

County of Shiawassee, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2020

COUNTY OF SHIAWASSEE, MICHIGAN

BOARD OF COMMISSIONERS

Jeremy R. Root
Chairman

Brandon Marks

Vice Chairman

Marlene Webster

Commissioner

Gregory Brodeur

Commissioner

Gary Holzhausen

Commissioner

Cindy L. Garber

Commissioner

John B. Plowman

Commissioner

OTHER OFFICIALS

Dr. Brian Boggs
County Coordinator

Tracy Bublitz
Finance Director

Caroline Wilson
Clerk

Julie Sorenson
Treasurer

Lori S. Kimble
Register of Deeds

Tony Newman
Drain Commissioner

Brian BeGole
Sheriff

Scott Koerner
Prosecuting Attorney

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	17
Reconciliation of Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Proprietary Funds:	
Statement of Net Position	19
Statement of Revenues, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21
Fiduciary Funds:	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
COMBINING COMPONENT UNITS:	
Statement of Net Position	24
Statement of Activities	25
NOTES TO FINANCIAL STATEMENTS	26
REQUIRED SUPPLEMENTARY INFORMATION:	
Employee Retirement System:	
Schedule of Changes in the Net Pension Liability and Related Ratios	73
Schedule of Contributions	74
Other Post-Employment Benefits (OPEB):	
Schedule of Changes in the OPEB Liability and Related Ratios	75
Major Funds:	
Budgetary Comparison Schedule – General Fund	77
Budgetary Comparison Schedule – Central Dispatch Fund	79
Budgetary Comparison Schedule – Health Department Fund	80
OTHER INFORMATION:	
Combining Balance Sheet – Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	86

TABLE OF CONTENTS (Continued)

OTHER INFORMATION: (Continued)

Combining Statement of Net Position – Fiduciary Funds	91
Combining Statement of Changes in Net Position – Fiduciary Funds.....	92
Statement of Net Position – Component Unit Medical Care Facility	93
Statement of Revenues, Expenses, and Changes in Net Position - Component Unit – Medical Care Facility.....	94
Statement of Cash Flows – Component Unit – Medical Care Facility	95
Combining Balance Sheet – Component Unit – Drainage Districts	96
Reconciliation of the Combining Balance Sheet to the Statement of Net Position – Component Unit – Drainage Districts	97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit – Drainage Districts.....	98
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Component Unit – Drainage Districts.....	99
Combining Balance Sheet – Component Unit – County Airport.....	100
Reconciliation of the Combining Balance Sheet to the Statement of Net Position – Component Unit – County Airport.....	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit – County Airport.....	102
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Component Unit – County Airport.....	103

REPORTS ON COMPLIANCE:

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	106
Schedule of Expenditures of Federal Awards	108
Notes to Schedule of Expenditures of Federal Awards	110
Schedule of Findings and Questioned Costs: Section I – Summary of Auditor’s Results.....	111
Section II – Financial Statement Findings.....	112
Section III – Federal Award Findings	114
Summary Schedule of Prior Audit Findings: Section III – Federal Award Findings	115



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE BOHN, CPA
TORI KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT

To Chairman Root and the Board of Commissioners
County of Shiawassee
Corunna, Michigan 48817

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Shiawassee, Michigan, as of and for the year ending December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Shiawassee, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Shiawassee County Road Commission, which represent 51 percent, 65 percent, and 34 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Shiawassee County Road Commission, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To Chairman Root and the Board of Commissioners
County of Shiawassee

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Shiawassee, Michigan, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement benefit systems and budgetary comparison information on pages 4 through 11, pages 73 through 75, and pages 77 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Shiawassee, Michigan's basic financial statements. The combining nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To Chairman Root and the Board of Commissioners
Shiawassee County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2021, on our consideration of the County of Shiawassee, Michigan'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 of Shiawassee, Michigan'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 of Shiawassee, Michigan's internal control over financial reporting and compliance.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 13, 2021

Management's Discussion and Analysis

These financial statements are the responsibility of Shiawassee County's management. We offer readers this narrative overview and analysis for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

• Total net position	\$ (3,644,744)
• Change in total net position	1,162,543
• Fund balances, governmental funds	10,160,363
• Change in fund balance, government funds	2,092,729
• Unassigned fund balance, general fund	1,029,892
• Change in fund balance, general fund	(787,387)
• Bond debt outstanding	11,229,085
• Installment debt outstanding	1,065,961
• Change in long-term debt	(1,546,073)

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 are comprised of five components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, 4) required supplementary information, and 5) other information.

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 difference 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 County’s net position changed during the most recent 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 periods (e.g., earned but unused vested employee benefits).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) or 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 general government, public safety, public works, health and welfare, recreation and culture, and community development. The business-type activities of the County include delinquent tax collections, building inspections, recycling, and concessions.

The government-wide financial statements include not only Shiawassee County (known as the *primary government*), but also legally separate *component units* for which the County is financially accountable. Financial information for the 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. Shiawassee 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. Following both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances are reconciliations to facilitate this comparison between *governmental funds* and *governmental activities*.

Information for each of the County's individual governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Central Dispatch and Health Department are special revenue funds, and the Medical Care Facility and Mental Health are debt service funds, which are considered to be the County's major governmental funds. Data from the other 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 adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules for each of the major funds have been provided herein to demonstrate compliance with those budgets.

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 its delinquent tax operations (major fund) and jail commissary operations (nonmajor fund).

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.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes this management's discussion and analysis and the schedules for the County's pension and other postemployment benefit plans.

Other Information. The *combining statements* referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County’s financial position. As the following table demonstrates, the County’s net position was a deficit of (\$3,644,744) as of December 31, 2020.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current Assets	\$ 27,495,086	\$ 25,780,902	\$ 10,287,033	\$ 9,116,394	\$ 37,782,119	\$ 34,897,296
Capital Assets	8,420,151	8,714,722	-	572	8,420,151	8,715,294
Total Assets	35,915,237	34,495,624	10,287,033	9,116,966	46,202,270	43,612,590
Deferred Outflows of Resources	6,015,192	5,924,636	-	-	6,015,192	5,924,636
Current Liabilities	4,801,555	3,041,125	44,655	13,908	4,846,210	3,055,033
Noncurrent Liabilities	49,108,088	50,192,548	-	-	49,108,088	50,192,548
Total Liabilities	53,909,643	53,233,673	44,655	13,908	53,954,298	53,247,581
Deferred Inflows of Resources	1,907,908	1,159,741	-	-	1,907,908	1,159,741
Net Position						
Net Investment in Capital Assets	4,303,571	7,627,970	-	572	4,303,571	7,628,542
Restricted	8,229,131	17,785,224	-	-	8,229,131	17,785,224
Unrestricted	(26,419,824)	(39,386,348)	10,242,378	9,102,486	(16,177,446)	(30,283,862)
Total Net Position	\$ (13,887,122)	\$ (13,973,154)	\$ 10,242,378	\$ 9,103,058	\$ (3,644,744)	\$ (4,870,096)

The largest portion of the County’s net position, \$8,229,131, represents resources that are subject to external restrictions on how they may be spent. An additional portion of net position, \$4,303,571 reflects the County’s investment in capital assets (i.e., land, buildings and improvements, vehicles and boats, and equipment and furniture); less any related debt used to acquire those assets that is still outstanding. 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. The final net position, a deficit of (\$16,177,446) is considered unrestricted.

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position, with the exception of unrestricted and total net position in the governmental activities, which is mainly attributable to the net pension and OPEB liabilities.

The government's net position increased by \$1,162,543 during the current fiscal year. This increase was the result of an increase in governmental activities and business-type activities of \$23,226 and \$1,139,317, respectively.

