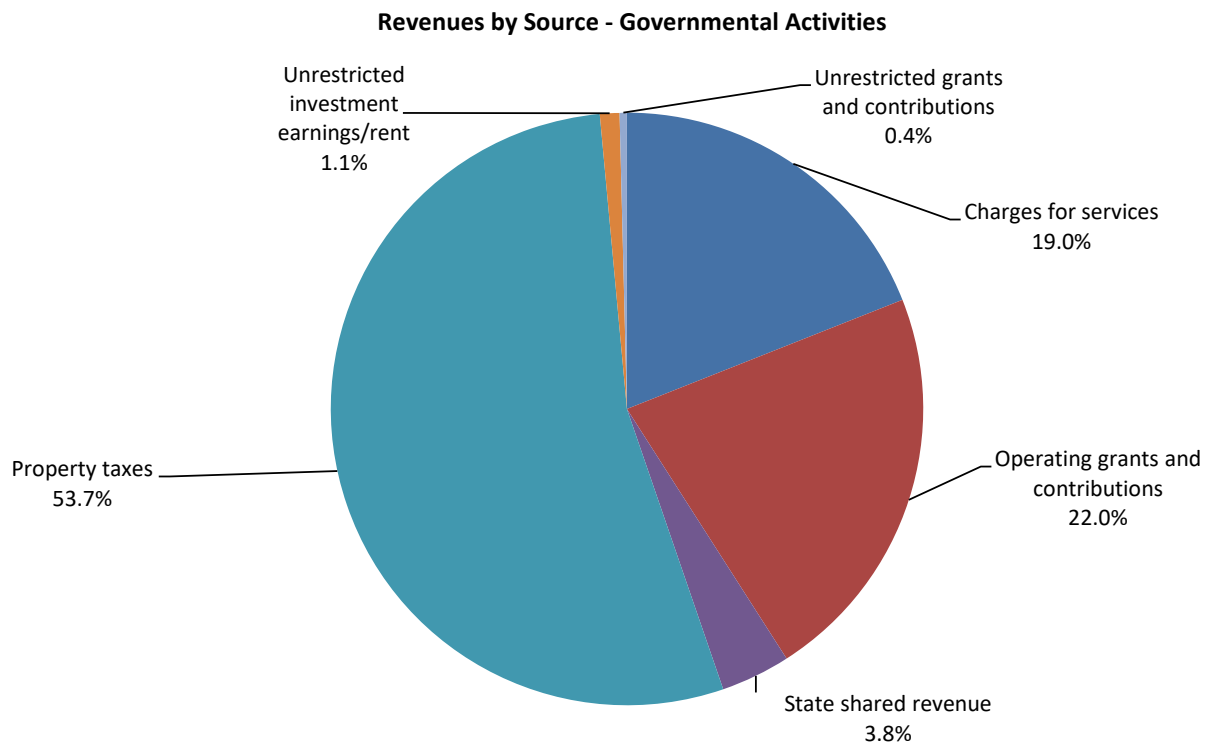
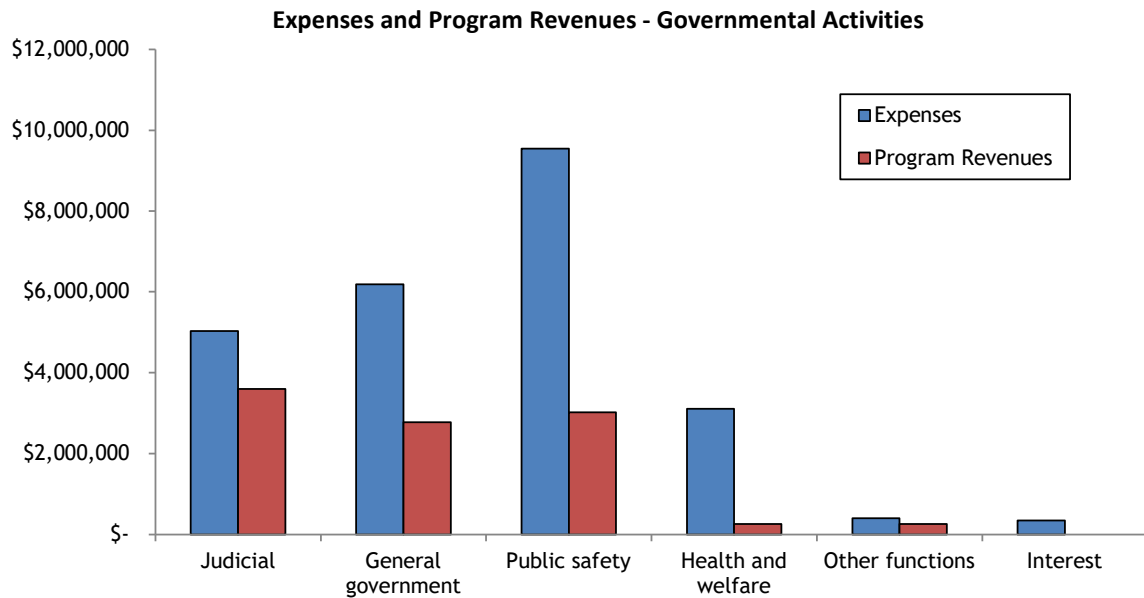
concluded

Governmental Activities. Governmental activities increased the County's net position by \$71,136. Key components of the current year activity are as follows:

- Total revenue decreased by \$3,045,174. Grants and contributions not restricted to specific programs decreased by \$3,517,934 due to prior year American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) funding, which was recognized as revenue with the related expenses incurred. Property tax revenue increased \$776,818 due to an increase in property tax values.
- Total expenses decreased by \$72,883. A decrease in judicial expenses of \$293,589 was offset by an increase in health and welfare expenses of \$422,968. The decrease in judicial expenses is due mostly to staffing changes related to defined benefit pension costs and reimbursement costs from Missaukee County. The increase in health and welfare expense increases was due to increases in costs for senior services and child care.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

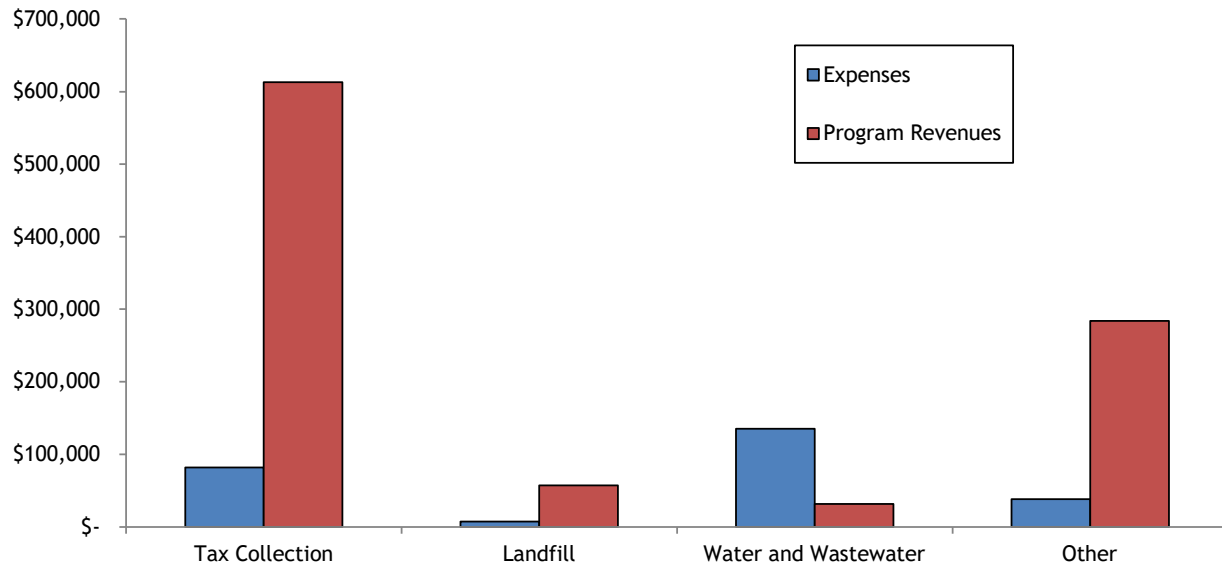


Business-type Activities. Business-type activities increased the County's net position by \$202,090. The primary reason for the change in net position as compared to the prior year increase of \$154,895 is due to increased costs for operations and maintenance of the Cedar Creek Water system that had to be transferred in from the General Fund.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$19,157,850, an increase of \$311,868. Of this amount, 85.5 percent (\$16,386,136) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not available for new spending because it is classified as one of the following: A) nonspendable (\$3,408); B) restricted for use per various external agreements (\$2,763,348); or C) committed for various purposes (\$4,958).

The General Fund is the chief operating fund of the County. 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 and total fund balance each represent 91.5 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$300,935 during the current fiscal year. Key factors in this change are as follows:

- Property taxes continue to trend upward, increasing by \$487,030.
- Intergovernmental revenues decreased by \$3,482,251, which was due to recognizing a significant amount of revenue related to ARPA funding in the prior year.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

- Public safety expenditures increased by \$499,830, which was due primarily to the leasing of 13 new Police interceptors.

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 \$162,133 during the year, ending with a fund balance of \$0.

The fund balance of the Community Development Block Grant special revenue fund, which accounts for the expenditure of grants received from HUD and the repayment of loans made to residents, decreased by \$22,233 during the year, and ending fund balance totaled \$76,428.

The opioid settlement fund, which accounts for the revenues and expenditure of several national opioid court settlements, increased its fund balance by \$3,540, and ending fund balance totaled \$485,573.

The fund balance of the Commission on Aging special revenue fund, which accounts for the expenditures and revenues of the planning and coordinating services for senior citizens, decreased by \$3,398 during the year, and ending fund balance totaled \$6,163.

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

The net position of the 2024 Delinquent Tax fund, which accounts for the collection and remittance of delinquent property taxes levied in 2024, increased by \$362,283 during the year, and ending net position totaled \$363,404.

The net position of the Unrestricted Treasurer's fund, which accounts for the surplus accumulated through the collection, administration and operation of each delinquent tax fund, increased by \$145,627 during the year, and ending net position totaled \$7,989,099.

The net position of the Land Reutilization fund, which accounts for the funds generated from foreclosures and auctions, decreased by \$35,761 during the year, and ending net position totaled \$892,192.

General Fund Budgetary Highlights

During the year, there was a \$446,329 increase in appropriations (including transfers out) between the original and final amended budget. Significant increases primarily related to general government of \$346,715. The budgeted increase was primarily due to increases in costs related to the 2024 cyber attack and new security features. The actual expenditures for the year were \$177,377 more than the original budget and \$268,952 less than the amended budget.

The General Fund budgeted for a decrease in fund balance of \$160,010 and the actual increase in fund balance was \$300,935. Significant budgetary variances are as follows:

- The General fund received \$218,633 more revenues than budgeted due primarily to increased property tax revenue and increased FOIA requests.
- Overall, expenditures were under budget by \$268,951. Significant variances were reported for judicial, general government, public safety and capital outlay expenditure categories.

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

- Judicial expenditures came in \$305,567 under the final amended budget. The reason for this was due to staffing changes that resulted in decreased pension costs.
- General government expenditures came in \$361,631 under the final amended budget, mostly due to staffing vacancies that was not filled until the end of the year.
- Public safety expenditures came in \$420,731 under the final amended budget. This variance was attributable to staffing changes and vacancies and lease vehicles not coming before the end of the year.
- Actual capital outlay expenditures came in \$654,948 over the final amended budget, because of capitalizing the new lease vehicles in the Sheriff's Department.
- Actual transfers out came in \$470,314 over the final amended budget, due to the need to support negative cash and deficits within other funds.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of December 31, 2025 amounted to \$25,664,634 (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 lease assets. The total increase of \$214,301 in the County's investment in capital assets for the current fiscal year was primarily a result of the County entering into several new vehicle leases, offset by normal depreciation and amortization.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 211,925	\$ 211,925	\$ -	\$ -	\$ 211,925	\$ 211,925
Construction in progress	-	398,025	-	-	-	398,025
Buildings and improvements	21,568,064	21,560,183	-	-	21,568,064	21,560,183
Land improvements	14,550	16,706	-	-	14,550	16,706
Equipment and furniture	864,122	930,191	-	-	864,122	930,191
Vehicles	765,610	913,129	-	-	765,610	913,129
Lease building	148,212	182,920	-	-	148,212	182,920
Lease vehicles	902,470	-	-	-	902,470	-
Water distribution system	-	-	1,189,681	1,237,254	1,189,681	1,237,254
Total capital assets, net	\$ 24,474,953	\$ 24,213,079	\$ 1,189,681	\$ 1,237,254	\$ 25,664,634	\$ 25,450,333

COUNTY OF WEXFORD, MICHIGAN

Management's Discussion and Analysis

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$12,770,588.

	Long-Term Debt					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 2,373,065	\$ 2,880,521	\$ -	\$ -	\$ 2,373,065	\$ 2,880,521
USDA Community Facilities loans	9,873,000	10,074,000	-	-	9,873,000	10,074,000
Compensated absences	524,523	522,095	-	-	524,523	522,095
Total long-term debt	\$ 12,770,588	\$ 13,476,616	\$ -	\$ -	\$ 12,770,588	\$ 13,476,616

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the County is \$140,836,378, which is significantly higher than the County's outstanding general obligation debt. Additional information regarding capital assets and long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The County continues to contribute higher rates to the retirement 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 County considered these factors in preparing the County's budget for the 2026 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, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and short-term investments	\$ 19,055,167	\$ 9,034,363	\$ 28,089,530	\$ 12,068,058
Restricted cash and investments	-	1,554,340	1,554,340	-
Receivables	8,082,237	1,774,456	9,856,693	3,212,384
Inventories	-	-	-	2,546,500
Prepays	368,140	-	368,140	114,474
Net pension asset	-	-	-	1,436,333
Net OPEB asset	-	-	-	198,556
Capital assets not being depreciated/amortized	211,925	-	211,925	9,746,866
Capital assets being depreciated/amortized, net	24,263,028	1,189,681	25,452,709	47,018,307
Total assets	51,980,497	13,552,840	65,533,337	76,341,478
Deferred outflows of resources				
Deferred charge on refunding	29,708	-	29,708	-
Deferred pension amounts	493,299	-	493,299	2,418,923
Total deferred outflows of resources	523,007	-	523,007	2,418,923
Liabilities				
Payables	1,552,372	775,050	2,327,422	628,282
Unearned revenue	393,933	-	393,933	62,428
Bonds, loans and other long-term liabilities:				
Due within one year	964,688	-	964,688	46,771
Due in more than one year	12,737,327	-	12,737,327	1,119,185
Landfill remediation liability (due in more than one year)	-	325,800	325,800	-
Net pension liability (due in more than one year)	11,680,906	-	11,680,906	824,795
Total liabilities	27,329,226	1,100,850	28,430,076	2,681,461
Deferred inflows of resources				
Deferred lease amounts	48,863	-	48,863	-
Property taxes levied for subsequent year	3,951,353	-	3,951,353	1,105,122
Deferred pension amounts	1,299,142	-	1,299,142	43,069
Deferred other postemployment benefits	-	-	-	23,591
Total deferred inflows of resources	5,299,358	-	5,299,358	1,171,782
Net position				
Net investment in capital assets	11,327,169	1,189,681	12,516,850	56,765,173
Restricted for:				
Pension	-	-	-	1,436,333
OPEB	-	-	-	198,556
Public library	-	-	-	41,969
Judicial	49,832	-	49,832	-
Public safety	1,392,297	-	1,392,297	-
Health and welfare	2,255,380	-	2,255,380	-
Community and economic development	1,493,294	-	1,493,294	-
Landfill	-	1,228,540	1,228,540	-
Unrestricted	3,356,948	10,033,769	13,390,717	16,465,127
Total net position	\$ 19,874,920	\$ 12,451,990	\$ 32,326,910	\$ 74,907,158

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, 2025

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
Legislative	\$ 133,912	\$ -	\$ -	\$ -	\$ (133,912)
Judicial	5,026,220	742,011	2,855,547	-	(1,428,662)
General government	6,188,130	1,283,987	1,487,722	-	(3,416,421)
Public safety	9,548,267	2,303,824	713,430	-	(6,531,013)
Public works	46,876	97,735	-	-	50,859
Health and welfare	3,102,648	3,456	249,073	-	(2,850,119)
Recreation and culture	165,051	123,250	6	-	(41,795)
Community and economic development	50,500	33,044	-	-	(17,456)
Interest and fiscal charges	347,112	-	-	-	(347,112)
Total governmental activities	24,608,716	4,587,307	5,305,778	-	(14,715,631)
Business-type activities:					
Tax collection	81,729	586,701	26,445	-	531,417
Landfill	7,500	-	57,474	-	49,974
Water and wastewater	135,450	-	31,868	-	(103,582)
Other	38,151	77,620	205,975	-	245,444
Total business-type activities	262,830	664,321	321,762	-	723,253
Total primary government	\$ 24,871,546	\$ 5,251,628	\$ 5,627,540	\$ -	\$ (13,992,378)
Component units					
Cadillac-Wexford Transit Authority	\$ 5,717,339	\$ 596,504	\$ 3,019,230	\$ 2,183,965	\$ 82,360
Wexford County Airport Authority	646,225	339,695	699,805	-	393,275
Cadillac-Wexford Public Library	1,332,265	26,992	234,131	-	(1,071,142)
Wexford County Road Commission	14,448,849	3,868,298	9,111,376	79,238	(1,389,937)
Total component units	\$ 22,144,678	\$ 4,831,489	\$ 13,064,542	\$ 2,263,203	\$ (1,985,444)

continued...

COUNTY OF WEXFORD, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (14,715,631)	\$ 723,253	\$ (13,992,378)	\$ (1,985,444)
General revenues:				
Property taxes	12,994,497	-	12,994,497	1,018,824
State shared revenue	915,440	-	915,440	-
Grants and contributions not restricted to specific programs	95,000	-	95,000	100,788
Unrestricted investment earnings	204,727	-	204,727	463,310
Rental income	55,940	-	55,940	-
Gain on sale of capital assets	-	-	-	1,250
Other revenue	-	-	-	170,560
Transfers - internal activities	521,163	(521,163)	-	-
Total general revenues and transfers	14,786,767	(521,163)	14,265,604	1,754,732
Change in net position	71,136	202,090	273,226	(230,712)
Net position, beginning of year, as previously reported	19,803,784	12,249,900	32,053,684	75,142,876
Restatement	-	-	-	(5,006)
Net position, beginning of year, as restated	19,803,784	12,249,900	32,053,684	75,137,870
Net position, end of year	<u>\$ 19,874,920</u>	<u>\$ 12,451,990</u>	<u>\$ 32,326,910</u>	<u>\$ 74,907,158</u>
				concluded

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

COUNTY OF WEXFORD, MICHIGAN

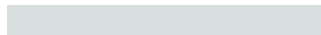
Balance Sheet

Governmental Funds

December 31, 2025

	General Fund	Public Safety	Community Development Block Grant	Opioid Settlement	Commission on Aging
Assets					
Cash and short-term investments	\$ 16,161,039	\$ 131,724	\$ 76,428	\$ 485,573	\$ 97,006
Accounts receivable	135,998	-	-	1,150,579	-
Property taxes receivable	541,821	1,831,073	-	-	1,262,792
Due from other governments	473,699	-	-	-	-
Leases receivable	44,097	-	-	-	-
Loans receivable	-	-	1,276,516	-	-
Prepays	3,048	-	-	-	-
Total assets	<u>\$ 17,359,702</u>	<u>\$ 1,962,797</u>	<u>\$ 1,352,944</u>	<u>\$ 1,636,152</u>	<u>\$ 1,359,798</u>
Liabilities					
Accounts payable	\$ 386,720	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	480,350	-	-	-	-
Unearned revenue	52,634	-	-	-	-
Total liabilities	<u>919,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue - loans	-	-	1,276,516	-	-
Unavailable revenue - opioid settlement	-	-	-	1,150,579	-
Deferred lease amounts	48,863	-	-	-	-
Property taxes levied for subsequent year	-	1,962,797	-	-	1,353,635
Total deferred inflows of resources	<u>48,863</u>	<u>1,962,797</u>	<u>1,276,516</u>	<u>1,150,579</u>	<u>1,353,635</u>
Fund balances					
Nonspendable	3,048	-	-	-	-
Restricted	1,951	-	76,428	485,573	6,163
Committed	-	-	-	-	-
Unassigned	16,386,136	-	-	-	-
Total fund balances	<u>16,391,135</u>	<u>-</u>	<u>76,428</u>	<u>485,573</u>	<u>6,163</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,359,702</u>	<u>\$ 1,962,797</u>	<u>\$ 1,352,944</u>	<u>\$ 1,636,152</u>	<u>\$ 1,359,798</u>

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,997,765	\$ 18,949,535
703,406	1,989,983
592,315	4,228,001
69,941	543,640
-	44,097
-	1,276,516
360	3,408
<u>\$ 3,363,787</u>	<u>\$ 27,035,180</u>
\$ 84,596	\$ 471,316
104,420	584,770
341,299	393,933
<u>530,315</u>	<u>1,450,019</u>
-	1,276,516
-	1,150,579
-	48,863
<u>634,921</u>	<u>3,951,353</u>
<u>634,921</u>	<u>6,427,311</u>
360	3,408
2,193,233	2,763,348
4,958	4,958
-	16,386,136
<u>2,198,551</u>	<u>19,157,850</u>
<u>\$ 3,363,787</u>	<u>\$ 27,035,180</u>

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COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
December 31, 2025

Fund balances - total governmental funds	\$ 19,157,850
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Capital assets not being depreciated/amortized	211,925
Capital assets being depreciated/amortized, net	24,263,028

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	1,276,516
Unavailable opioid settlement receivable	1,150,579

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	90,859
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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	(11,680,906)
Deferred outflows of resources related to the net pension liability	493,299
Deferred inflows of resources related to the net pension liability	(1,299,142)

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

Bonds, loans and other long-term liabilities	(13,177,492)
Compensated absences	(524,523)
Deferred charge on refunding	29,708
Accrued interest on long-term debt	(116,781)

Net position of governmental activities	<u>\$ 19,874,920</u>
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The accompanying notes are an integral part of these basic financial statements.

COUNTY OF WEXFORD, MICHIGAN

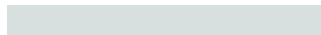
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2025

	General Fund	Public Safety	Community Development Block Grant	Opioid Settlement	Commission on Aging
Revenues					
Taxes	\$ 9,210,417	\$ 1,871,233	\$ -	\$ -	\$ 1,307,166
Licenses and permits	17,730	-	-	-	-
Intergovernmental	3,768,856	42,357	-	-	75,705
Charges for services	2,527,029	-	27,890	125,476	-
Fines and forfeitures	57,975	-	-	-	-
Interest and rent	260,673	5,105	377	2,436	299
Other	560,113	91	-	-	-
Total revenues	16,402,793	1,918,786	28,267	127,912	1,383,170
Expenditures					
Current:					
Legislative	133,912	-	-	-	-
Judicial	3,184,417	-	-	-	-
General government	5,544,469	-	-	-	-
Public safety	7,311,171	-	-	-	-
Public works	39,587	-	-	-	-
Health and welfare	659,845	-	-	124,372	1,386,568
Recreation and culture	184,485	-	-	-	-
Community and economic development	-	-	50,500	-	-
Capital outlay	836,948	-	-	-	-
Debt service:					
Principal	14,493	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	17,909,327	-	50,500	124,372	1,386,568
Revenues over (under) expenditures	(1,506,534)	1,918,786	(22,233)	3,540	(3,398)
Other financing sources (uses)					
Transfers in	2,252,876	19,146	-	-	-
Transfers out	(1,285,083)	(2,100,065)	-	-	-
Proceeds from sale of capital assets	60,000	-	-	-	-
Issuance of long-term liabilities	779,676	-	-	-	-
Total other financing sources (uses)	1,807,469	(2,080,919)	-	-	-
Net change in fund balances	300,935	(162,133)	(22,233)	3,540	(3,398)
Fund balances, beginning of year	16,090,200	162,133	98,661	482,033	9,561
Fund balances, end of year	\$ 16,391,135	\$ -	\$ 76,428	\$ 485,573	\$ 6,163