Shiawassee County's Changes in Net Position

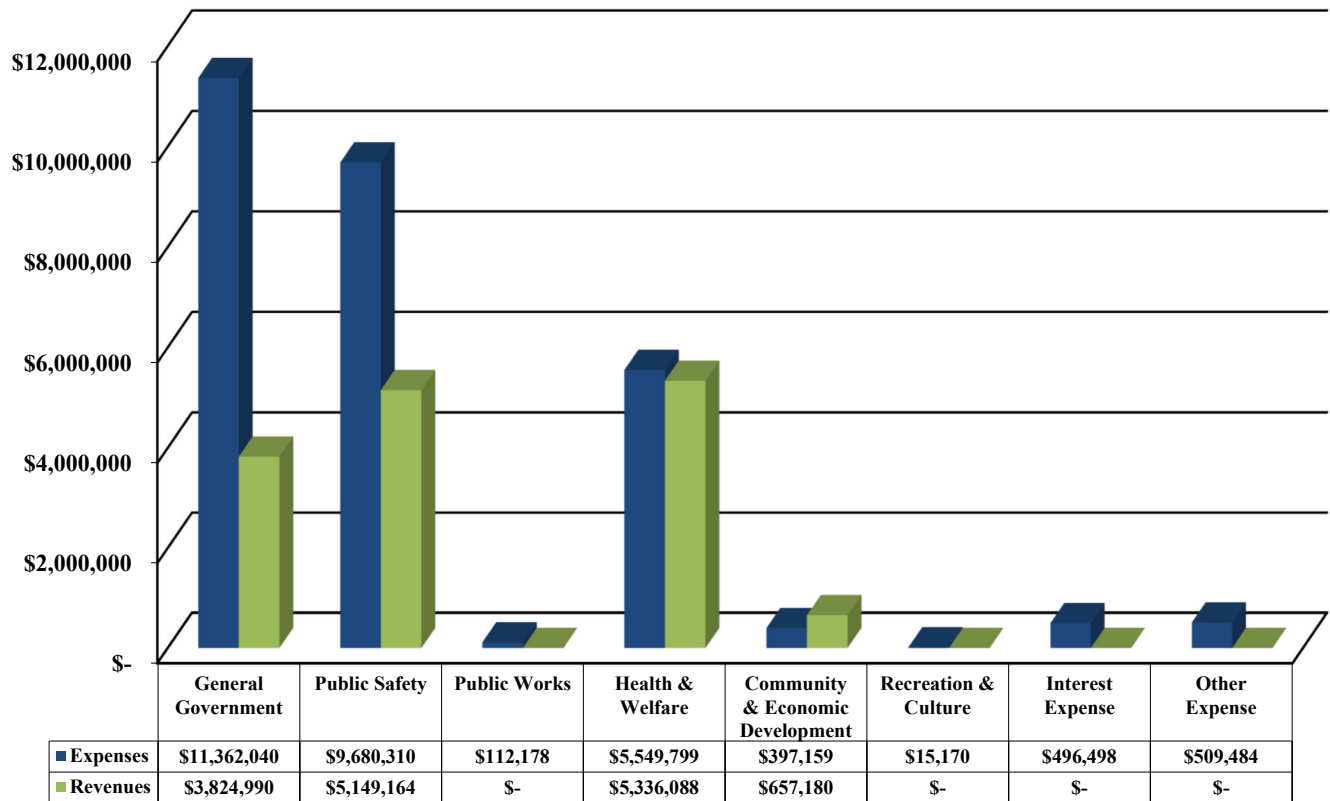
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for Services	\$ 6,322,661	\$ 4,366,711	\$ 1,357,948	\$ 810,727	\$ 7,680,609	\$ 5,177,438
Operating Grants and Contributions	8,644,761	8,320,085	-	-	8,644,761	8,320,085
General Revenues						
Taxes	12,049,593	11,828,965	-	-	12,049,593	11,828,965
State Revenue Sharing	1,058,260	1,737,808	-	-	1,058,260	1,737,808
Investment Earnings	70,589	152,662	52,238	35,360	122,827	188,022
Total Revenues	28,145,864	26,406,231	1,410,186	846,087	29,556,050	27,252,318
Program Expenses						
General Government	11,362,040	10,073,192	-	-	11,362,040	10,073,192
Public Safety	9,680,310	9,545,769	-	-	9,680,310	9,545,769
Public Works	112,178	385,256	-	-	112,178	385,256
Health and Welfare	5,549,799	6,436,426	-	-	5,549,799	6,436,426
Community and Economic Development	397,159	360,739	-	-	397,159	360,739
Recreation and Culture	15,170	32,594	-	-	15,170	32,594
Interest Expense	496,498	458,176	-	-	496,498	458,176
Other Expense	509,484	-	-	-	509,484	-
Delinquent Tax	-	-	135,073	-	135,073	-
Jail Commissary	-	-	135,796	59,965	135,796	59,965
Total Expenses	28,122,638	27,292,152	270,869	59,965	28,393,507	27,352,117
Excess (Deficiency)	23,226	(885,921)	1,139,317	786,122	1,162,543	(99,799)
Transfers	-	1,874,000	-	(1,874,000)	-	-
Changes in Net Position	23,226	988,079	1,139,317	(1,087,878)	1,162,543	(99,799)
Net Position - Beginning (As Restated See Note 13)	(13,910,348)	(14,961,233)	9,103,061	10,190,936	(4,807,287)	(4,770,297)
Net Position - Ending	\$ (13,887,122)	\$ (13,973,154)	\$ 10,242,378	\$ 9,103,058	\$ (3,644,744)	\$ (4,870,096)

The County's net position increased by \$1,162,543 during the current year; a \$23,226 increase for governmental activities and a \$1,139,317 increase for business-type activities.

Governmental activities. The County had an increase in governmental activities net position totaling \$23,226 in fiscal year 2020. This was mainly due to operating grants increasing \$324,676 which is due to additional state and federal grant opportunities including specialty courts and taxes increasing \$220,628 due to increasing property values. Further, the increase in revenues above was offset by the increase in general government expenses and public safety expenses of \$1,288,848 and \$134,541, respectively. These increases in expenses were due to additional government services that the County must provide.

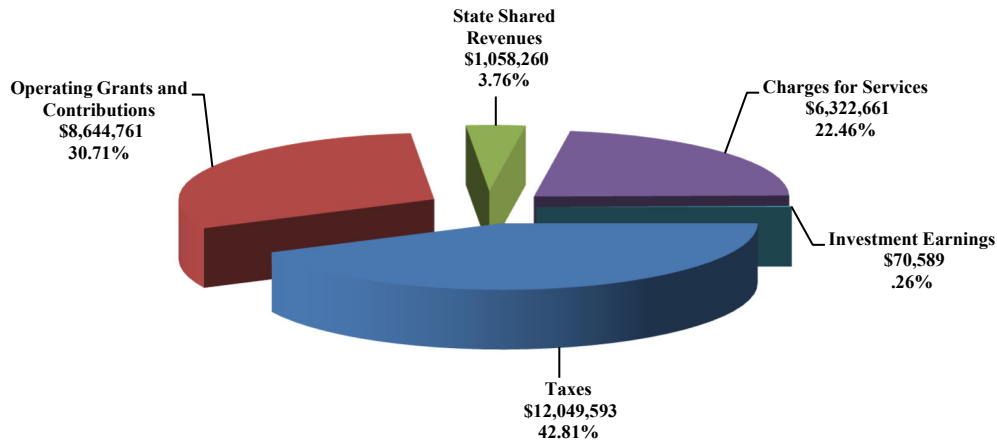
The following chart presents program revenues and expenses of the governmental activities for the fiscal year:

Expenses and Program Revenues – Governmental Activities



The following chart presents revenues by source for the governmental activities for the fiscal year:

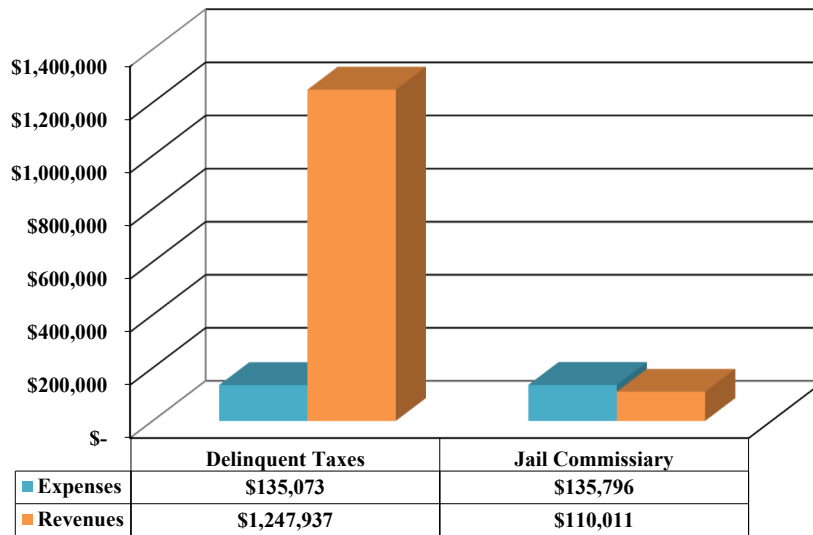
Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities increased the County's net position by \$1,139,317. This change was mainly the result of an increase in building permits and other service charges. Further, expenses increased by \$210,904 due to prior year tax bill adjustments by the state and increased expenses to support the jail.

The following chart presents program revenues and expenses of the business-type activities for the fiscal year:

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 measurement of County's net resources available for spending at the end of the year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,160,363, an increase of \$2,092,729 over the prior year. Approximately 10 percent or \$1,029,892 of total fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed or nonspendable to indicate that it is not available for new spending because it has already been spent for items such as inventory and prepaid items, or is restricted for specific purposes by external third parties or requires formal board action.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$1,029,892 while total fund balance was \$1,390,137. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 7 percent of total general fund expenditures and transfers out.

The general fund fund balance had a decrease of \$787,387 in the current fiscal year. Total revenue increased \$488,997 from the previous year related to an increase property taxes due to an increase in taxable value and an increase in intergovernmental grants. Total expenditures remained relatively flat with no significant increase or decrease.

The Central Dispatch special revenue fund balance had an increase of \$371,357 in the current fiscal year. This increase is mostly due to an increase in intergovernmental grants of \$351,225.

The Health Department special revenue fund, which is used to report activities related to various personal and environmental health services provided to County residents, fund balance was \$760,469 which increased \$634,765 from the prior year balance. This change is due to an increase in intergovernmental grants and permit revenue.

The Medical Care Facility debt service fund, which is used to account for the financial resources related to the repayment of general obligation bonds issued by the County on behalf of the Medical Care Facility, has no fund balance as it reports a receivable from the Medical Care Facility equal to the current accrued interest and outstanding principal on these bonds.

The Mental Health debt service fund, which is used to account for the financial resources related to the repayment of general obligation bonds issued by the County on behalf of the Mental Health Authority, usually has no fund balance as it reports a receivable from the Mental Health Authority equal to the current accrued interest and outstanding principal on these bonds. Currently, there is a small fund balance of \$1,791 due to the timing of the bond interest refund.

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

Delinquent Tax Revolving Fund

The delinquent tax revolving fund net position increased \$1,165,102, from \$8,877,922 to \$10,043,024. This increase was attributable to implementing accounting best practices resulting in a revenue correction.

General Fund Budgetary Highlights

General fund revenues were less than the budgetary estimates by \$589,552. This variance was mainly related to reductions in charges for services, court fines, and state shared revenue due to Covid 19. Interest rates were also down.

General fund expenditures were under budget by \$489,739 and other financing uses were more than the budgetary estimates by \$688,811. This was the result of transfers out being over budget to support the Courts.

During the current year, the original expenditure budget was amended downward by \$407,922, which was mainly due to a reduction in services due to Covid 19. The original revenue budget was amended upward by \$1,122,208 due to an increase in expected grant revenue tied to Covid 19.

Capital Asset and Debt Administration

Capital Assets. The County’s investment in capital assets for its governmental and business-type activities as of year end, amounted to \$8,420,151 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles.

Capital Assets
(net of depreciation, where applicable)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 668,840	\$ 668,840	\$ -	\$ -	\$ 668,840	\$ 668,840
Construction in Progress	186,743	144,770	-	-	186,743	144,770
Land Improvements	18,283	20,964	-	-	18,283	20,964
Buildings and Improvements	6,103,894	6,350,665	-	-	6,103,894	6,350,665
Equipment	1,019,055	1,030,553	-	572	1,019,055	1,031,125
Vehicles	423,336	498,930	-	-	423,336	498,930
Total Capital Assets, Net	\$ 8,420,151	\$ 8,714,722	\$ -	\$ 572	\$ 8,420,151	\$ 8,715,294

Additional information on the County’s capital assets can be found in Note 4 of this report.

Debt Administration. At the end of the current fiscal year, the County had total debt outstanding of \$12,925,870. Of this amount, \$12,295,046 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents vested employee benefits.

	Governmental Activities	
	2020	2019
Bonds Payable	\$ 11,229,085	\$ 12,700,406
Installment Payable	497,000	549,000
Capital Leases	568,961	22,752
Vested Employee Benefits	630,824	535,373
Total Long-Term Debt	\$ 12,925,870	\$ 13,807,531

The County's total governmental activity debt decreased by \$881,661 during the current fiscal year. The capital improvement and general obligation bonds were issued on behalf of the Shiawassee County Medical Care Facility and the Shiawassee County Community Mental Health Authority, respectively. These bonds are the responsibility and will be repaid by these entities; however, the County has pledged its full faith and credit.

During June 2020, the County entered into a capital lease with Motorola in the amount of \$568,961.

In addition to the above debt obligations, the County has also pledged its full faith and credit on the Drainage District's outstanding bonds and notes payable of \$3,067,222. These debt obligations are payable out of assessments against the respective drainage districts or by contractual agreements with local units of government.

A more detailed discussion of the County’s long-term debt obligations is presented in Note 6 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered in preparing the County's budget for 2021 based on a variety of economic conditions and plans:

- Continued concern over the uncertainty of the State's economy and how it will impact future State revenue sharing;
- Continued concern regarding County costs for current employees and retirees in addition to the added costs of continued retirement related costs for current employees and the payment of our annual required contributions;
- The ever increasing need for better technology which could be very costly to the County;
- Continued monitoring of other capital improvement needs and the implementation of a systematic replacement plan of capital assets;
- Changes were made to the County health insurance plan to move from a self-funded plan to a high deductible plan with the deductible funded by the County. This was a substantial cost savings to the County;

Economic Factors and Next Year's Budgets and Rates (Continued)

- Employees were offered a buyout option for those otherwise eligible to retire. This closed several old pension accounts;
- All MERS defined benefit plans were closed to new hires as of January 1, 2021. New employees are now part of a defined contribution plan. This limits the County's future liabilities, and
- Changes were made the County's interest income recording policies where they are now directed back towards the general fund and not special revenue accounts. Further a formula was implemented to capture part of the interest from the delinquent tax fund.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Shiawassee County Commissioners' Office, 201 N. Shiawassee Street, Corunna, Michigan 48817 or (989) 743-2433.

Basic Financial Statements

Statement of Net Position
December 31, 2020

	Primary Government		Totals	Component Units
	Governmental Activities	Business-type Activities		
ASSETS:				
Cash and Equivalents	\$ 10,941,430	\$ 3,470,698	\$ 14,412,128	\$ 18,401,531
Investments	765,733	3,864,272	4,630,005	7,018
Accounts Receivable	549,037	12,137	561,174	6,139,578
Special Assessments Receivable	-	-	-	2,807,964
Taxes Receivable	3,462,812	2,939,926	6,402,738	-
Leases Receivable	8,178,466	-	8,178,466	-
Due from Other Governmental Units	3,344,710	-	3,344,710	2,163,647
Inventories	62,653	-	62,653	896,684
Prepaid Items	190,245	-	190,245	453,656
Net OPEB Asset	-	-	-	714,781
Capital Assets (Not Depreciated)	855,583	-	855,583	5,321,445
Capital Assets (Net of Accumulated Depreciation)	7,564,568	-	7,564,568	75,027,756
TOTAL ASSETS	35,915,237	10,287,033	46,202,270	111,934,060
DEFERRED OUTFLOWS OF RESOURCES:				
Pension & OPEB Related Items	6,015,192	-	6,015,192	4,862,364
LIABILITIES:				
Accounts Payable	1,058,115	44,655	1,102,770	1,734,533
Accrued Payroll	1,153,552	-	1,153,552	-
Accrued Liabilities	-	-	-	774,324
Due to Other Governmental Units	97,693	-	97,693	833
Accrued Interest Payable	60,775	-	60,775	16,341
Deposit Liability	-	-	-	100,000
Unearned Revenue	585,283	-	585,283	-
Advance from Other Governmental Units	-	-	-	634,355
Vested Employee Benefits- Due within one year	-	-	-	211,853
Vested Employee Benefits - Due in more than one year	630,824	-	630,824	927,091
Note Payable - Due within one year	-	-	-	2,694,088
Installment Loan Payable - Due within one year	334,580	-	334,580	1,281,557
Installment Loan Payable - Due in more than one year	731,381	-	731,381	6,887,528
Bonds Payable - Due within one year	1,511,557	-	1,511,557	306,428
Bonds Payable - Due in more than one year	9,717,528	-	9,717,528	2,760,794
Net Pension Liability - Due in more than one year	36,707,711	-	36,707,711	9,847,333
OPEB Obligation - Due in more than one year	1,320,644	-	1,320,644	266,520
TOTAL LIABILITIES	53,909,643	44,655	53,954,298	28,443,578
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Items	184,502	-	184,502	1,206,543
OPEB Related Items	73,697	-	73,697	-
Property Taxes Levied for Subsequent Period	1,649,709	-	1,649,709	3,791,000
TOTAL DEFERRED INFLOWS OF RESOURCES	1,907,908	-	1,907,908	4,997,543
NET POSITION:				
Net Investment in Capital Assets	4,303,571	-	4,303,571	69,112,894
Restricted	8,229,131	-	8,229,131	578,093
Unrestricted	(26,419,824)	10,242,378	(16,177,446)	13,664,316
TOTAL NET POSITION	\$ (13,887,122)	\$ 10,242,378	\$ (3,644,744)	\$ 83,355,303

Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 11,362,040	\$ 1,716,908	\$ 2,108,082	\$ -	\$ (7,537,050)	\$ -	\$ (7,537,050)	\$ -
Public Safety	9,680,310	3,263,332	1,885,832	-	(4,531,146)	-	(4,531,146)	-
Public Works	112,178	-	-	-	(112,178)	-	(112,178)	-
Health and Welfare	5,549,799	732,350	4,603,738	-	(213,711)	-	(213,711)	-
Community and Economic Development	397,159	610,071	47,109	-	260,021	-	260,021	-
Recreation and Culture	15,170	-	-	-	(15,170)	-	(15,170)	-
Interest Expense	496,498	-	-	-	(496,498)	-	(496,498)	-
Other Expenses	509,484	-	-	-	(509,484)	-	(509,484)	-
Total Governmental Activities	28,122,638	6,322,661	8,644,761	-	(13,155,216)	-	(13,155,216)	-
Business-type Activities:								
Delinquent Tax	135,073	1,247,937	-	-	-	1,112,864	1,112,864	-
Jail Commissary	135,796	110,011	-	-	-	(25,785)	(25,785)	-
Total Business-type Activities	270,869	1,357,948	-	-	-	1,087,079	1,087,079	-
Total Primary Government	\$ 28,393,507	\$ 7,680,609	\$ 8,644,761	\$ -	(13,155,216)	1,087,079	(12,068,137)	-
Component Units:								
Road Commission	\$ 10,447,621	\$ 1,576,377	\$ 6,538,262	\$ 6,055,645	-	-	-	3,722,663
Medical Care Facility	26,769,694	21,657,412	1,047,546	-	-	-	-	(4,064,736)
Drain Commission	904,342	999,061	-	-	-	-	-	94,719
County Airport	451,899	233,888	54,777	-	-	-	-	(163,234)
Total Component Units	\$ 38,573,556	\$ 24,466,738	\$ 7,640,585	\$ 6,055,645	-	-	-	(410,588)
General Revenues and Transfers:								
Taxes	-	-	-	-	12,049,593	-	12,049,593	3,644,290
State Revenue Sharing	-	-	-	-	1,058,260	-	1,058,260	-
Investment Earnings (Loss)	-	-	-	-	70,589	52,238	122,827	20,458
Other Income	-	-	-	-	-	-	-	164,275
Total General Revenues and Transfers	-	-	-	-	13,178,442	52,238	13,230,680	3,829,023
Change in Net Position	-	-	-	-	23,226	1,139,317	1,162,543	3,418,435
Net Position - Beginning (as Restated See Note 13)	-	-	-	-	(13,910,348)	9,103,061	(4,807,287)	79,936,868
Net Position - Ending	-	-	-	-	\$ (13,887,122)	\$ 10,242,378	\$ (3,644,744)	\$ 83,355,303