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 605,681	\$ 12,994,497
12,986	30,716
3,259,982	7,146,900
457,347	3,137,742
-	57,975
11,339	280,229
1,250	561,454
<u>4,348,585</u>	<u>24,209,513</u>
-	133,912
1,749,341	4,933,758
219,766	5,764,235
1,593,073	8,904,244
-	39,587
928,331	3,099,116
-	184,485
-	50,500
194,680	1,031,628
737,497	751,990
<u>365,029</u>	<u>365,029</u>
<u>5,787,717</u>	<u>25,258,484</u>
<u>(1,439,132)</u>	<u>(1,048,971)</u>
1,743,077	4,015,099
(108,788)	(3,493,936)
-	60,000
-	779,676
<u>1,634,289</u>	<u>1,360,839</u>
195,157	311,868
<u>2,003,394</u>	<u>18,845,982</u>
<u>\$ 2,198,551</u>	<u>\$ 19,157,850</u>

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COUNTY OF WEXFORD, MICHIGAN

Reconciliation

Net Change in Fund Balances of Governmental Funds
To Change in Net Position of Governmental Activities
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds \$ 311,868

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	1,257,259
Depreciation/amortization expense	(934,952)
Loss on sale of capital assets	(433)
Proceeds from sale of capital assets	(60,000)

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	71,066
Net change in unavailable opioid settlement receivable	(122,323)

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, loans and other long-term liabilities	751,990
Issuance of long-term liabilities	(779,676)

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	17,917
Change in the accrual for compensated absences	(2,428)
Change in the net pension liability and related deferred amounts	(501,662)

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	433
Operating income from governmental activities in internal service fund - self-insurance	62,077

Change in net position of governmental activities \$ 71,136

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 9,304,826	\$ 9,304,826	\$ 9,210,417	\$ (94,409)
Licenses and permits	16,000	16,000	17,730	1,730
Intergovernmental	3,923,154	3,930,029	3,768,856	(161,173)
Charges for services	2,464,631	2,464,631	2,527,029	62,398
Fines and forfeitures	43,726	43,726	57,975	14,249
Interest and rent	160,900	160,900	260,673	99,773
Other	264,048	264,048	560,113	296,065
Total revenues	16,177,285	16,184,160	16,402,793	218,633
Expenditures				
Current:				
Legislative	126,769	130,896	133,912	3,016
Judicial	3,452,084	3,489,984	3,184,417	(305,567)
General government	5,559,385	5,906,100	5,544,469	(361,631)
Public safety	7,701,468	7,731,902	7,311,171	(420,731)
Public works	65,000	65,000	39,587	(25,413)
Health and welfare	586,943	603,063	659,845	56,782
Recreation and culture	58,300	69,333	184,485	115,152
Capital outlay	182,000	182,000	836,948	654,948
Debt service:				
Principal	-	-	14,493	14,493
Total expenditures	17,731,949	18,178,278	17,909,327	(268,951)
Revenues over (under) expenditures	(1,554,664)	(1,994,118)	(1,506,534)	487,584
Other financing sources (uses)				
Transfers in	2,369,433	2,648,877	2,252,876	(396,001)
Transfers out	(814,769)	(814,769)	(1,285,083)	470,314
Proceeds from sale of capital assets	-	-	60,000	60,000
Issuance of long-term liabilities	-	-	779,676	779,676
Total other financing sources (uses)	1,554,664	1,834,108	1,807,469	(26,639)
Net change in fund balance	-	(160,010)	300,935	460,945
Fund balance, beginning of year	16,090,200	16,090,200	16,090,200	-
Fund balance, end of year	\$ 16,090,200	\$ 15,930,190	\$ 16,391,135	\$ 460,945

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety Special Revenue Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,889,921	\$ 1,889,921	\$ 1,871,233	\$ (18,688)
Intergovernmental	50,000	50,000	42,357	(7,643)
Interest and rent	1,000	1,000	5,105	4,105
Other	5,000	5,000	91	(4,909)
Total revenues	1,945,921	1,945,921	1,918,786	(27,135)
Other financing uses				
Transfers out	(1,945,921)	(1,791,777)	(2,100,065)	308,288
Net change in fund balance	-	154,144	(162,133)	(354,569)
Fund balance, beginning of year	162,133	162,133	162,133	-
Fund balance, end of year	<u>\$ 162,133</u>	<u>\$ 316,277</u>	<u>\$ -</u>	<u>\$ (354,569)</u>

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Development Block Grant Special Revenue Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 80,000	\$ 80,000	\$ 27,890	\$ (52,110)
Interest and rent	50	50	377	327
Total revenues	80,050	80,050	28,267	(51,783)
Expenditures				
Current:				
Community and economic development	80,050	80,050	50,500	(29,550)
Net change in fund balance	-	-	(22,233)	(22,233)
Fund balance, beginning of year	98,661	98,661	98,661	-
Fund balance, end of year	<u>\$ 98,661</u>	<u>\$ 98,661</u>	<u>\$ 76,428</u>	<u>\$ (22,233)</u>

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Opioid Settlement Special Revenue Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 250,000	\$ 250,000	\$ 125,476	\$ (124,524)
Interest and rent	-	-	2,436	2,436
Total revenues	250,000	250,000	127,912	(122,088)
Expenditures				
Current:				
Health and welfare	80,000	80,000	124,372	44,372
Net change in fund balance	170,000	170,000	3,540	(166,460)
Fund balance, beginning of year	482,033	482,033	482,033	-
Fund balance, end of year	<u>\$ 652,033</u>	<u>\$ 652,033</u>	<u>\$ 485,573</u>	<u>\$ (166,460)</u>

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

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Commission on Aging Special Revenue Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,218,950	\$ 1,218,950	\$ 1,307,166	\$ 88,216
Intergovernmental	90,000	90,000	75,705	(14,295)
Interest and rent	400	400	299	(101)
Total revenues	1,309,350	1,309,350	1,383,170	73,820
Expenditures				
Current:				
Health and welfare	1,309,350	1,309,350	1,386,568	77,218
Net change in fund balance	-	-	(3,398)	(3,398)
Fund balance, beginning of year	9,561	9,561	9,561	-
Fund balance, end of year	<u>\$ 9,561</u>	<u>\$ 9,561</u>	<u>\$ 6,163</u>	<u>\$ (3,398)</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, 2025

Business-type Activities - Enterprise Funds				
	2024 Delinquent Tax	Unrestricted Treasurer's Fund	Land Reutilization	Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and short-term investments	\$ 1,835,824	\$ 4,437,413	\$ 1,650,671	\$ 1,110,455
Accounts receivable	51,868	-	-	8,727
Taxes receivable	1,296,566	-	-	221,029
Accrued interest receivable	131,789	-	-	64,477
Prepays	-	-	-	-
Total current assets	<u>3,316,047</u>	<u>4,437,413</u>	<u>1,650,671</u>	<u>1,404,688</u>
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	-	-	119,944
Investments	-	-	-	1,434,396
Advance to other funds	-	3,551,686	-	-
Capital assets being depreciated, net	-	-	-	1,189,681
Total noncurrent assets	<u>-</u>	<u>3,551,686</u>	<u>-</u>	<u>2,744,021</u>
Total assets	<u>3,316,047</u>	<u>7,989,099</u>	<u>1,650,671</u>	<u>4,148,709</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	16,571
Accrued liabilities	-	-	-	-
Undistributed receipts	-	-	758,479	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>758,479</u>	<u>16,571</u>
Noncurrent liabilities:				
Advance from other funds	2,952,643	-	-	599,043
Landfill remediation liability	-	-	-	325,800
Total noncurrent liabilities	<u>2,952,643</u>	<u>-</u>	<u>-</u>	<u>924,843</u>
Total liabilities	<u>2,952,643</u>	<u>-</u>	<u>758,479</u>	<u>941,414</u>
Net position				
Investment in capital assets	-	-	-	1,189,681
Restricted for landfill	-	-	-	1,228,540
Unrestricted	363,404	7,989,099	892,192	789,074
Total net position	<u>\$ 363,404</u>	<u>\$ 7,989,099</u>	<u>\$ 892,192</u>	<u>\$ 3,207,295</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

\$ 9,034,363	\$ 105,632
60,595	-
1,517,595	-
196,266	-
-	364,732
<u>10,808,819</u>	<u>470,364</u>

119,944	-
1,434,396	-
3,551,686	-
1,189,681	-
<u>6,295,707</u>	<u>-</u>

<u>17,104,526</u>	<u>470,364</u>
-------------------	----------------

16,571	2,113
-	377,392
758,479	-
<u>775,050</u>	<u>379,505</u>

3,551,686	-
325,800	-
<u>3,877,486</u>	<u>-</u>

<u>4,652,536</u>	<u>379,505</u>
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1,189,681	-
1,228,540	-
10,033,769	90,859
<u>\$ 12,451,990</u>	<u>\$ 90,859</u>

COUNTY OF WEXFORD, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds				
	(Formerly Major Fund) 2022 Delinquent Tax	(Formerly Major Fund) 2023 Delinquent Tax	2024 Delinquent Tax	Unrestricted Treasurer's Fund	Land Reutilization
Operating revenues					
Charges for services			\$ 135,623	\$ 23,040	\$ 14,580
Interest and penalties on taxes			214,553	-	-
Premiums - health insurance			-	-	-
Total operating revenues			<u>350,176</u>	<u>23,040</u>	<u>14,580</u>
Operating expenses					
Contractual services			-	-	-
Employee health care and other insurance			-	-	-
Depreciation			-	-	-
Other services and charges			22	13,658	13,972
Total operating expenses			<u>22</u>	<u>13,658</u>	<u>13,972</u>
Operating income			350,154	9,382	608
Nonoperating revenues					
Investment earnings			12,129	181,627	23,631
Income before transfers			<u>362,283</u>	<u>191,009</u>	<u>24,239</u>
Transfers					
Transfers in			-	501,854	-
Transfers out			-	(547,236)	(60,000)
Total transfers			<u>-</u>	<u>(45,382)</u>	<u>(60,000)</u>
Change in net position			<u>362,283</u>	<u>145,627</u>	<u>(35,761)</u>
Net position, beginning of year, as previously reported	\$ 466,367	\$ 316,368	-	7,843,472	927,953
Changes within financial reporting entity	<u>(466,367)</u>	<u>(316,368)</u>	<u>1,121</u>	<u>-</u>	<u>-</u>
Net position, beginning of year, as adjusted	<u>-</u>	<u>-</u>	<u>1,121</u>	<u>7,843,472</u>	<u>927,953</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,404</u>	<u>\$ 7,989,099</u>	<u>\$ 892,192</u>

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



Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund Self-Insurance
\$ 100,785	\$ 274,028	\$ -
175,740	390,293	-
-	-	1,941,757
276,525	664,321	1,941,757
175,349	175,349	-
-	-	1,879,680
47,573	47,573	-
12,256	39,908	-
235,178	262,830	1,879,680
41,347	401,491	62,077
104,375	321,762	433
145,722	723,253	62,510
86,073	587,927	-
(501,854)	(1,109,090)	-
(415,781)	(521,163)	-
(270,059)	202,090	62,510
2,695,740	12,249,900	28,349
781,614	-	-
3,477,354	12,249,900	28,349
\$ 3,207,295	\$ 12,451,990	\$ 90,859

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	2024 Delinquent Tax	Unrestricted Treasurer's Fund	Land Reutilization	Nonmajor Enterprise Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 2,195,583	\$ 23,523	\$ 59,689	\$ 1,593,583
Receipts from internal services provided	-	-	-	-
Payments to vendors	(22)	(13,658)	(13,972)	(180,102)
Delinquent taxes purchased	(3,342,643)	-	-	-
Net cash provided by (used in) operating activities	<u>(1,147,082)</u>	<u>9,865</u>	<u>45,717</u>	<u>1,413,481</u>
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances	2,952,643	(544,762)	-	(2,407,881)
Transfers in	-	501,854	-	86,073
Transfers out	-	(547,236)	(60,000)	(501,854)
Net cash provided by (used in) noncapital financing activities	<u>2,952,643</u>	<u>(590,144)</u>	<u>(60,000)</u>	<u>(2,823,662)</u>
Cash flows from investing activities				
Interest received	12,129	181,627	23,631	46,901
Net change in cash and short-term investments	<u>1,817,690</u>	<u>(398,652)</u>	<u>9,348</u>	<u>(1,363,280)</u>
Cash and short-term investments, beginning of year	18,134	4,836,065	1,641,323	2,593,679
Cash and short-term investments, end of year	<u><u>\$ 1,835,824</u></u>	<u><u>\$ 4,437,413</u></u>	<u><u>\$ 1,650,671</u></u>	<u><u>\$ 1,230,399</u></u>
Classified on the statement of net position as:				
Cash and short-term investments	\$ 1,835,824	\$ 4,437,413	\$ 1,650,671	\$ 1,110,455
Restricted cash and short-term investments	-	-	-	119,944
	<u><u>\$ 1,835,824</u></u>	<u><u>\$ 4,437,413</u></u>	<u><u>\$ 1,650,671</u></u>	<u><u>\$ 1,230,399</u></u>



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

\$ 3,872,378	\$ -
-	1,941,757
(207,754)	(1,987,422)
(3,342,643)	-

321,981	(45,665)
---------	----------

-	-
587,927	-
(1,109,090)	-

(521,163)	-
-----------	---

264,288	433
---------	-----

65,106	(45,232)
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9,089,201	150,864
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\$ 9,154,307	\$ 105,632
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\$ 9,034,363	\$ 105,632
119,944	-

\$ 9,154,307	\$ 105,632
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continued...