County of Shiawassee, Michigan

**Balance Sheet
Governmental Funds
December 31, 2020**

	Special Revenue Funds			Debt Service Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Central Dispatch	Health Department	Medical Care Facility	Mental Health Debt		
ASSETS:							
Cash and Equivalents	\$ (84,679)	\$ 2,449,199	\$ 1,221,774	\$ -	\$ -	\$ 5,199,971	\$ 8,786,265
Investments	507,625	258,108	-	-	-	-	765,733
Receivables:							
Accounts	-	460,039	-	-	6,753	3,871	470,663
Taxes	1,813,103	-	-	-	-	1,649,709	3,462,812
Leases	-	-	-	8,178,466	-	-	8,178,466
Due from Other Governmental Units	159,922	-	260,356	-	2,640,641	113,791	3,174,710
Due from Other Funds	176,734	-	-	-	-	-	176,734
Inventories	-	-	62,653	-	-	-	62,653
Prepays	190,245	-	-	-	-	-	190,245
Advance to component unit	170,000	-	-	-	-	-	170,000
TOTAL ASSETS	\$ 2,932,950	\$ 3,167,346	\$ 1,544,783	\$ 8,178,466	\$ 2,647,394	\$ 6,967,342	\$ 25,438,281
LIABILITIES:							
Accounts Payable	\$ 535,727	\$ 78,127	\$ 86,728	\$ -	\$ -	\$ 97,049	\$ 797,631
Accrued Liabilities	909,393	60,394	112,303	-	-	71,462	1,153,552
Due to Others	97,693	-	-	-	-	-	97,693
Due to Other Funds	-	-	-	-	6,753	169,981	176,734
Unearned Revenue	-	-	585,283	-	-	-	585,283
TOTAL LIABILITIES	1,542,813	138,521	784,314	-	6,753	338,492	2,810,893
DEFERRED INFLOWS OF RESOURCES:							
Property Taxes Levied for Subsequent Period	-	-	-	-	-	1,649,709	1,649,709
Unavailable Revenue	-	-	-	8,178,466	2,638,850	-	10,817,316
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	8,178,466	2,638,850	1,649,709	12,467,025
FUND BALANCES:							
Nonspendable	190,245	-	62,653	-	1,791	-	254,689
Restricted	170,000	3,028,825	697,816	-	-	4,332,490	8,229,131
Committed	-	-	-	-	-	646,651	646,651
Unassigned	1,029,892	-	-	-	-	-	1,029,892
TOTAL FUND BALANCES	1,390,137	3,028,825	760,469	-	1,791	4,979,141	10,160,363
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,932,950	\$ 3,167,346	\$ 1,544,783	\$ 8,178,466	\$ 2,647,394	\$ 6,967,342	
Reconciliation to amounts reported for governmental activities in the statement of net position:							
Capital Assets used by Governmental Activities							8,420,151
Unavailable Revenue from Inflows							10,817,316
Internal Service Funds							1,973,055
Vested Employee Benefits							(630,824)
Installment Loan Payable							(1,065,961)
Bonds Payable							(11,229,085)
Accrued Interest Payable							(60,775)
Pension and OPEB Obligations and Deferred items							(32,271,362)
Net position of governmental activities							\$ (13,887,122)

See accompanying notes to financial statements.

County of Shiawassee, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2020

	Special Revenue Funds		Debt Service Funds		Nonmajor Governmental Funds	Totals Governmental Funds
	General	Central Dispatch	Health Department	Medical Care Facility		
REVENUES:						
Taxes	\$ 10,503,882	\$ -	\$ -	\$ -	\$ -	\$ 12,049,593
Special Assessments	-	-	-	-	-	-
Licenses and Permits	104,160	-	505,922	-	-	610,082
Intergovernmental	4,257,643	351,225	2,783,252	1,462,820	302,245	11,117,270
Charges for Services	1,786,442	1,944,920	110,138	-	-	4,574,748
Fines and Forfeitures	385,406	-	-	-	-	416,136
Interest and Rents	66,012	398	946	-	-	70,589
Other Revenue	470,068	3,545	-	-	-	721,695
TOTAL REVENUES	17,573,613	2,300,088	3,400,258	1,462,820	302,245	29,560,113
EXPENDITURES:						
General Government	10,400,636	-	-	-	-	10,463,068
Public Safety	5,759,165	2,497,692	-	-	-	9,136,624
Public Works	96,738	-	-	-	-	96,738
Health and Welfare	489,066	-	2,908,149	-	-	5,457,126
Community and Economic Development	-	-	-	-	-	381,719
Recreation and Culture	22,316	-	-	-	-	22,316
Other	461,524	-	-	-	-	461,524
Debt Service	23,992	-	74,344	1,462,820	302,245	1,958,966
Capital Outlay	-	-	-	-	-	58,264
TOTAL EXPENDITURES	17,253,437	2,497,692	2,982,493	1,462,820	302,245	28,036,345
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	320,176	(197,604)	417,765	-	-	1,523,768
OTHER FINANCING SOURCES (USES):						
Note Proceeds	-	568,961	-	-	-	568,961
Transfers In	-	-	217,000	-	1,791	1,240,382
Transfers Out	(1,107,563)	-	-	-	-	(1,240,382)
TOTAL OTHER FINANCING SOURCES (USES)	(1,107,563)	568,961	217,000	-	1,791	568,961
NET CHANGE IN FUND BALANCES	(787,387)	371,357	634,765	-	1,791	2,092,729
FUND BALANCES BEGINNING OF YEAR (as Restated See Note 13)	2,177,524	2,657,468	125,704	-	-	8,067,634
FUND BALANCES END OF YEAR	\$ 1,390,137	\$ 3,028,825	\$ 760,469	\$ -	\$ 1,791	\$ 10,160,363

See accompanying notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020**

Net changes in fund balances - total governmental funds	\$ 2,092,729
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$642,271) exceeded capital outlay \$337,396 and gain on disposal \$10,304.	(294,571)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred until the following year.	
Change in unavailable revenue	(1,414,249)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Issuance of debt is an other financing source in the governmental funds, but it is an increase in long-term liabilities in the statement of net position.	
Issuance of long-term debt	(568,961)
Principal payments	1,546,073
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 the funds:	
Pension	(1,084,236)
OPEB	(258,381)
Accrued Interest	(8,853)
Vested employee benefits	(95,450)
Internal Service Funds included in Governmental Activities	<u>109,125</u>
Change in net position of governmental activities	<u>\$ 23,226</u>

**Statement of Net Position
Proprietary Funds
December 31, 2020**

	Business-type Activities Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Jail Commissary Nonmajor	Totals	Internal Service Fund Self Insurance
ASSETS:				
Cash and Equivalents	\$ 3,281,091	\$ 189,607	\$ 3,470,698	\$ 2,155,165
Investments	3,864,272	-	3,864,272	-
Accounts Receivable	-	12,137	12,137	78,374
Taxes Receivable	2,939,926	-	2,939,926	-
TOTAL ASSETS	\$ 10,085,289	\$ 201,744	\$ 10,287,033	\$ 2,233,539
LIABILITIES:				
Accounts Payable	\$ 42,265	\$ 2,390	\$ 44,655	\$ 260,484
TOTAL LIABILITIES	42,265	2,390	44,655	260,484
NET POSITION:				
Unrestricted	10,043,024	199,354	10,242,378	1,973,055
TOTAL NET POSITION	\$ 10,043,024	\$ 199,354	\$ 10,242,378	\$ 1,973,055

County of Shiawassee, Michigan

**Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2020**

	Business-type Activities Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Jail Commissary Nonmajor	Totals	Internal Service Fund Self Insurance
OPERATING REVENUES:				
Charges for Services	\$ -	\$ 110,011	\$ 110,011	\$ 2,504,039
Interest and Penalties on Taxes	1,247,937	-	1,247,937	-
Total Operating Revenues	1,247,937	110,011	1,357,948	2,504,039
OPERATING EXPENSES:				
Personal Services	-	135,224	135,224	2,394,914
Other	135,073	-	135,073	-
Depreciation	-	572	572	-
Total Operating Expenses	135,073	135,796	270,869	2,394,914
OPERATING INCOME (LOSS)	1,112,864	(25,785)	1,087,079	109,125
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	52,238	-	52,238	-
CHANGE IN NET POSITION	1,165,102	(25,785)	1,139,317	109,125
NET POSITION, BEGINNING OF YEAR	8,877,922	225,139	9,103,061	1,863,930
NET POSITION, END OF YEAR	<u>\$ 10,043,024</u>	<u>\$ 199,354</u>	<u>\$ 10,242,378</u>	<u>\$ 1,973,055</u>

County of Shiawassee, Michigan

Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Jail Commissary Nonmajor	Totals	Internal Service Fund Self Insurance
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 4,391,062	\$ 127,405	\$ 4,518,467	\$ 2,425,665
Cash Payments for Goods and Services	<u>(3,389,262)</u>	<u>(140,169)</u>	<u>(3,529,431)</u>	<u>(2,134,430)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,001,800</u>	<u>(12,764)</u>	<u>989,036</u>	<u>291,235</u>
Cash Flows From Investing Activities:				
Interest and Dividends Received	52,238	-	52,238	-
Purchase of Investments	<u>(220,534)</u>	<u>-</u>	<u>(220,534)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(168,296)</u>	<u>-</u>	<u>(168,296)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	833,504	(12,764)	820,740	291,235
Cash and Equivalents - Beginning of the Year	<u>2,447,587</u>	<u>202,371</u>	<u>2,649,958</u>	<u>1,863,930</u>
Cash and Equivalents - End of the Year	<u><u>\$ 3,281,091</u></u>	<u><u>\$ 189,607</u></u>	<u><u>\$ 3,470,698</u></u>	<u><u>\$ 2,155,165</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 1,112,864	\$ (25,785)	\$ 1,087,079	\$ 109,125
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	572	572	-
Change in operating assets and liabilities: that provided (used) cash:				
Accounts receivable	437,470	17,394	454,864	(78,374)
Taxes receivable	1,033,675	-	1,033,675	-
Accounts Payable	35,693	(4,945)	30,748	260,484
Due to Other Funds	<u>(1,617,902)</u>	<u>-</u>	<u>(1,617,902)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,001,800</u></u>	<u><u>\$ (12,764)</u></u>	<u><u>\$ 989,036</u></u>	<u><u>\$ 291,235</u></u>

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020**

	<u>Agency Fund</u>
ASSETS:	
Cash and Equivalents	\$ 1,845,413
Due from Other Governments	<u>156,204</u>
Total Assets	<u><u>\$ 2,001,617</u></u>
LIABILITIES:	
Undistributed Receipts	<u>\$ 2,001,617</u>
NET POSITION:	
Resticted for:	
Individuals, Organizations and Other Governments	<u><u>\$ -</u></u>

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2020**

	<u>Agency Fund</u>
ADDITIONS	
Property Tax Collections for other Governments	\$ 20,727,186
Miscellaneous	<u>1,764,747</u>
Total Additions	<u>22,491,933</u>
DEDUCTIONS	
Administrative Expense	1,764,747
Payments of Property Taxes to other Governments	<u>20,727,186</u>
Total Deductions	<u>22,491,933</u>
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>\$ -</u></u>

Combining Component Units

**Statement of Net Position
Combining Component Units
December 31, 2020**

	Road Commission	Medical Care Facility	Drainage District	County Airport	Totals
ASSETS:					
Cash and Equivalents	\$ 3,354,323	\$ 10,390,943	\$ 4,564,830	\$ 91,435	\$ 18,401,531
Investments	7,018	-	-	-	7,018
Receivables - Net	-	3,599,583	-	48,654	3,648,237
Accounts Receivable	45,055	2,446,286	-	-	2,491,341
Special Assessments Receivable	-	-	2,807,964	-	2,807,964
Due from Governmental Units	1,610,398	-	553,249	-	2,163,647
Inventories	891,396	-	-	5,288	896,684
Prepaid Items	-	453,656	-	-	453,656
Net Other Post Employment Benefits Asset	714,781	-	-	-	714,781
Capital Assets (Not Depreciated)	4,320,526	1,000,919	-	-	5,321,445
Capital Assets (Net of Accumulated Depreciation)	45,798,657	21,692,581	5,899,711	1,636,807	75,027,756
TOTAL ASSETS	56,742,154	39,583,968	13,825,754	1,782,184	111,934,060
DEFERRED OUTFLOWS OF RESOURCES:					
Pension & OPEB Related Items	2,834,497	2,027,867	-	-	4,862,364
LIABILITIES:					
Accounts Payable	56,025	1,637,133	38,677	2,698	1,734,533
Accrued Liabilities	32,179	740,255	-	1,890	774,324
Accrued Interest Payable	-	8,135	8,206	-	16,341
Advances from Governmental Units	464,355	-	170,000	-	634,355
Due to Other Governments	833	-	-	-	833
Net Other Post-Employment Benefit Obligations	-	266,520	-	-	266,520
Deposit Liability - Due in more than one year	100,000	-	-	-	100,000
Net Pension Liability - Due in more than one year	4,004,252	5,843,081	-	-	9,847,333
Vested Employee Benefits - Due within one year	211,853	-	-	-	211,853
Vested Employee Benefits - Due in more than one year	80,234	846,857	-	-	927,091
Note Payable - Due in one year	-	2,694,088	-	-	2,694,088
Installment Loan Payable - Due within one year	-	1,281,557	-	-	1,281,557
Installment Loan Payable - Due in more than one year	-	6,887,528	-	-	6,887,528
Bonds Payable - Due within one year	-	-	306,428	-	306,428
Bonds Payable - Due in more than one year	-	-	2,760,794	-	2,760,794
TOTAL LIABILITIES	4,949,731	20,205,154	3,284,105	4,588	28,443,578
DEFERRED INFLOWS OF RESOURCES:					
Taxes Levied for Subsequent Period	-	3,791,000	-	-	3,791,000
Pension & OPEB Related Items	416,180	790,363	-	-	1,206,543
TOTAL DEFERRED INFLOWS OF RESOURCES	416,180	4,581,363	-	-	4,997,543
NET POSITION:					
Net Investment in Capital Assets	50,119,183	14,524,415	2,832,489	1,636,807	69,112,894
Restricted for Other Purposes	578,093	-	-	-	578,093
Unrestricted	3,513,464	2,300,903	7,709,160	140,789	13,664,316
TOTAL NET POSITION	\$ 54,210,740	\$ 16,825,318	\$ 10,541,649	\$ 1,777,596	\$ 83,355,303

**Statement of Activities
Combining Component Units
For the Year Ended December 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Medical Care Facility	Drainage District	County Airport	Total
Road Commission:									
Public Works	\$ 10,447,621	\$ 1,576,377	\$ 6,538,262	\$ 6,055,645	\$ 3,722,663	\$ -	\$ -	\$ -	\$ 3,722,663
Medical Care Facility									
Health and Welfare	26,769,694	21,657,412	1,047,546	-	-	(4,064,736)	-	-	(4,064,736)
Drainage District									
Public Works	904,342	999,061	-	-	-	-	94,719	-	94,719
County Airport									
Transportation	451,899	233,888	54,777	-	-	-	-	(163,234)	(163,234)
Total Component Unit	\$ 38,573,556	\$ 24,466,738	\$ 7,640,585	\$ 6,055,645	3,722,663	(4,064,736)	94,719	(163,234)	(410,588)
General Revenues:									
Taxes					-	3,644,290	-	-	3,644,290
Investment Earnings					17,635	2,823	-	-	20,458
Other Income					164,275	-	-	-	164,275
Total General Revenues					181,910	3,647,113	-	-	3,829,023
Change in Net Position					3,904,573	(417,623)	94,719	(163,234)	3,418,435
Net Position - Beginning					50,306,167	17,242,941	10,446,930	1,940,830	79,936,868
Net Position - Ending					\$ 54,210,740	\$ 16,825,318	\$ 10,541,649	\$ 1,777,596	\$ 83,355,303

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Shiawassee County, Michigan (the “County”) was incorporated in 1822 and covers an area of 541 square miles with the County seat located in the City of Corunna. The County operates under an elected board of commissioners and provides services to its approximately 70,000 residents in many areas including law enforcement, administration or justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County’s significant accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. The financial data of the component units are included in the County’s reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Unit

A blended component unit is a legally separate entity from the County but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and its financial data is combined with data of the appropriate funds. The County has two blended component units, the Building Authority and the Economic Development Corporation. These component units provide services primarily to benefit the County. The blended units are described as follows:

The **Building Authority** (the “Authority”) was established to finance and construct the County's public buildings. The Shiawassee County Building Authority currently does not have any active projects in the County.

The **Economic Development Corporation** (the “EDC”) was established to provide community and economic development services. The EDC administered a significant amount of economic development grant money that was received by the County in the past. Currently the EDC does not have any active projects in the County.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the County but for which the County is financially accountable, or their relationship with the County is such that exclusion would cause the County’s financial statements to be misleading or incomplete. The discretely presented component units are as follows:

The **Shiawassee County Road Commission** (the "Road Commission") is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, and contributions from other local government units within the County. The Road Commission is governed by a three-member Board of County Road Commissioners elected by Shiawassee County voters. A copy of the Road Commission’s separately issued audited financial statements can be obtained at its administrative offices.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **Shiawassee County Medical Care Facility (Pleasant View)** – The Medical Care Facility is governed by the Shiawassee County Department of Human Services Board. This board consists of three members, two of whom are appointed by the County Board of Commissioners and one appointed by the Michigan governor. The County Human Services Board approves the Facility’s budget and submits a copy to the County Board of Commissioners. The medical care facility does not issue separate audited financial statements.

The **Shiawassee County Drainage Districts** – The Drainage Districts come under the jurisdiction of the Shiawassee County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$5,000 per mile on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to and fiscally dependent on the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County. The Drainage Districts do not issue separate audited financial statements.

Shiawassee County Airport – Shiawassee County, along with the cities of Owosso and Corunna and Owosso and Caledonia townships have entered into an agreement which created the Shiawassee Airport Board. The Airport Board is composed of one member from each of the member municipalities. The Airport is expected to be self-sufficient but based on a “10 Year Funding Model” approved by the Board each participating municipality shall make a direct appropriation to cover operations and development costs. The percentage share for the funding model for each municipality is Shiawassee County and the City of Owosso 33%, Owosso and Caledonia townships 13%, and the City of Corunna 8%.

The financial activities of the Airport Board are reported in the County’s audited financial statements as a discretely presented component unit due to the County being responsible for the receipt and disbursement of the Board’s funds. This relationship makes the Board fiscally dependent on the County. The Airport does not issue separate audited financial statements.

Joint Governed Organizations

Genesee-Lapeer-Shiawassee Planning Commission – Shiawassee County, in conjunction with two other counties, has entered into an agreement which created the Genesee-Lapeer-Shiawassee Planning Commission. This organization’s Board is composed of 16 members, of which one is appointed by Shiawassee County. The County has no ongoing financial responsibility.

Genesee-Shiawassee Workforce Development Board – Shiawassee County, in conjunction with two other municipalities, has entered into an agreement which created the Genesee-Shiawassee Workforce Development Board. This organization’s Board is composed of 35 members, of which five are appointed by Shiawassee County. The County has no ongoing financial responsibility other than the potential liability related to inappropriate use of funds.