COUNTY OF WEXFORD, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	2022 Delinquent Tax	Unrestricted Treasurer's Fund	Land Reutilization	Nonmajor Enterprise Funds
Cash flows from operating activities				
Operating income	\$ 350,154	\$ 9,382	\$ 608	\$ 41,347
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	47,573
Change in landfill remediation liability	-	-	-	7,500
Change in:				
Accounts receivable	(51,868)	-	-	47,065
Taxes receivable	(1,296,566)	-	-	1,129,003
Accrued interest receivable	(131,658)	483	-	124,598
Prepays	-	-	-	-
Accounts payable	(17,144)	-	-	16,395
Accrued liabilities	-	-	-	-
Undistributed receipts	-	-	45,109	-
Net cash provided by (used in) operating activities	<u>\$ (1,147,082)</u>	<u>\$ 9,865</u>	<u>\$ 45,717</u>	<u>\$ 1,413,481</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

\$ 401,491 \$ 62,077

47,573 -
7,500 -

(4,803) -
(167,563) -
(6,577) -
- (48,357)
(749) 2,113
- (61,498)
45,109 -

\$ 321,981 \$ (45,665)

concluded

COUNTY OF WEXFORD, MICHIGAN

Statement of Fiduciary Net Position	
Fiduciary Funds	
December 31, 2025	
	Custodial Funds
Assets	
Cash and short-term investments	\$ 605,253
Liabilities	
Undistributed receipts	<u>545,989</u>
Net position	
Restricted for individuals, organizations and other governments	<u>\$ 59,264</u>

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, 2025

Custodial Funds

Additions

Taxes collected for other governments	\$ 10,708,946
County clerk collections	103,074
Inmate trust collections	505,166
Library penal fine collections	255,669

Total additions	11,572,855
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Deductions

Payments of taxes to other governments	10,708,946
County clerk distributions	103,074
Inmate trust distributions	501,830
Library penal fine distributions	255,669

Total deductions	11,569,519
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Change in net position	3,336
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Net position, beginning of year	55,928
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Net position, end of year	\$ 59,264
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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, 2025	December 31, 2025			
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Assets					
Cash and short-term investments	\$ 1,920,979	\$ 238,843	\$ 779,213	\$ 9,129,023	\$ 12,068,058
Accounts receivable	67,816	16,444	68	45,233	129,561
Taxes receivable	-	-	1,105,122	-	1,105,122
Due from other governments	132,865	64,130	-	1,780,706	1,977,701
Inventories	-	41,367	-	2,505,133	2,546,500
Prepays	95,898	6,361	12,215	-	114,474
Net pension asset	-	-	-	1,436,333	1,436,333
Net OPEB asset	-	-	-	198,556	198,556
Capital assets not being depreciated	445,960	245,607	-	9,055,299	9,746,866
Capital assets being depreciated, net	3,792,399	2,797,188	1,018,643	39,410,077	47,018,307
Total assets	6,455,917	3,409,940	2,915,261	63,560,360	76,341,478
Deferred outflows of resources					
Deferred pension amounts	340,850	-	147,600	1,930,473	2,418,923
Liabilities					
Accounts payable	292,663	10,637	8,077	162,448	473,825
Accrued liabilities	51,237	2,365	19,466	81,389	154,457
Unearned revenue	-	25,939	7,127	29,362	62,428
Bonds, loans and other long-term liabilities:					
Due within one year	14,985	-	31,786	-	46,771
Due in more than one year	63,478	-	22,399	1,033,308	1,119,185
Net pension liability (due in more than one year)	390,780	-	434,015	-	824,795
Total liabilities	813,143	38,941	522,870	1,306,507	2,681,461
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	1,105,122	-	1,105,122
Deferred pension amounts	-	-	43,069	-	43,069
Deferred other postemployment benefits amounts	-	-	-	23,591	23,591
Total deferred inflows of resources	-	-	1,148,191	23,591	1,171,782
Net position					
Investment in capital assets	4,238,359	3,042,795	1,018,643	48,465,376	56,765,173
Restricted for:					
Pension	-	-	-	1,436,333	1,436,333
OPEB	-	-	-	198,556	198,556
Public library	-	-	41,969	-	41,969
Unrestricted	1,745,265	328,204	331,188	14,060,470	16,465,127
Total net position	\$ 5,983,624	\$ 3,370,999	\$ 1,391,800	\$ 64,160,735	\$ 74,907,158

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

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

	For the Year Ended				
	September 30, 2025	December 31, 2025			
	Cadillac Wexford Transit Authority	Wexford County Airport Authority	Cadillac Wexford Public Library	Wexford County Road Commission	Total
Expenses					
Transit Authority	\$ 5,717,339	\$ -	\$ -	\$ -	\$ 5,717,339
Airport Authority	-	646,225	-	-	646,225
Public Library	-	-	1,332,265	-	1,332,265
Road Commission	-	-	-	14,448,849	14,448,849
Total expenses	5,717,339	646,225	1,332,265	14,448,849	22,144,678
Program revenues					
Charges for services	596,504	339,695	26,992	3,868,298	4,831,489
Operating grants and contributions	3,019,230	699,805	234,131	9,111,376	13,064,542
Capital grants and contributions	2,183,965	-	-	79,238	2,263,203
Total program revenues	5,799,699	1,039,500	261,123	13,058,912	20,159,234
Net revenue (expense)	82,360	393,275	(1,071,142)	(1,389,937)	(1,985,444)
General revenues					
Property taxes	-	-	1,018,824	-	1,018,824
Grants and contributions not restricted to specific programs	-	-	100,788	-	100,788
Unrestricted investment earnings	-	5,953	39,867	417,490	463,310
Gain on sale of capital assets	-	-	-	1,250	1,250
Other revenue	-	-	20,353	150,207	170,560
Total general revenues	-	5,953	1,179,832	568,947	1,754,732
Change in net position	82,360	399,228	108,690	(820,990)	(230,712)
Net position, beginning of year, as previously reported	5,906,270	2,971,771	1,283,110	64,981,725	75,142,876
Restatement	(5,006)	-	-	-	(5,006)
Net position, beginning of year, as restated	5,901,264	2,971,771	1,283,110	64,981,725	75,137,870
Net position, end of year	\$ 5,983,624	\$ 3,370,999	\$ 1,391,800	\$ 64,160,735	\$ 74,907,158

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 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 \$270,233 to the Health Department for the year ended December 31, 2025.

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 \$76,542 to the NLCMH for the year ended December 31, 2025.

Wexford-Missaukee Department of Human Services (the "DHS") – The County participates jointly in the operation of the DHS.

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 *Opioid Settlement Special Revenue Fund* accounts for the revenues and expenditures of the national opioid settlements.

The *Commission on Aging Special Revenue Fund* accounts for the revenues and expenditures of the planning and coordinating services for senior citizens.

The County reports the following major proprietary funds:

The *2024 Delinquent Tax Fund* accounts for the collection and remittance of delinquent property taxes levied in 2024. 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.

The *Land Reutilization Fund* accounts for the funds generated from foreclosures and auctions.

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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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."

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 noncancelable leases of a building and several public safety vehicles. 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 noncancelable lease of a building. 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 plan. In addition, the County reports deferred outflows of resources for the charge on advance bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price.

Compensated Absences

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation. The County's policy permits employees to accumulate earned but unused vacation benefits. A liability for estimated value that will be used by employees as time off is included in the liability for compensated absences. The remaining earned leave is eligible for 50% payment at the employee's current pay rate upon separation from employment.

Sick Leave. The County's policy permits employees to accumulate earned but unused sick leave. A liability for estimated value that will be used by employees as time off is included in the liability for compensated absences. The remaining earned leave is eligible for 50% payment at the employee's current pay rate upon separation from employment.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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 \$325,800.

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 and OPEB plans. 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 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

Interfund Transactions

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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, 2025 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	\$ 130,896	\$ 133,912	\$ 3,016
General government:			
Prosecuting attorney cooperative reimbursement	75,527	80,103	4,576
Building and grounds:			
Human services	162,518	168,809	6,291
District health	97,200	98,874	1,674
Jail	265,000	269,943	4,943
American Rescue Plan	-	34,000	34,000
Law library	56,000	58,171	2,171
Health and welfare:			
Special appropriations	482,663	540,877	58,214
Contagious diseases	-	236	236
Medical examiner	110,400	113,632	3,232
Recreation and culture:			
Civic center	69,333	184,485	115,152
Capital outlay	182,000	836,948	654,948
Debt service:			
Principal	-	14,493	14,493
Transfers out	814,769	1,285,083	470,314
Public Safety Fund			
Transfers out	1,791,777	2,100,065	308,288
Opioid Settlement Fund			
Health and welfare	80,000	124,372	44,372
Commission on Aging Fund			
Health and welfare	1,309,350	1,386,568	77,218

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COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Total Appropriations	Amount of Expenditures	Budget Variance
Friend of the Court			
Transfers out	\$ 16,234	\$ 21,100	\$ 4,866
Building Inspection			
General government	239,801	291,255	51,454
911 Wireless			
Capital outlay	135,000	194,680	59,680
Michigan Justice Training			
Public safety	15,500	16,590	1,090
CPL Tech			
Public safety	4,500	6,087	1,587
MSU Extension			
General government	211,474	218,974	7,500
			concluded

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	\$ 28,089,530
Restricted cash and investments	1,554,340

Statement of Fiduciary Net Position

Cash and short-term investments	<u>605,253</u>
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Total deposits and investments

\$ 30,249,123

Deposits and investments

Bank deposits:

Checking and savings accounts	\$ 23,283,046
Certificates of deposit	2,464,656

Investments:

Money market	1,434,396
Michigan CLASS government investment pool	3,065,357
Cash on hand	<u>1,668</u>

Total deposits and investments

\$ 30,249,123

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. The investment in Michigan CLASS is rated at AAAM by Standard and Poor's. The County's money market is not rated.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$24,371,216 of the primary government's combined bank balance of \$25,871,216 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, 2025:

	Level 1	Level 2	Level 3	Total
Money market	\$ 1,434,396	\$ -	\$ -	\$ 1,434,396
Investments carried at net asset value:				
Michigan CLASS government investment pool				3,065,357
Total investments				\$ 4,499,753

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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

The money market investment classified as Level 1 of the fair value hierarchy is valued based on quoted market prices in active markets.