Valley Area Agency on Aging – Shiawassee County, in conjunction with the counties of Lapeer and Genesee and the City of Flint, which administers grant revenue for the Shiawassee Council on Aging, created the Valley Area Agency on Aging. The Board is composed of 21 members of which five are appointed by Shiawassee County. The County has no ongoing financial responsibility. The Organization provides comprehensive services to senior citizens residing in the member counties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related Organization

The **Shiawassee County Community Mental Health Authority** operates under the provisions of PA 258 of 1974, as amended. The Authority provides funding for services in the area of mental illness, development disabilities, and other related mental health needs for the residents of the County of Shiawassee. For the year ended December 31, 2020, the County's contribution to Mental Health Services was \$200,000. In a prior year, the County issued bonds on behalf of the Mental Health Authority. These bonds are general obligation limited tax bonds of the County but there is a contractual agreement between the Authority and the County obligating the Authority to pay the County the amounts of the annual bond principal and interest obligations as they come due until the bonds are paid off.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 and 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when 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. The County considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end, except reimbursement-based grants that use a one year collection period. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

The *Central Dispatch Fund* is used for funds received to operate Central Dispatch services to County citizens.

The *Health Department Fund* is used to report activities related to various personal and environmental health services provided to County residents. These activities are financed primarily by Federal and State grants, user charges, and other local revenues restricted to use on health and welfare related activities.

The *Medical Care Facility Debt Service Fund* is used to account for the restricted financial resources related to the repayment of general obligation bonds issued by the County on behalf of the Medical Care Facility.

The *Mental Health Debt Service Fund* is used to account for the restricted financial resources related to the repayment of general obligation bonds issued by the County on behalf of the Mental Health Authority.

The County reports the following major proprietary funds:

The *Delinquent Tax Revolving Fund* accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

Additionally, the County reports the following fund types:

Agency funds account for resources held in a trustee or agent capacity for the benefit of other governments or individuals.

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 that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis. This includes self-insurance services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 County's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of the 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.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 Net Position/Fund Balance

Deposits and investments

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 balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities (generally certificate of deposits) and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in various instruments with a maturity from date of purchase of 90 days or less.

The County's pooled cash and investments are utilized by the general fund and most of the special revenue funds, capital project funds, debt service fund, enterprise funds, agency funds, and component units. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption in the applicable balance sheet/statement of net position. Certain funds of the County utilize separate savings and interest-bearing checking accounts. In addition, certificates of deposit are separately held by several of the County's funds.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Property Taxes***

Property taxes receivable in governmental funds represent amounts due from taxpayers on the July 1 and December 1 tax levies in the general fund and other governmental funds, respectively. Any amounts outstanding on the July 1 levy on March 1 (excluding personal property taxes) are purchased by the delinquent tax revolving fund through the settlement process.

Property taxes receivable in the delinquent tax revolving fund represent unpaid balances from the previous years' levies for the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a 3-year period. Interest at 1% per month (increased to 1.5% after 12 months, retroactive to the date of delinquency) and administrative fees at 4% are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the Delinquent Tax Revolving fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

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 reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

Inventory and prepaid items

Inventories consist of food and office supplies in the primary government, road materials and equipment parts in the Road Commission and fuel for the Airport component units. Inventories are reported at cost using the first-in/first-out method and are recorded as expenditures when consumed (consumption method). Nonspendable fund balances have been recorded to indicate that inventories are not currently available, spendable components of fund balance.

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. Nonspendable fund balances have been recorded in the applicable governmental funds to indicate the prepaids are not a currently available or spendable component of fund balance.

Leases Receivable

Shiawassee County has entered into contracts with the Shiawassee County Medical Care Facility component unit and the Shiawassee County Community Mental Health Authority for the purposes of constructing and/or improving buildings and the financing of the same through the issuance of bonds. The agreements specify that the County enter into lease agreements for the buildings with the other entities. The County in turn leases the building to the ultimate user and that lease is at a rate sufficient to retire the bonds and pay all other necessary and proper expenses of the project. The future minimum lease payments to be received under each lease agreement are equal to the outstanding principal and interest on the bond issue. Once all the bonds have been retired, the County shall convey to the medical care facility and mental health authority all of its rights, title, and interest in the project.

The aggregate future lease payments necessary for retirement of outstanding bond principal have been recorded as a lease receivable. Unavailable revenue is shown on the balance sheet in the same amount as the lease receivable as revenue is not recognized until lease payments are received. There is no provision for any contingent rentals in the lease.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets include land, buildings and improvements, equipment, vehicles, drain infrastructure, and other assets and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more (\$50,000 for drain infrastructure) and an estimated useful life of more than two years. 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 cost as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	30 to 50 years
Land Improvements	15 to 20 years
Equipment and Furniture	3 to 10 years
Vehicles	3 to 5 years
Drain Infrastructure	60 years

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has pension and OPEB and deferred items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has pension, OPEB and property taxes as items that qualify for reporting in this category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Vested Employee Benefits***

County employees are permitted to accumulate earned but unused vacation and sick time benefits, subject to certain limitations, according to personnel contracts. All vested benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense when incurred.

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.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Inventories and Prepaid items as being Nonspendable as these items are not expected to be converted to cash within the next year.
- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County has committed capital project monies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned: This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Unearned revenue

Unearned revenue consists of amounts received prior to the delivery of goods/service or expenditure on allowable costs.

Interfund Transfers

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, outflows, liabilities, and inflows and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Annually, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1st and lapses on December 31st. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to January 1st, the budget is legally enacted through a resolution passed by the Board of Commissioners.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

- d. Budgetary control is exercised at the department or activity level of the General Fund and fund level for Special Revenue Funds. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The General Fund revenue budget was adopted on the basis of activities or programs financed by the General Fund.

Michigan Public Act 621 of 1978 requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was modified throughout the year through various budget amendments.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity or department level.

NOTE 3 - CASH, EQUIVALENTS AND INVESTMENTS

At year end, the County’s cash, equivalents and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Equivalents	\$ 10,941,430	\$ 3,470,698	\$ 14,412,128	\$ 1,845,413	\$ 18,401,531
Investments	<u>765,733</u>	<u>3,864,272</u>	<u>4,630,005</u>	<u>-</u>	<u>7,018</u>
Total	<u>\$ 11,707,163</u>	<u>\$ 7,334,970</u>	<u>\$ 19,042,133</u>	<u>\$ 1,845,413</u>	<u>\$ 18,408,549</u>

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, money markets, & certificates of deposit)	\$ 14,393,122	\$ 1,845,413	\$ 18,401,481
Petty Cash and Cash on Hand	19,006	-	50
Investments	<u>4,630,005</u>	<u>-</u>	<u>7,018</u>
Total	<u>\$ 19,042,133</u>	<u>\$ 1,845,413</u>	<u>\$ 18,408,549</u>

NOTE 3 - CASH, EQUIVALENTS AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Years to Maturity</u>			<u>S&P Ratings</u>
		<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	
Investments:					
MI CLASS**	\$ 4,630,005	\$ 4,630,005	\$ -	\$ -	AAAm
Total	\$ 4,630,005	\$ 4,630,005	\$ -	\$ -	

Credit risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County’s investments all meet State statutes.

Interest rate risk. The County has not adopted a policy that indicates how the County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Custodial deposit credit risk. Custodial deposit 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 custodial deposit credit risk. As of year-end, \$32,188,249 of the County’s bank balance of \$33,437,934 was exposed to credit risk because it was uninsured and uncollateralized.

In accordance with the County’s investment policy and State law, all deposits are uncollateralized, held in the County’s name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.

Custodial credit risk. The County has not adopted a policy that indicates how the County will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments of collateral securities that are in possession of an outside party.

Custodial investment credit risk. For investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party. None of the County’s investments are in the name of the County. Credit quality ratings of public money funds were not available from the financial institutions or are unrated.

Fair value measurement. 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. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

NOTE 3 - CASH, EQUIVALENTS AND INVESTMENTS (Continued)

**Michigan CLASS measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant's investment in MICHIGAN CLASS is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements required judgment and considers factors specific to each asset or liability.

Statutory Authority:

An act (PA 152) to amend 1943 PA 20, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 668,840	\$ -	\$ -	\$ 668,840
Construction in Progress	<u>144,770</u>	<u>41,973</u>	<u>-</u>	<u>186,743</u>
Subtotal	<u>813,610</u>	<u>41,973</u>	<u>-</u>	<u>855,583</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	135,891	-	-	135,891
Buildings and Improvements	10,198,172	-	-	10,198,172
Equipment	5,256,079	213,173	(7,897)	5,461,355
Vehicles	<u>1,438,235</u>	<u>82,250</u>	<u>(29,177)</u>	<u>1,491,308</u>
Subtotal	<u>17,028,377</u>	<u>295,423</u>	<u>(37,074)</u>	<u>17,286,726</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(114,927)	(2,681)	-	(117,608)
Buildings and Improvements	(3,847,507)	(236,491)	(10,280)	(4,094,278)
Equipment	(4,225,526)	(224,671)	7,897	(4,442,300)
Vehicles	<u>(939,305)</u>	<u>(178,428)</u>	<u>49,761</u>	<u>(1,067,972)</u>
Subtotal	<u>(9,127,265)</u>	<u>(642,271)</u>	<u>47,378</u>	<u>(9,722,158)</u>
Net Capital Assets Being Depreciated	<u>7,901,112</u>	<u>(346,848)</u>	<u>10,304</u>	<u>7,564,568</u>
Capital Assets, Net	<u>\$ 8,714,722</u>	<u>\$ (304,875)</u>	<u>\$ 10,304</u>	<u>\$ 8,420,151</u>

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

Governmental Activities:	
General Government	\$ 364,605
Public Safety	274,812
Recreation and Culture	<u>2,854</u>
Total Depreciation – Governmental Activities	<u>\$ 642,271</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balances</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Equipment	\$ 34,550	\$ -	\$ -	\$ 34,550
<i>Less accumulated depreciation for:</i>				
Equipment	(33,978)	(572)	-	(34,550)
Capital Assets, Net	<u>\$ 572</u>	<u>\$ (572)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Business-type Activities:	
Jail Commissary	\$ <u>572</u>

Capital asset activity for the Medical Care Facility for the current year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balances</u>
Medical Care Facility:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,000,919	\$ -	\$ -	\$ 1,000,919
<i>Capital assets being depreciated:</i>				
Land Improvements	1,659,975	-	-	1,659,975
Buildings and Improvements	23,242,721	-	(300)	23,242,421
Equipment and Furniture	<u>2,929,760</u>	<u>55,895</u>	<u>(62,519)</u>	<u>2,923,136</u>
Subtotal	<u>27,832,456</u>	<u>55,895</u>	<u>(62,819)</u>	<u>27,825,532</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(198,087)	(101,151)	-	(299,238)
Buildings and Improvements	(3,068,257)	(1,571,603)	300	(4,639,560)
Equipment and Furniture	<u>(993,460)</u>	<u>(259,562)</u>	<u>58,869</u>	<u>(1,194,153)</u>
Subtotal	<u>(4,259,804)</u>	<u>(1,932,316)</u>	<u>59,169</u>	<u>(6,132,951)</u>
Net Capital Assets Being Depreciated	<u>23,572,652</u>	<u>(1,876,421)</u>	<u>(3,650)</u>	<u>21,692,581</u>
Capital Assets, Net	<u>\$ 24,573,571</u>	<u>\$ (1,876,421)</u>	<u>\$ (3,650)</u>	<u>\$ 22,693,500</u>

Depreciation expense was charged to the Medical Care Facility in the amount of \$1,932,316.

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of changes in the Drainage Districts capital assets are as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balances</u>
Drainage Districts:				
<i>Capital assets being depreciated:</i>				
Infrastructure - drains	\$ 11,656,608	\$ -	\$ (22,900)	\$ 11,633,708
<i>Less accumulated depreciation for:</i>				
Infrastructure - drains	(5,525,679)	(231,218)	22,900	(5,733,997)
Capital Assets, Net	<u>\$ 6,130,929</u>	<u>\$ (231,218)</u>	<u>\$ -</u>	<u>\$ 5,899,711</u>

Depreciation expense was charged to Drainage Districts in the amount of \$231,218.

Capital asset activity for the County Airport for the current year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>Ending Balances</u>
County Airport:				
<i>Capital assets being depreciated:</i>				
Land Improvements	\$ 2,396,046	\$ -	\$ -	\$ 2,396,046
Buildings and Improvements	102,619	-	-	102,619
Equipment	114,958	-	-	114,958
Vehicles	63,764	-	-	63,764
Subtotal	<u>2,677,387</u>	<u>-</u>	<u>-</u>	<u>2,677,387</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(793,400)	(57,186)	-	(850,586)
Buildings and Improvements	(72,873)	(2,291)	-	(75,164)
Equipment	(46,963)	(4,107)	-	(51,070)
Vehicles	(63,760)	-	-	(63,760)
Subtotal	<u>(976,996)</u>	<u>(63,584)</u>	<u>-</u>	<u>(1,040,580)</u>
Capital Assets, Net	<u>\$ 1,700,391</u>	<u>\$ (63,584)</u>	<u>\$ -</u>	<u>\$ 1,636,807</u>

Depreciation expense was charged to the County Airport in the amount of \$63,584.

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of changes in the Road Commission’s capital assets are as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land and Improvements	\$ 597,645	\$ -	\$ -	\$ 597,645
Construction in Progress	<u>3,743,983</u>	<u>260,491</u>	<u>(281,593)</u>	<u>3,722,881</u>
Subtotal	<u>4,341,628</u>	<u>260,491</u>	<u>(281,593)</u>	<u>4,320,526</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	3,416,014	10,430	(4,495)	3,421,949
Land Improvements	427,722	-	-	427,722
Road Equipment	10,220,101	873,784	(673,219)	10,420,666
Shop Equipment	169,683	1,170	(313)	170,540
Sign Shop	10,505	-	-	10,505
Office Equipment	186,223	-	-	186,223
Engineers’ Equipment	67,429	-	-	67,429
Infrastructure – Bridges	23,898,840	623,359	(352,863)	24,169,336
Infrastructure – Roads	53,760,744	5,432,286	(3,969,587)	55,223,443
Infrastructure – Traffic Signals	33,396	-	(6,218)	27,178
Depletable Assets	<u>153,402</u>	<u>-</u>	<u>-</u>	<u>153,402</u>
Subtotal	<u>92,344,059</u>	<u>6,941,029</u>	<u>(5,006,695)</u>	<u>94,278,393</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(2,430,750)	(127,429)	4,495	(2,553,684)
Land Improvements	(171,089)	(42,772)	-	(213,861)
Road Equipment	(7,734,006)	(1,044,099)	637,155	(8,140,950)
Shop Equipment	(135,731)	(8,519)	313	(143,937)
Sign Shop	(10,283)	(222)	-	(10,505)
Office Equipment	(123,226)	(21,454)	-	(144,680)
Engineers’ Equipment	(56,087)	(2,664)	-	(58,751)
Infrastructure – Bridges	(9,437,900)	(534,512)	352,863	(9,619,549)
Infrastructure – Roads	(28,310,971)	(3,076,348)	3,969,587	(27,417,732)
Infrastructure – Traffic Signals	(27,091)	(1,812)	6,218	(22,685)
Depletable Assets	<u>(153,402)</u>	<u>-</u>	<u>-</u>	<u>(153,402)</u>
Subtotal	<u>(48,590,536)</u>	<u>(4,859,831)</u>	<u>4,970,631</u>	<u>(48,479,736)</u>
Net Capital Assets Being Depreciated	<u>43,753,523</u>	<u>2,081,198</u>	<u>(36,064)</u>	<u>45,798,657</u>
Capital Assets - Net	<u>\$ 48,095,151</u>	<u>\$ 2,341,689</u>	<u>\$ (317,657)</u>	<u>\$ 50,119,183</u>

Depletion/depreciation expense was charged to programs of the Shiawassee County Road Commission as follows:

Total Depreciation Expense – Public Works	<u>\$ 4,859,831</u>
---	---------------------

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County of Shiawassee, Michigan reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. Interfund transactions resulting in interfund receivables and payables are as follows:

DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS		
	Mental Health	Nonmajor Governmental	Total
General Fund	\$ 6,753	\$ 169,981	\$ 176,734

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made.

TRANSFERS IN	TRANSFERS OUT		
	General	Nonmajor Governmental	Total
Health Department	\$ 217,000	\$ -	\$ 217,000
Mental Health Debt	1,791	-	1,791
Nonmajor Governmental	888,772	132,819	1,021,591
Total	\$ 1,107,563	\$ 132,819	\$ 1,240,382

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to 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.

NOTE 6 - LONG-TERM DEBT

Primary Government

General obligation and revenue bonds and notes are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation and revenue bonds and notes currently outstanding are as follows:

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
\$568,961 Motorola Capital Lease dated 06/15/20, due in annual installments of \$296,397 through June 15, 2022, including interest at 2.780%.	\$ -	\$ 568,961	\$ -	\$ 568,961	\$ 280,580
\$13,000,000 Capital Improvement Bonds, dated 12/15/16, due in monthly installments of \$121,902 through December 15, 2026 including interest charged at 2.39%.	9,420,406	-	1,251,321	8,169,085	1,281,557
\$4,000,000 General Obligation Limited Tax Capital Improvement Bonds, dated 07/08/10, due in annual installments ranging from \$145,000 to \$285,000 through April 28, 2032 plus interest ranging from 4.0% to 6.0% payable semi-annually.	2,765,000	-	160,000	2,605,000	170,000
\$800,000 Capital Improvement Bonds dated 09/23/10, due in annual in installments ranging from \$55,000 to \$75,000 through November 1, 2027 plus interest ranging from 4.90% to 7.25% payable semi-annually.	515,000	-	60,000	455,000	60,000
\$600,000 Health Department installment Purchase agreement, dated 12/03/18, due in Annual principal and interest payments ranging From \$71,214 to 74,750, including interest Charged at 4.07% through October 11, 2028.	549,000	-	52,000	497,000	54,000
\$88,778 Ford Motor Credit capital lease, dated 04/20/17, due in annual installments of \$23,991 Through April 20,2020 including interest Charged at 5.45%.	<u>22,752</u>	<u>-</u>	<u>22,752</u>	<u>-</u>	<u>-</u>
Subtotal	<u>13,272,158</u>	<u>568,961</u>	<u>1,546,073</u>	<u>12,295,046</u>	<u>1,846,137</u>
Vested Employee Benefits	<u>535,373</u>	<u>95,451</u>	<u>-</u>	<u>630,824</u>	<u>-</u>
Total Long-Term Debt – Governmental Activities	<u>\$ 13,807,531</u>	<u>\$ 664,412</u>	<u>\$ 1,546,073</u>	<u>\$ 12,925,870</u>	<u>\$ 1,846,137</u>

NOTE 6 - LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,846,137	\$ 383,703
2022	1,891,905	330,638
2023	1,648,239	276,224
2024	1,701,721	228,282
2025	1,747,987	178,158
2026-2030	3,004,057	374,131
2031-2032	<u>455,000</u>	<u>33,793</u>
Total	<u>\$ 12,295,046</u>	<u>\$ 1,804,929</u>