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

At year end, the net asset value of the County's investment in Michigan CLASS government investment pool was \$3,065,357. 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	\$ 1,989,983	\$ 60,595
Taxes (current)	4,228,001	-
Taxes (delinquent)	-	1,517,595
Interest	-	196,266
Due from other governments	543,640	-
Leases	44,097	-
Loans	1,276,516	-
	<u>\$ 8,082,237</u>	<u>\$ 1,774,456</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

Of the amounts reported for receivables above, the following are not expected to be collected within one year:

	Governmental Activities	Business-type Activities
Accounts	\$ 1,021,554	\$ -
Leases	26,326	-
Loans	1,276,516	-
	<u>\$ 2,324,396</u>	<u>\$ -</u>

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 473,429	\$ 16,571
Accrued liabilities	962,162	-
Undistributed receipts	-	758,479
Interest	116,781	-
	<u>\$ 1,552,372</u>	<u>\$ 775,050</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	398,025	-	-	(398,025)	-
	<u>609,950</u>	<u>-</u>	<u>-</u>	<u>(398,025)</u>	<u>211,925</u>
Capital assets, being depreciated/ amortized:					
Buildings/improvements	27,227,528	193,674	(25,143)	398,025	27,794,084
Land improvements	21,557	-	-	-	21,557
Equipment and furniture	2,281,479	99,207	-	-	2,380,686
Vehicles	1,793,400	48,665	(148,000)	-	1,694,065
Lease building (Note 9)	277,662	-	-	-	277,662
Lease vehicles (Note 9)	-	915,713	-	-	915,713
	<u>31,601,626</u>	<u>1,257,259</u>	<u>(173,143)</u>	<u>398,025</u>	<u>33,083,767</u>
Less accumulated depreciation/ amortization for:					
Buildings/improvements	(5,667,345)	(583,818)	25,143	-	(6,226,020)
Land improvements	(4,851)	(2,156)	-	-	(7,007)
Equipment and furniture	(1,351,288)	(165,276)	-	-	(1,516,564)
Vehicles	(880,271)	(135,751)	87,567	-	(928,455)
Lease building (Note 9)	(94,742)	(34,708)	-	-	(129,450)
Lease vehicles (Note 9)	-	(13,243)	-	-	(13,243)
	<u>(7,998,497)</u>	<u>(934,952)</u>	<u>112,710</u>	<u>-</u>	<u>(8,820,739)</u>
Total capital assets being depreciated/ amortized, net	<u>23,603,129</u>	<u>322,307</u>	<u>(60,433)</u>	<u>398,025</u>	<u>24,263,028</u>
Governmental activities capital assets, net	<u>\$ 24,213,079</u>	<u>\$ 322,307</u>	<u>\$ (60,433)</u>	<u>\$ -</u>	<u>\$ 24,474,953</u>

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, being depreciated:					
Water distribution system	\$ 1,902,928	\$ -	\$ -	\$ -	\$ 1,902,928
Less accumulated depreciation for:					
Water distribution system	(665,674)	(47,573)	-	-	(713,247)
Total capital assets being depreciated, net	1,237,254	(47,573)	-	-	1,189,681
Business-type activities capital assets, net	\$ 1,237,254	\$ (47,573)	\$ -	\$ -	\$ 1,189,681

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

Depreciation/amortization of governmental activities by function

General government	\$ 303,723
Public safety	492,705
Recreation and culture	103,816
Judicial	34,708
	<u>\$ 934,952</u>

Depreciation of business-type activities by function

Water and wastewater	<u>\$ 47,573</u>
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At December 31, 2025, the County's governmental activities had outstanding commitments through construction contracts of approximately \$162,000.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

8. BONDS, LOANS AND OTHER LONG-TERM LIABILITIES

Bonds, loans 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 \$180,000 to \$275,000 through February 1, 2032, interest at 2.38%, payable semi-annually	\$ 1,975,000	\$ -	\$ (445,000)	\$ 1,530,000	\$ -
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	905,521	-	(62,456)	843,065	64,080
	<u>2,880,521</u>	<u>-</u>	<u>(507,456)</u>	<u>2,373,065</u>	<u>64,080</u>
Direct placement					
2016 USDA Community Facilities Loan					
Series 2016A, \$9,000,000, due in annual installments of \$130,000 to \$364,000 through August 1, 2056, interest at 2.75%, payable semi-annually	7,884,000	-	(157,000)	7,727,000	161,000
2016 USDA Community Facilities Loan					
Series 2016B, \$2,000,000, due in annual installments of \$29,000 to \$81,000 through August 1, 2056, interest at 2.75%, payable semi-annually	1,752,000	-	(35,000)	1,717,000	36,000

continued...

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities (concluded)					
Direct placement (concluded)					
2016 USDA Community Facilities Loan					
Series 2016C, \$500,000,					
due in annual installments of					
\$7,000 to \$20,000 through					
August 1, 2056, interest at					
2.75%, payable semi-annually	\$ 438,000	\$ -	\$ (9,000)	\$ 429,000	\$ 9,000
	10,074,000	-	(201,000)	9,873,000	206,000
Total governmental activities					
installment debt	12,954,521	-	(708,456)	12,246,065	270,080
Lease liability (Note 9)	195,285	779,676	(43,534)	931,427	170,085
Compensated absences	522,095	2,428	-	524,523	524,523
Total governmental activities	\$ 13,671,901	\$ 782,104	\$ (751,990)	\$ 13,702,015	\$ 964,688

The change in compensated absences above is a net change for the year.

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
2026	\$ 64,080	\$ 39,294	\$ 206,000	\$ 271,508
2027	300,746	53,016	212,000	265,843
2028	312,455	45,573	217,000	260,012
2029	319,209	37,906	224,000	254,045
2030	331,009	30,014	230,000	247,886
2031-2035	850,564	58,008	1,245,000	1,141,194
2036-2040	195,002	7,692	1,426,000	960,327
2041-2045	-	-	1,634,000	753,143
2046-2050	-	-	1,872,000	515,736
2051-2055	-	-	2,142,000	243,870
2056	-	-	465,000	12,787
	\$ 2,373,065	\$ 271,503	\$ 9,873,000	\$ 4,926,351

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

9. LEASES

Lessee - The County is involved one building and several vehicle arrangements that qualify as long-term leases. Below is a summary of the nature of these agreements. The agreements qualify as intangible, right-to-use assets and not financed purchases, as the County will not own the assets at the end of the contract term and the noncancelable term of the agreements surpasses one year.

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

Remaining Term of Agreement

Asset Type

Building	6 years
Vehicles	5 years

The net present value of future minimum payments as of December 31, 2025 were as follows:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2026	\$ 170,085	\$ 40,138
2027	178,181	34,947
2028	186,671	10,748
2029	195,573	13,233
2030	192,807	15,963
2031	8,110	4,472
Totals	<u>\$ 931,427</u>	<u>\$ 119,501</u>

Lessor - The County is involved in one agreement as a lessor that qualifies as a long-term lease. Below is a summary of this agreement. The agreement qualifies as a long-term lease agreement as the County will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended December 31, 2025 was \$18,914.

Remaining Term of Agreement

Asset Type

Building	3 years
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COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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 \$325,800 at December 31, 2025, an increase of \$7,500 from the balance of \$318,300 at December 31, 2024. 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.

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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

The County is an individual member of the Michigan Municipal Risk Management Authority (MMRMA) for its property and general liability insurance coverage. The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs. Changes in the balances of claims liabilities are as follows:

	Year Ended December 31,	
	2025	2024
Estimated liability, beginning of year	\$ 438,890	\$ 308,161
Estimated claims incurred	70,751	274,650
Claim payments	<u>(132,249)</u>	<u>(143,921)</u>
Estimated liability, end of year	<u>\$ 377,392</u>	<u>\$ 438,890</u>

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 2025, for which revenue was recognized in the General Fund, was \$1,408,363,781. The general operating tax rate for this levy was 6.5472 mills. The taxable value of real and personal property for 2024, for which revenue was recognized in all other funds, was \$1,336,791,087. The tax rates for these voted levies were 1.4082, 0.1941, 0.0969, 0.9712 and 0.1649 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.

COUNTY OF WEXFORD, MICHIGAN

Notes to Financial Statements

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.

Also, the County is a named defendant in *Wayside Church, et al. v. Van Buren County, et al.*, a consolidated federal class-action lawsuit filed in the U.S. District Court for the Western District of Michigan. The litigation challenged the constitutionality of provisions within the Michigan General Property Tax Act (GPTA) that permitted Michigan counties to retain 100% of the sale proceeds from tax-foreclosed properties, even when the sale amount exceeded the underlying tax debt, interest, fees, and penalties.

To resolve the retroactive exposure, a multi-party court-ordered mediation program established a framework for a comprehensive class-action settlement agreement. Under the proposed terms, eligible class members who file approved claims would be entitled to receive a portion of the calculated net surplus proceeds from their respective foreclosed property sales, net of court-approved plaintiff attorney fees and operational administration costs. While the U.S. District Court has granted final approval to the class settlement and all statutory timelines for further appeal expired on January 5, 2026, the final validation, verification, and processing of individual claimant submissions remain ongoing.

Management, in consultation with legal counsel, has evaluated this matter. Management has determined that a loss resulting from the final resolution of these claims is probable. However, due to the ongoing verification of individual claim eligibility, potential overlapping claims, and the complexity of calculating historical net surpluses dating back to 2014, the total ultimate financial payout cannot be reasonably estimated at this time. Consequently, no liability has been accrued in the accompanying financial statements.

Finally, the County is a party to *Schafer v. Kent County*, for which the Michigan Supreme Court issued its opinion in July 2024. This ruling addressed the retroactivity of the Court's previous decision in *Rafaeli, LLC v. Oakland County*, which held that the retention of surplus proceeds from tax foreclosure sales in excess of the delinquent tax debt, interest, penalties, and fees constitutes an unconstitutional "taking" without just compensation under the Michigan Constitution. In *Schafer*, the Court determined that the *Rafaeli* decision applies fully retroactively to tax foreclosure sales that occurred prior to July 17, 2020, provided that the claims were not yet legally final as of that date. The *Schafer* ruling established that affected property owners maintain a constitutional right to seek the recovery of historical equity windfalls, creating potential multi-year exposure for Michigan foreclosing governmental units, including the County.

Management, in close consultation with legal counsel, has evaluated the implications of the *Schafer* decision on the County's historical tax foreclosure operations. Management has concluded that a future financial loss to the County from historical claims arising from pre-2020 tax foreclosures is probable. However, at the financial statement date, no reasonable estimate of the loss or range of loss can be made.

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 5 year period) and multipliers ranging from 2.0% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement options available for certain bargaining units.

Employees Covered by Benefit Terms. At the December 31, 2024 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	57
Active employees	<u>134</u>
Total membership	<u><u>326</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, 2025:

Division/Bargaining Unit	Employer	Employee	Status
01 - General	\$ 9,494	5.00%	Closed
02 - Sheriff 312	20,056	4.00%	Closed
11 - Court Employees	7,426	5.00%	Closed
12 - DPW Landfill Employees	2,445	2.04%	Closed
14 - Tech and Prof Assoc.	8,570	5.00%	Closed
15 - Non-Union	19,795	5.00%	Closed
16 - Elected Officials	8,380	4.08%	Closed
17 - Animal Control	498	5.00%	Closed
19 - Building Dept B	2,229	5.00%	Closed
20 - Dispatch	2,979	4.00%	Closed
21 - Command Officers Assoc.	19,465	6.98%	Closed
23 - Sheriff Non 312	11,169	5.00%	Closed
24 - Comm Correction	4,851	5.00%	Closed
HA - New Hires after 4/1/11	8.52%	0.00%	Open

Net Pension Liability. The County's net pension liability was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions. The total pension liability in the December 31, 2024 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	6.93%, 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, 2024 valuation were based on the results of the most recent actuarial experience study of 2019-2023.

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%
	<u>100.00%</u>		
Inflation			2.50%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.18%</u></u>

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year's market value of investment income exceeds the expected investment income. In the first year of implementation, all excess investment income was used for this purpose, which resulted in current year excess gains for use in lowering the assumed rate of investment return, as reflected above.

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2025 was 7.18%. 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, 2024	\$ 40,831,106	\$ 26,513,135	\$ 14,317,971
Changes for the year:			
Service cost	684,051	-	684,051
Interest	2,869,601	-	2,869,601
Differences between expected and actual experience	157,879	-	157,879
Changes in assumptions	(88,616)	-	(88,616)
Employer contributions	-	1,948,688	(1,948,688)
Employee contributions	-	101,005	(101,005)
Net investment income	-	4,078,582	(4,078,582)
Benefit payments, including refunds of employee contributions	(2,413,084)	(2,413,084)	-
Administrative expense	-	(53,576)	53,576
Other changes	(185,281)	-	(185,281)
Net changes	1,024,550	3,661,615	(2,637,065)
Balances at December 31, 2025	\$ 41,855,656	\$ 30,174,750	\$ 11,680,906

Changes in assumptions. A 5-year experience study analyzing historical experience from 2019 through 2023 was completed in February 2025. The experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, and termination rates.

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 7.18%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
County's net pension liability	\$ 16,467,104	\$ 11,680,906	\$ 7,663,043

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, 2025, the County recognized pension expense of \$2,450,350. The County reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Pension Amounts
Difference between expected and actual experience	\$ 342,875	\$ -	\$ 342,875
Changes in assumptions	150,424	66,462	83,962
Net difference between projected and actual earnings on pension plan investments	-	1,232,680	(1,232,680)
Total	\$ 493,299	\$ 1,299,142	\$ (805,843)

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
2026	\$ 540,502
2027	(470,944)
2028	(437,418)
2029	(437,983)
Total	\$ (805,843)

Payable to the Pension Plan. At December 31, 2025, the County had \$176,882 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
2024 Delinquent Tax	\$ -	\$ 2,952,643
Nonmajor enterprise funds	-	599,043
Unrestricted Treasurer's fund	3,551,686	-
	<u>\$ 3,551,686</u>	<u>\$ 3,551,686</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, 2025, interfund transfers consisted of the following:

Transfers Out	Transfers in					Totals
	General Fund	Public Service Fund	Nonmajor Governmental Funds	Unrestricted Treasurer's Fund	Nonmajor Enterprise Funds	
General fund	\$ -	\$ 19,146	\$ 1,179,864	\$ -	\$ 86,073	\$ 1,285,083
Public safety	2,100,065	-	-	-	-	2,100,065
Nonmajor governmental funds	23,600	-	85,188	-	-	108,788
Unrestricted treasurer's fund	69,211	-	478,025	-	-	547,236
Land reutilization	60,000	-	-	-	-	60,000
Nonmajor enterprise funds	-	-	-	501,854	-	501,854
	<u>\$ 2,252,876</u>	<u>\$ 19,146</u>	<u>\$ 1,743,077</u>	<u>\$ 501,854</u>	<u>\$ 86,073</u>	<u>\$ 4,603,026</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.

The transfer from the Public Safety Fund to the General Fund is used to support the public safety function for the County.

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	Opioid Settlement	Commission on Aging	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepays	\$ 3,048	\$ -	\$ -	\$ -	\$ -	\$ 360	\$ 3,408
Restricted for:							
Friend of the court	-	-	-	-	-	370	370
Animal control	-	-	-	-	-	296,039	296,039
Senior services	-	-	-	-	6,163	-	6,163
Building inspection	-	-	-	-	-	461,306	461,306
Public safety	1,951	-	-	-	-	315,318	317,269
Officer training	-	-	-	-	-	85,296	85,296
Register of deeds automation	-	-	-	-	-	140,350	140,350
Community development	-	-	76,428	-	-	-	76,428
Homestead audit	-	-	-	-	-	21,066	21,066
SCAAP grant	-	-	-	-	-	12,343	12,343
Veterans services	-	-	-	-	-	378,728	378,728
Concealed pistol licenses	-	-	-	-	-	210,961	210,961
MSU extension	-	-	-	-	-	221,240	221,240
Opioid settlement	-	-	-	485,573	-	-	485,573
Indigent defense	-	-	-	-	-	49,832	49,832
Family counseling services	-	-	-	-	-	384	384
Total restricted	1,951	-	76,428	485,573	6,163	2,193,233	2,763,348
Committed for:							
Child care	-	-	-	-	-	4,208	4,208
Courthouse expansion	-	-	-	-	-	750	750
Total committed	-	-	-	-	-	4,958	4,958
Unassigned	16,386,136	-	-	-	-	-	16,386,136
Total fund balances, governmental funds	\$ 16,391,135	\$ -	\$ 76,428	\$ 485,573	\$ 6,163	\$ 2,198,551	\$ 19,157,850

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, 2025, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated/ amortized	\$ 211,925	\$ -
Capital assets being depreciated/ amortized, net	<u>24,263,028</u>	<u>1,189,681</u>
	<u>24,474,953</u>	<u>1,189,681</u>
Related debt:		
Capital related bonds, loans and other liabilities	13,177,492	-
Deferred charge on refunding	<u>(29,708)</u>	<u>-</u>
	<u>13,147,784</u>	<u>-</u>
Net investment in capital assets	<u>\$ 11,327,169</u>	<u>\$ 1,189,681</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 \$325,800 to the benefit of the Michigan Department of Environment, Great Lakes and Energy as of September 9, 2025. There were no borrowings on the letter as of December 31, 2025.

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 2025 amounted to \$17,340 (\$12,121 related to the operating millage and \$5,219 related to special voted millages).

20. OPIOID SETTLEMENT

The County is part of various nationwide Opioid settlements reached by states and local political subdivisions against pharmaceutical distributors, manufacturers, and pharmacies. The terms of the settlements vary by entity; however, the County received installments beginning in 2023 and expects to receive future installments through 2038. The County currently expects the total amount of the settlement to be \$2,055,402. Settlement payments received during the year ended December 31, 2025 were \$126,862. The total receivable for all of the settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2025 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2025 is \$1,150,579.

Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of December 31, 2025, 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.

21. ADJUSTMENTS TO BEGINNING NET POSITION

For the year ended December 31, 2025, the County had the following adjustments to beginning net position:

	2022 Delinquent Tax	2023 Delinquent Tax	2024 Delinquent Tax	Nonmajor Enterprise Funds
Net position, beginning of year, as previously reported	\$ 466,367	\$ 316,368	\$ -	\$ 2,695,740
Change within the financial reporting entity:				
Change from nonmajor to major fund	-	-	1,121	(1,121)
Change from major fund to nonmajor fund	(466,367)	(316,368)	-	782,735
Net position, beginning of year, as adjusted	\$ -	\$ -	\$ 1,121	\$ 3,477,354



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,			
	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 684,051	\$ 671,401	\$ 598,035	\$ 526,589
Interest	2,869,601	2,754,374	2,691,311	2,502,475
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	157,879	281,008	335,845	374,534
Changes in assumptions	(88,616)	300,850	-	1,368,758
Benefit payments, including refunds of employee contributions	(2,413,084)	(2,348,726)	(2,258,106)	(2,219,555)
Other changes	(185,281)	(28,218)	(118,232)	35,389
Net change in total pension liability	<u>1,024,550</u>	<u>1,630,689</u>	<u>1,248,853</u>	<u>2,588,190</u>
Total pension liability, beginning of year	<u>40,831,106</u>	<u>39,200,417</u>	<u>37,951,564</u>	<u>35,363,374</u>
Total pension liability, end of year	<u>41,855,656</u>	<u>40,831,106</u>	<u>39,200,417</u>	<u>37,951,564</u>
Plan fiduciary net position				
Employer contributions	1,948,688	1,791,427	1,607,145	1,624,775
Employee contributions	101,005	101,468	115,902	143,812
Net investment income (loss)	4,078,582	1,871,395	2,554,709	(2,739,576)
Benefit payments, including refunds of employee contributions	(2,413,084)	(2,348,726)	(2,258,106)	(2,219,555)
Administrative expense	(53,576)	(55,629)	(54,191)	(48,586)
Net change in plan fiduciary net position	<u>3,661,615</u>	<u>1,359,935</u>	<u>1,965,459</u>	<u>(3,239,130)</u>
Plan fiduciary net position, beginning of year	<u>26,513,135</u>	<u>25,153,200</u>	<u>23,187,741</u>	<u>26,426,871</u>
Plan fiduciary net position, end of year	<u>30,174,750</u>	<u>26,513,135</u>	<u>25,153,200</u>	<u>23,187,741</u>
County's net pension liability	<u>\$ 11,680,906</u>	<u>\$ 14,317,971</u>	<u>\$ 14,047,217</u>	<u>\$ 14,763,823</u>
Plan fiduciary net position as a percentage of total pension liability	72.1%	64.2%	64.2%	61.1%
Covered payroll	\$ 8,347,691	\$ 7,702,407	\$ 7,462,609	\$ 6,222,462
County's net pension liability as a percentage of covered payroll	139.9%	185.9%	188.2%	237.3%

See notes to required supplementary information.

For the Year Ended December 31,					
2021	2020	2019	2018	2017	2016
\$ 498,013	\$ 488,191	\$ 457,859	\$ 435,413	\$ 413,766	\$ 447,451
2,438,136	2,314,086	2,384,981	2,301,304	2,281,542	2,166,430
-	-	(32,569)	-	-	-
404,719	(68,403)	(137,386)	196,647	(648,837)	(6,784)
1,318,998	934,040	-	-	-	1,451,805
(2,130,132)	(2,027,363)	(1,893,020)	(1,782,707)	(1,738,878)	(1,656,133)
(63,150)	38,152	(91,617)	(60,760)	(49,488)	(85,030)
2,466,584	1,678,703	688,248	1,089,897	258,105	2,317,739
32,896,790	31,218,087	30,529,839	29,439,942	29,181,837	26,864,098
35,363,374	32,896,790	31,218,087	30,529,839	29,439,942	29,181,837
1,844,914	1,654,471	1,161,398	1,731,033	914,964	811,992
127,890	135,632	139,572	121,007	127,423	141,358
3,281,354	2,660,109	2,559,640	(795,709)	2,369,166	1,906,875
(2,130,132)	(2,027,363)	(1,893,020)	(1,782,707)	(1,738,878)	(1,656,133)
(37,583)	(41,879)	(44,098)	(38,461)	(37,551)	(37,656)
3,086,443	2,380,970	1,923,492	(764,837)	1,635,124	1,166,436
23,340,428	20,959,458	19,035,966	19,800,803	18,165,679	16,999,243
26,426,871	23,340,428	20,959,458	19,035,966	19,800,803	18,165,679
\$ 8,936,503	\$ 9,556,362	\$ 10,258,629	\$ 11,493,873	\$ 9,639,139	\$ 11,016,158
74.7%	71.0%	67.1%	62.4%	67.3%	62.2%
\$ 6,544,818	\$ 6,177,699	\$ 5,907,042	\$ 5,282,911	\$ 5,004,252	\$ 4,597,331
136.5%	154.7%	173.7%	217.6%	192.6%	239.6%

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
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%
2023	1,607,145	1,607,145	-	7,462,609	21.5%
2024	1,791,427	1,791,427	-	7,702,407	23.3%
2025	1,947,948	1,947,948	-	8,347,691	23.3%

See notes to required supplementary information.

Notes to Required Supplementary Information

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 Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes - property	\$ 9,304,826	\$ 9,304,826	\$ 9,210,417	\$ (94,409)
Licenses and permits	16,000	16,000	17,730	1,730
Intergovernmental	3,923,154	3,930,029	3,768,856	(161,173)
Charges for services:				
Court fees	650,879	650,879	750,947	100,068
Other fees	562,955	562,955	607,836	44,881
Other charges for services	1,250,797	1,250,797	1,168,246	(82,551)
Total charges for services	2,464,631	2,464,631	2,527,029	62,398
Fines and forfeitures	43,726	43,726	57,975	14,249
Interest and rents	160,900	160,900	260,673	99,773
Other revenues	264,048	264,048	560,113	296,065
Total revenues	16,177,285	16,184,160	16,402,793	218,633
Expenditures				
Current:				
Legislative:				
County commission	126,769	130,896	133,912	3,016
Judicial:				
Circuit court	348,069	333,069	323,820	(9,249)
District court	802,393	802,393	781,342	(21,051)
Friend of the court	1,026,819	1,026,819	982,016	(44,803)
Jury commission	5,250	5,250	4,244	(1,006)
Probate court	716,575	716,575	600,552	(116,023)
Probation and parole	2,700	2,700	2,521	(179)
Family counseling	75,217	75,217	49,654	(25,563)
Public defender	278,850	331,750	331,298	(452)
Court security	196,211	196,211	108,970	(87,241)
Total judicial	3,452,084	3,489,984	3,184,417	(305,567)

continued...

COUNTY OF WEXFORD, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
General government:				
Administrator	\$ 239,799	\$ 239,799	\$ 218,197	\$ (21,602)
Elections	56,250	56,250	24,237	(32,013)
Clerk	434,731	434,731	429,224	(5,507)
Equalization	612,297	612,297	586,923	(25,374)
Prosecuting attorney	876,167	876,167	731,321	(144,846)
Prosecuting attorney cooperative reimbursement	75,527	75,527	80,103	4,576
Register of deeds	350,905	350,905	347,241	(3,664)
State survey and remonumentation	49,978	48,570	48,570	-
Treasurer	445,233	445,233	439,493	(5,740)
Building and grounds:				
Human services	131,750	162,518	168,809	6,291
District health	97,200	97,200	98,874	1,674
Jail	265,000	265,000	269,943	4,943
Maintenance	7,850	7,850	7,558	(292)
Building and grounds	489,201	489,201	468,361	(20,840)
Human Resources	500	500	219	(281)
Drain commission	86,989	88,689	70,790	(17,899)
Forest roads	120,000	120,000	45,948	(74,052)
American Rescue Plan	-	-	34,000	34,000
General services administration	1,164,008	1,479,663	1,416,487	(63,176)
Law library	56,000	56,000	58,171	2,171
Total general government	<u>5,559,385</u>	<u>5,906,100</u>	<u>5,544,469</u>	<u>(361,631)</u>
Public safety:				
Sheriff	3,311,718	3,556,020	3,414,391	(141,629)
Secondary roads	104,979	104,979	55,232	(49,747)
Marine	37,367	37,367	17,265	(20,102)
Federal forest	4,000	4,000	2,958	(1,042)
Snowmobile	34,899	34,899	21,532	(13,367)
ORV grant	41,000	41,000	25,258	(15,742)
Jail	4,061,773	3,817,471	3,641,248	(176,223)
Emergency management	105,732	136,166	133,287	(2,879)
Total public safety	<u>7,701,468</u>	<u>7,731,902</u>	<u>7,311,171</u>	<u>(420,731)</u>
Public works:				
Sanitary landfill	<u>65,000</u>	<u>65,000</u>	<u>39,587</u>	<u>(25,413)</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Health and welfare:				
Special appropriations	\$ 466,543	\$ 482,663	\$ 540,877	\$ 58,214
Contagious diseases	-	-	236	236
Medical examiner	110,400	110,400	113,632	3,232
Veteran's burial	10,000	10,000	5,100	(4,900)
Total health and welfare	586,943	603,063	659,845	56,782
Recreation and culture:				
Civic center	58,300	69,333	184,485	115,152
Capital outlay	182,000	182,000	836,948	654,948
Debt service:				
Principal	-	-	14,493	14,493
Total expenditures	17,731,949	18,178,278	17,909,327	(268,951)
Revenues over (under) expenditures	(1,554,664)	(1,994,118)	(1,506,534)	487,584
Other financing sources (uses)				
Transfers in	2,369,433	2,648,877	2,252,876	(396,001)
Transfers out	(814,769)	(814,769)	(1,285,083)	470,314
Proceeds from sale of capital assets	-	-	60,000	60,000
Issuance of long-term liabilities	-	-	779,676	779,676
Total other financing sources (uses)	1,554,664	1,834,108	1,807,469	(26,639)
Net change in fund balance	-	(160,010)	300,935	460,945
Fund balances, beginning of year	16,090,200	16,090,200	16,090,200	-
Fund balance, end of year	\$ 16,090,200	\$ 15,930,190	\$ 16,391,135	\$ 460,945

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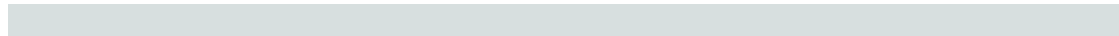
COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2025

	Special Revenue Funds				
	Friend of the Court	Animal Control	Building Inspection	Homestead Audit	Register of Deeds Automation
Assets					
Cash and short-term investments	\$ 210	\$ 324,451	\$ 464,348	\$ 21,066	\$ 140,350
Accounts receivable	160	-	10	-	-
Property taxes receivable	-	252,185	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	360	-	-
Total assets	<u>\$ 370</u>	<u>\$ 576,636</u>	<u>\$ 464,718</u>	<u>\$ 21,066</u>	<u>\$ 140,350</u>
Liabilities					
Accounts payable	\$ -	\$ 2,121	\$ 238	\$ -	\$ -
Accrued liabilities	-	8,150	2,814	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>10,271</u>	<u>3,052</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	-	270,326	-	-	-
Fund balances					
Nonspendable	-	-	360	-	-
Restricted	370	296,039	461,306	21,066	140,350
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>370</u>	<u>296,039</u>	<u>461,666</u>	<u>21,066</u>	<u>140,350</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 370</u>	<u>\$ 576,636</u>	<u>\$ 464,718</u>	<u>\$ 21,066</u>	<u>\$ 140,350</u>



Special Revenue Funds						
911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice	Child Care
\$ 108,226	\$ 30,774	\$ 384	\$ 12,343	\$ 54,522	\$ 4,579	\$ -
261,879	-	-	-	-	-	-
-	-	-	-	-	-	-
49,879	-	-	-	-	3,149	16,913
-	-	-	-	-	-	-
<u>\$ 419,984</u>	<u>\$ 30,774</u>	<u>\$ 384</u>	<u>\$ 12,343</u>	<u>\$ 54,522</u>	<u>\$ 7,728</u>	<u>\$ 16,913</u>
\$ 73,912	\$ -	\$ -	\$ -	\$ -	\$ 296	\$ 3,322
38,186	-	-	-	-	-	9,383
-	-	-	-	-	-	-
<u>112,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296</u>	<u>12,705</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
307,886	30,774	384	12,343	54,522	7,432	-
-	-	-	-	-	-	4,208
-	-	-	-	-	-	-
<u>307,886</u>	<u>30,774</u>	<u>384</u>	<u>12,343</u>	<u>54,522</u>	<u>7,432</u>	<u>4,208</u>
<u>\$ 419,984</u>	<u>\$ 30,774</u>	<u>\$ 384</u>	<u>\$ 12,343</u>	<u>\$ 54,522</u>	<u>\$ 7,728</u>	<u>\$ 16,913</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2025

	Special Revenue Funds				Debt Service Funds
	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense	Courthouse Expansion
Assets					
Cash and short-term investments	\$ 389,013	\$ 210,097	\$ 236,652	\$ -	\$ 750
Accounts receivable	-	864	-	440,493	-
Property taxes receivable	125,843	-	214,287	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 514,856</u>	<u>\$ 210,961</u>	<u>\$ 450,939</u>	<u>\$ 440,493</u>	<u>\$ 750</u>
Liabilities					
Accounts payable	\$ 46	\$ -	\$ -	\$ 4,661	\$ -
Accrued liabilities	1,186	-	-	44,701	-
Unearned revenue	-	-	-	341,299	-
Total liabilities	<u>1,232</u>	<u>-</u>	<u>-</u>	<u>390,661</u>	<u>-</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	<u>134,896</u>	<u>-</u>	<u>229,699</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	378,728	210,961	221,240	49,832	-
Committed	-	-	-	-	750
Unassigned	-	-	-	-	-
Total fund balances	<u>378,728</u>	<u>210,961</u>	<u>221,240</u>	<u>49,832</u>	<u>750</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 514,856</u>	<u>\$ 210,961</u>	<u>\$ 450,939</u>	<u>\$ 440,493</u>	<u>\$ 750</u>



Debt Service Funds		
Jail Project	Dispatch Project	Total
\$ -	\$ -	\$ 1,997,765
-	-	703,406
-	-	592,315
-	-	69,941
-	-	360
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,363,787</u>
\$ -	\$ -	\$ 84,596
-	-	104,420
-	-	341,299
-	-	530,315
-	-	634,921
-	-	360
-	-	2,193,233
-	-	4,958
-	-	-
-	-	2,198,551
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,363,787</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2025

	Special Revenue Funds				
	Friend of the Court	Animal Control	Building Inspection	Homestead Audit	Register of Deeds Automation
Revenues					
Taxes	\$ -	\$ 257,894	\$ -	\$ -	\$ -
Licenses and permits	-	10,106	-	-	-
Intergovernmental	4,706	21,039	-	-	-
Charges for services	11,759	3,525	366,356	786	35,755
Interest and rent	48	2,076	2,060	105	607
Other	-	1,250	-	-	-
Total revenues	<u>16,513</u>	<u>295,890</u>	<u>368,416</u>	<u>891</u>	<u>36,362</u>
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	792
Public safety	-	259,460	291,255	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>259,460</u>	<u>291,255</u>	<u>-</u>	<u>792</u>
Revenues over (under) expenditures	<u>16,513</u>	<u>36,430</u>	<u>77,161</u>	<u>891</u>	<u>35,570</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(21,100)	-	-	-	-
Total other financing sources (uses)	<u>(21,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(4,587)</u>	<u>36,430</u>	<u>77,161</u>	<u>891</u>	<u>35,570</u>
Fund balances, beginning of year	<u>4,957</u>	<u>259,609</u>	<u>384,505</u>	<u>20,175</u>	<u>104,780</u>
Fund balances, end of year	<u>\$ 370</u>	<u>\$ 296,039</u>	<u>\$ 461,666</u>	<u>\$ 21,066</u>	<u>\$ 140,350</u>

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Special Revenue Funds						
911 Wireless	Corrections Officer Training	Family Counseling Services	SCAAP Grant	Michigan Justice Training	Juvenile Justice	Child Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,880	-	-	-	-
1,249,334	-	-	-	31,817	24,873	167,059
-	7,556	-	-	-	-	-
633	-	4	-	-	-	-
-	-	-	-	-	-	-
1,249,967	7,556	2,884	-	31,817	24,873	167,059
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,019,681	-	-	-	16,590	-	-
-	-	-	-	-	28,648	775,493
194,680	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,214,361	-	-	-	16,590	28,648	775,493
35,606	7,556	2,884	-	15,227	(3,775)	(608,434)
-	-	-	-	-	-	535,113
(85,188)	-	(2,500)	-	-	-	-
(85,188)	-	(2,500)	-	-	-	535,113
(49,582)	7,556	384	-	15,227	(3,775)	(73,321)
357,468	23,218	-	12,343	39,295	11,207	77,529
\$ 307,886	\$ 30,774	\$ 384	\$ 12,343	\$ 54,522	\$ 7,432	\$ 4,208

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COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2025

	Special Revenue Funds				Debt Service Funds
	Department of Veteran's Services	CPL Tech	MSU Extension	Indigent Defense	Courthouse Expansion
Revenues					
Taxes	\$ 128,699	\$ -	\$ 219,088	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	58,259	-	12,860	1,690,035	-
Charges for services	-	31,610	-	-	-
Interest and rent	2,070	985	1,510	1,241	-
Other	-	-	-	-	-
Total revenues	189,028	32,595	233,458	1,691,276	-
Expenditures					
Current:					
Judicial	-	-	-	1,749,341	-
General government	-	-	218,974	-	-
Public safety	-	6,087	-	-	-
Health and welfare	124,190	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	29,041	445,000
Interest and fiscal charges	-	-	-	-	65,272
Total expenditures	124,190	6,087	218,974	1,778,382	510,272
Revenues over (under) expenditures	64,838	26,508	14,484	(87,106)	(510,272)
Other financing sources (uses)					
Transfers in	-	-	-	134,479	510,272
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	134,479	510,272
Net change in fund balances	64,838	26,508	14,484	47,373	-
Fund balances, beginning of year	313,890	184,453	206,756	2,459	750
Fund balances, end of year	\$ 378,728	\$ 210,961	\$ 221,240	\$ 49,832	\$ 750

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Debt Service Funds		
Jail Project	Dispatch Project	Total
\$ -	\$ -	\$ 605,681
-	-	12,986
-	-	3,259,982
-	-	457,347
-	-	11,339
-	-	1,250
-	-	4,348,585
-	-	1,749,341
-	-	219,766
-	-	1,593,073
-	-	928,331
-	-	194,680
201,000	62,456	737,497
277,025	22,732	365,029
478,025	85,188	5,787,717
(478,025)	(85,188)	(1,439,132)
478,025	85,188	1,743,077
-	-	(108,788)
478,025	85,188	1,634,289
-	-	195,157
-	-	2,003,394
\$ -	\$ -	\$ 2,198,551

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2025

	Cedar Creek Water	2022 Delinquent Tax	2023 Delinquent Tax	2025 Delinquent Tax
Assets				
Current assets:				
Cash and short-term investments	\$ 167,436	\$ -	\$ 754,064	\$ 17,120
Accounts receivable	-	-	8,727	-
Taxes receivable	-	-	221,029	-
Accrued interest receivable	-	-	64,113	364
Total current assets	167,436	-	1,047,933	17,484
Noncurrent assets:				
Restricted assets:				
Cash and short-term investments	-	-	-	-
Investments	-	-	-	-
Capital assets being depreciated, net	1,189,681	-	-	-
Total noncurrent assets	1,189,681	-	-	-
Total assets	1,357,117	-	1,047,933	17,484
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	16,392
Noncurrent liabilities:				
Advances from other funds	-	-	599,043	-
Landfill remediation liability	-	-	-	-
Total noncurrent liabilities	-	-	599,043	-
Total liabilities	-	-	599,043	16,392
Net position				
Investment in capital assets	1,189,681	-	-	-
Restricted for landfill	-	-	-	-
Unrestricted	167,436	-	448,890	1,092
Total net position	\$ 1,357,117	\$ -	\$ 448,890	\$ 1,092



Landfill	Recycling	Jail Commissary	Total
\$ -	\$ 47,544	\$ 124,291	\$ 1,110,455
-	-	-	8,727
-	-	-	221,029
-	-	-	64,477
-	47,544	124,291	1,404,688
119,944	-	-	119,944
1,434,396	-	-	1,434,396
-	-	-	1,189,681
1,554,340	-	-	2,744,021
1,554,340	47,544	124,291	4,148,709
-	-	179	16,571
-	-	-	599,043
325,800	-	-	325,800
325,800	-	-	924,843
325,800	-	179	941,414
-	-	-	1,189,681
1,228,540	-	-	1,228,540
-	47,544	124,112	789,074
\$ 1,228,540	\$ 47,544	\$ 124,112	\$ 3,207,295

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Revenues, Expenses

and Changes in Fund Net Position - Nonmajor Enterprise Funds

For the Year Ended December 31, 2025

	Cedar Creek Water	2022 Delinquent Tax	2023 Delinquent Tax	(Formerly Nonmajor Fund) 2024 Delinquent Tax
Operating revenues				
Charges for services	\$ -	\$ 40,203	\$ 19,924	
Interest and penalties	-	73,834	101,511	
Total operating revenues	-	114,037	121,435	
Operating expenses				
Contractual services	86,120	81,554	175	
Depreciation	47,573	-	-	
Other services and charges	1,757	-	11	
Total operating expenses	135,450	81,554	186	
Operating income (loss)	(135,450)	32,483	121,249	
Nonoperating revenues				
Investment earnings	31,868	3,004	11,273	
Income (loss) before transfers	(103,582)	35,487	132,522	
Transfers				
Transfers in	86,073	-	-	
Transfers out	-	(501,854)	-	
Total transfers	86,073	(501,854)	-	
Change in net position	(17,509)	(466,367)	132,522	
Net position, beginning of year, as previously reported	1,374,626	-	-	\$ 1,121
Change within financial reporting entity	-	466,367	316,368	(1,121)
Net position, beginning of year, as adjusted	1,374,626	466,367	316,368	-
Net position, end of year	<u>\$ 1,357,117</u>	<u>\$ -</u>	<u>\$ 448,890</u>	<u>\$ -</u>



2025 Delinquent Tax	Landfill	Recycling	Jail Commissary	Total
\$ 658	\$ -	\$ -	\$ 40,000	\$ 100,785
395	-	-	-	175,740
1,053	-	-	40,000	276,525
-	7,500	-	-	175,349
-	-	-	-	47,573
-	-	-	10,488	12,256
-	7,500	-	10,488	235,178
1,053	(7,500)	-	29,512	41,347
39	57,474	238	479	104,375
1,092	49,974	238	29,991	145,722
-	-	-	-	86,073
-	-	-	-	(501,854)
-	-	-	-	(415,781)
1,092	49,974	238	29,991	(270,059)
-	1,178,566	47,306	94,121	2,695,740
-	-	-	-	781,614
-	1,178,566	47,306	94,121	3,477,354
\$ 1,092	\$ 1,228,540	\$ 47,544	\$ 124,112	\$ 3,207,295

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2025

	Cedar Creek Water	2022 Delinquent Tax	2023 Delinquent Tax	2025 Delinquent Tax
Cash flows from operating activities				
Receipts from customers and users	\$ 1,786	\$ 397,465	\$ 1,137,251	\$ 17,081
Payments to vendors	(87,877)	(81,554)	(186)	-
Net cash provided by (used in) operating activities	(86,091)	315,911	1,137,065	17,081
Cash flows from noncapital financing activities				
Net borrowing (repayment) of advances	-	(607,881)	(1,800,000)	-
Transfers in	86,073	-	-	-
Transfers out	-	(501,854)	-	-
Net cash provided by (used in) noncapital financing activities	86,073	(1,109,735)	(1,800,000)	-
Cash flows from investing activities				
Interest received	31,868	3,004	11,273	39
Net change in cash and short-term investments	31,850	(790,820)	(651,662)	17,120
Cash and short-term investments, beginning of year	135,586	790,820	1,405,726	-
Cash and short-term investments, end of year	<u>\$ 167,436</u>	<u>\$ -</u>	<u>\$ 754,064</u>	<u>\$ 17,120</u>
Classified on the statement of net assets as:				
Cash and short-term investments	\$ 167,436	\$ -	\$ 754,064	\$ 17,120
Restricted cash and short-term investments	-	-	-	-
	<u>\$ 167,436</u>	<u>\$ -</u>	<u>\$ 754,064</u>	<u>\$ 17,120</u>



Landfill	Recycling	Jail Commissary	Total
\$ -	\$ -	\$ 40,000	\$ 1,593,583
-	-	(10,485)	(180,102)
-	-	29,515	1,413,481
-	-	-	(2,407,881)
-	-	-	86,073
-	-	-	(501,854)
-	-	-	(2,823,662)
-	238	479	46,901
-	238	29,994	(1,363,280)
119,944	47,306	94,297	2,593,679
<u>\$ 119,944</u>	<u>\$ 47,544</u>	<u>\$ 124,291</u>	<u>\$ 1,230,399</u>
\$ -	\$ 47,544	\$ 124,291	\$ 1,110,455
119,944	-	-	119,944
<u>\$ 119,944</u>	<u>\$ 47,544</u>	<u>\$ 124,291</u>	<u>\$ 1,230,399</u>

continued...

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2025

	Cedar Creek Water	2022 Delinquent Tax	2023 Delinquent Tax	2025 Delinquent Tax
Cash flows from operating activities				
Operating income (loss)	\$ (135,450)	\$ 32,483	\$ 121,249	\$ 1,053
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	1,786	8,164	37,115	-
Taxes receivable	-	204,077	924,926	-
Accrued interest receivable	-	71,187	53,775	(364)
Accounts payable	-	-	-	16,392
Net cash provided by (used in) operating activities	<u>\$ (86,091)</u>	<u>\$ 315,911</u>	<u>\$ 1,137,065</u>	<u>\$ 17,081</u>



Landfill	Recycling	Jail Commissary	Total
\$ (7,500)	\$ -	\$ 29,512	\$ 41,347
-	-	-	47,573
7,500	-	-	7,500
-	-	-	47,065
-	-	-	1,129,003
-	-	-	124,598
-	-	3	16,395
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,515</u>	<u>\$ 1,413,481</u>

concluded

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2025

	Trust And Agency	Estate Fund	84th District Court	Inmate Trust	Library Penal Fine	Total
Assets						
Cash and short-term investments	\$ 378,129	\$ 14,312	\$ 1,559	\$ 59,264	\$ 151,989	\$ 605,253
Liabilities						
Undistributed receipts	378,129	14,312	1,559	-	151,989	545,989
Net position						
Restricted for individuals, organizations and other governments	\$ -	\$ -	\$ -	\$ 59,264	\$ -	\$ 59,264

COUNTY OF WEXFORD, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2025

	Trust And Agency	Estate Fund	84th District Court	Inmate Trust	Library Penal Fine	Total
Additions						
Taxes collected for other governments	\$ 10,708,946	\$ -	\$ -	\$ -	\$ -	\$ 10,708,946
County clerk collections	103,074	-	-	-	-	103,074
Inmate trust collections	-	-	-	505,166	-	505,166
Library penal fine collections	-	-	-	-	255,669	255,669
Total additions	<u>10,812,020</u>	<u>-</u>	<u>-</u>	<u>505,166</u>	<u>255,669</u>	<u>11,572,855</u>
Deductions						
Payments of taxes to other governments	10,708,946	-	-	-	-	10,708,946
County clerk distributions	103,074	-	-	-	-	103,074
Inmate trust distributions	-	-	-	501,830	-	501,830
Library penal fine distributions	-	-	-	-	255,669	255,669
Total deductions	<u>10,812,020</u>	<u>-</u>	<u>-</u>	<u>501,830</u>	<u>255,669</u>	<u>11,569,519</u>
Change in net position	-	-	-	3,336	-	3,336
Net position, beginning of year	-	-	-	55,928	-	55,928
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,264</u>	<u>\$ -</u>	<u>\$ 59,264</u>

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SINGLE AUDIT ACT COMPLIANCE

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

June 30, 2026

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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 30, 2026, 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 Loborn LLC



COUNTY OF WEXFORD, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2025

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	MDNR	-n/a-	\$ -	\$ 44,946
Community Facilities Loans and Grants	10.766	Direct	-n/a-	-	10,074,000
Total U.S. Department of Agriculture				-	10,118,946
U.S. Department of the Interior					
Payments in Lieu of Taxes	15.226	Direct	-n/a-	-	161,548
U.S. Department of the Treasury					
Local Assistance and Tribal Consistency Fund	21.032	Direct	-n/a-	-	47,500
U.S. Department of Health and Human Services					
Child Support Services:					
AFDC Maintenance (FY 2024-25)	93.563	MDHHS	CSFOC-24-83001-2	-	56,170
AFDC Maintenance (FY 2025-26)	93.563	MDHHS	CSFOC-24-83001-3	-	18,062
PA CRP Title IV-D (FY 2024-25)	93.563	MDHHS	CSFOC-24-83001-2	-	57,350
PA CRP Title IV-D (FY 2025-26)	93.563	MDHHS	CSFOC-24-83001-3	-	18,255
PFOC CRP Title IV-D (FY 2024-25)	93.563	MDHHS	CSFOC-24-83001-2	-	260,647
PFOC CRP Title IV-D (FY 2025-26)	93.563	MDHHS	CSFOC-24-83001-3	-	81,485
FOC CRP Title IV-D (Missaukee County) (FY 2024-25)	93.563	MDHHS	CSFOC-24-83001-2	113,847	113,847
FOC CRP Title IV-D (Missaukee County) (FY 2025-26)	93.563	MDHHS	CSFOC-24-83001-3	35,590	35,590
				149,437	641,406
Foster Care, Title IV E					
Child and Parent Legal Representation	93.658	MDHHS	E20231192	-	22,734
Total U.S Department of Health and Human Services				149,437	664,140
U.S. Department of Homeland Security					
Boating Safety Financial Assistance	97.012	MDNR	-n/a-	-	6,450
Total Expenditures of Federal Awards				\$ 149,437	\$ 10,998,584

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, 2025. 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, 2025 basic financial statements.

2. DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has elected not to use the 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
MDNR	Michigan Department of Natural Resources
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 expenditures of \$2,384,316, \$574,545, \$0 and \$79,238, 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 \$9,873,000 as of December 31, 2025.

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

June 30, 2026

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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2026. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2025-001 that we consider to be a material weakness.

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*.

County of Wexford's Response to Finding

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

Purpose of this Report

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

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

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

June 30, 2026

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the compliance of the **County of Wexford, Michigan** (the "County"), with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2025. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

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



Other Matter – Federal Expenditures Not Included in the Compliance Audit

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 expended \$2,384,316, \$574,545, \$0, and \$79,238, in federal awards, respectively, which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2025. Our compliance audit, described in the "Opinion on the Major Federal Program," does 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.

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 the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

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

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

 yes X no

Identification of major programs 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	Unmodified

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

\$ 1,000,000

Auditee qualified as low-risk auditee?

 X yes no

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 – Material Audit Adjustments

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

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

Condition. During the audit, a material adjustment was made to adjust accounts payable to appropriate balances and correctly report principal and interest expenditures in one of the County's nonmajor governmental funds.

Cause. This condition was the result of internal controls not detecting all adjustments necessary to properly record year-end balances.

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

Recommendation. We recommend that the County prepare, review, and reconcile all year-end schedules that are used in financial reporting prior to audit fieldwork.

View of Responsible Officials. The treasurer's office had processed a loan payment before year-end and before the payment was due. After seeing the complications in accounting caused by this transaction, the treasurer's office will not process a payment early.

COUNTY OF WEXFORD, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2025

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

COUNTY OF WEXFORD, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2025

None reported.

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