Component Units

The long-term debt and other long-term obligations of the County’s component units, and the changes therein, are summarized as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Medical Care Facility Component Unit: \$13,000,000 Capital Lease payable, due to Shiawassee County, dated 12/15/16, due in monthly installments of \$121,902 through December 15, 2026 including interest charged at 2.39%.	\$ 9,420,406	-	1,251,321	8,169,085	1,281,557
Compensated Absences	<u>794,840</u>	<u>52,017</u>	-	<u>846,857</u>	-
Total Long-Term Debt - MCF	<u>\$ 10,215,246</u>	<u>\$ 52,017</u>	<u>\$ 1,251,321</u>	<u>\$ 9,015,942</u>	<u>\$ 1,281,557</u>

Annual debt service requirements to maturity for the capital lease payable for the Medical Care Facility is are as follows:

<u>Year End December 31</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,281,557	\$ 181,263
2022	1,312,524	150,296
2023	1,344,239	118,580
2024	1,376,721	86,099
2025	1,409,987	52,832
2026	<u>1,444,057</u>	<u>18,762</u>
Total	<u>\$ 8,169,085</u>	<u>\$ 607,832</u>

NOTE 6 - LONG-TERM DEBT (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Drainage District Component Unit:					
\$2,243,656 Misteguay Creek Intercounty Drain Bonds, Series 2019, dated 09/24/19, due in annual installments ranging from \$230,000 to \$375,000 through June 1, 2039, with interest ranging from 2.0% to 3.0%, payable semi-annually.	\$ 2,243,656	-	100,904	2,142,752	116,428
\$2,265,000 Owosso Drain Bonds, Series 2004, dated 12/01/04, due in annual installments of \$125,000 through June 1, 2025, with interest Ranging from 3.90% to 4.35%, payable semi-annually.	750,000	-	125,000	625,000	125,000
\$850,000 Byron Water Project Bonds, dated 01/06/06, due in annual installments ranging from \$39,470 to \$50,000 through October 1, 2026, with interest of 2.125%, payable semi-annually.	324,470	-	45,000	279,470	45,000
\$400,000 Looking Glass River Drain Note, dated 01/01/17, due in annual installments of \$190,000 to \$210,000 beginning in 2019 through 2020, with interest charged at 1.67%, payable Annually, beginning in 2018.	210,000	-	210,000	-	-
\$270,000 Henderson Drain Bonds, Series 1996, dated 04/01/96, due in annual installments ranging from \$15,000 to \$20,000 through June 1, 2021, with interest of 6.50% payable semi-annually.	40,000	-	20,000	20,000	20,000
Total Long-Term Debt – Drainage District	<u>\$ 3,568,126</u>	<u>\$ -</u>	<u>\$ 500,904</u>	<u>\$ 3,067,222</u>	<u>\$ 306,428</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities	
	Principal	Interest
2021	\$ 306,428	\$ 60,317
2022	286,428	53,789
2023	291,428	47,879
2024	291,428	41,830
2025	291,428	35,753
2026-2030	661,299	131,739
2031-2035	530,797	91,629
2036-2039	407,986	23,779
Total	<u>\$ 3,067,222</u>	<u>\$ 486,715</u>

NOTE 6 - LONG-TERM DEBT (Continued)

Road Commission Component Unit:

Vested Employee Benefits – Vacation and Sick Leave

In accordance with Road Commission personnel policies and/or contracts negotiated with various employee groups of the Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts.

Accumulated vacation and sick leave and related payroll taxes represents a liability to the Road Commission, which is presented as current liability in the current year because management estimates that usage in any given year will be the same percentage as the usage of the outstanding balance from the previous year.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Vested Employee Benefits	\$ 295,239	\$ 210,987	\$ 214,139	\$ 292,087	\$ 211,853

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN

MEDICAL CARE FACILITY – COMPONENT UNIT

Plan Description. Effective January 1, 2019, the Medical Care Facility created a defined contribution pension plan (the “Plan”) administered by the Michigan Municipal Employee's Retirement System (MERS). All employees hired on or after January 1, 2019 are required to participate in the defined contribution plan. The Medical Care Facility Board has the authority to make changes to the plan. The Medical Care Facility will contribute on behalf of each participant 3% of earnings each payroll period. Participants are required to contribute 1%-10+% of their earnings each payroll period. Employees are fully vested after 3 years.

Employer contributions to the Plan, for the year ended December 30, 2020, amounted to \$68,706 and employee contributions were \$57,421. The number of active participants in this plan is 88 members. A stand-alone pension plan report has not been issued for the defined contribution plan.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

PRIMARY GOVERNMENT AND MEDICAL CARE FACILITY COMPONENT UNIT

Plan Description. The County participates in the Michigan Municipal Employees' Retirement System (MERS) which is an agent multiple-employer public employee retirement system that is administered by the Retirement Board of MERS. 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. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. 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.

The total pension liability and pension assets are a spread across two units, the primary government of the Shiawassee County, and the MCF based on actual spread of contribution and liabilities by the divisions that each unit represents. This information is provided by MERS.

Benefits Provided. The charts below summarize the County’s benefit provisions for its covered groups.

01 – AFSCME Unit: Closed to new hires, linked to Division 90

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2015
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

04 – MCF: Closed to new hires

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Cola for Future Retirees:	2.50% (Non-Compound)
Employee Contributions	3.00%
DC Plan for New Hires	1/1/2019
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

10 – Empl/Trning: Open Division

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Cola for Future Retirees:	2.50% (Non-Compound)
Employee Contributions	0.00%
Act 88:	Yes (Adopted 6/12/1973)

11 – Elected officials prior 5/98: Closed to new hires, linked to Division 91

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2014
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

12 – Non Represented prior 5/95: Closed to new hires, linked to Division 91

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2014
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

13 – Probate Court prior 6/95: Closed to new hires, linked to Division 82

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.25% Multiplier (80% max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2015
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

15 – Circuit Court prior 4/95: Closed to new hires, linked to Division 80

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	1/31/2016
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

16 – Hlth Clerical: Open Division

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier paid to Social Security Age, 1.70% Multiplier paid after Social Security Age (no max) Frozen FAC; 1.50% Multiplier (80% max)
Bridged Benefit Date:	6/30/2016
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

17 – Hlth Nurses: Open Division

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier paid to Social Security Age, 1.70% Multiplier paid after Social Security Age (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2015
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

18 – NonRep Elec Officials af 5/95: Closed to new hires linked to Division 91

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2014
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

19 – Tmstr NonSup pr 9/96-non 911/Shf: Closed to new hires linked to Division 23

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	0.00%
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

20 – Tmstr NonSup af 9/96-non 911/Shf: Closed to new hires linked to Division 23

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	2.50%%
Act 88:	Yes (Adopted 6/12/1973)

21 – Teamsters – Com Unit prior 9/96: Closed to new hires, linked to Division 24

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	2.96%
RS50% Percentage:	50%
Act 88:	Yes (Adopted 6/12/1973)

22 – Teamsters – Com Unit af 9/96: Closed to new hires, linked to Division 24

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	3.27%
RS50% Percentage:	50%
Act 88:	No

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

23 – New Hires div 20 aft 11/09: Open Division, linked to Division 19, 20

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (85% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	5.00%
Act 88:	Yes (Adopted 6/12/1973)

26 – POLC before 2009: Closed to new hires, linked to Division HA

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (802% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	2.50%
Act 88:	Yes (Adopted 6/12/1973)

27 – POLC aft 2009: Closed to new hires, linked to Division HA

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (802% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	5.00%
Act 88:	Yes (Adopted 6/12/1973)

28 – 911 Disp prior 11/2009: Closed to new hires, linked to Division 30

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (802% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	2.50%
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

29 – 911 Command: Open Division

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	3.27%
RS50% Percentage:	50%
Act 88:	Yes (Adopted 6/12/1973)

30 – 911 Disp aft 11/2009: Open Division, linked to Division 28

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (802% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retires	2.50% (Non-Compound)
Employee Contributions	5.00%
Act 88:	Yes (Adopted 6/12/1973)

40 – MCF Dpt Hds: Closed to new hires

	<u>2019 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Cola for Future Retirees:	2.50% (Non-Compound)
Employee Contributions	3.00%
DC Plan for New Hires	1/1/2019
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

41 – Part Time: Closed to new hires

	<u>2019 Valuation</u>
Benefit Multiplier:	2.00% Multiplier paid to Social Security Age, 1.70% Multiplier paid after Social Security Age (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	3.00%
DC Plan for New Hires	1/1/2019
Act 88:	Yes (Adopted 6/12/1973)

42 – AFSCME 5/96: Closed to new hires

	<u>2019 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions	3.00%
DC Plan for New Hires	1/1/2019
Act 88:	Yes (Adopted 6/12/1973)

80 – Circ Crt 4/96: Open Division, linked to Division 15

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	1/31/2016
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
COLA for Future Retirees	2.50% (Non-Compound)
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

81 – Probate af 6/95: Closed to new hires, linked to Division 82

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2015
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

82 – Probate court Assoc aft 1/1/09: Open Division, linked to Division 13, 81

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2015
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

90 – AFSCME aft 1/1/09: Open Division, linked to Division 01

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2015
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

91 – Non-Rep Elec Offic aft 10/1/11:: Open Division, linked to Division 11, 12, 18

	<u>2019 Valuation</u>
Benefit Multiplier:	Bridged Benefit: 2.00% Multiplier (no max) Frozen FAC; 1.50% Multiplier (no max)
Bridged Benefit Date:	12/31/2014
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	1.00%
Act 88:	Yes (Adopted 6/12/1973)

HA – 25 POLC aft 3/1/17: Open Division, linked to Division 26, 27

	<u>2019 Valuation</u>
Benefit Multiplier:	1.50% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0.00%
Act 88:	Yes (Adopted 6/12/1973)

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	393
Inactive employees entitled to but not yet receiving benefits	453
Active employees	<u>414</u>
	1,260

Funding Policy

The plan provides that the employer contribute amounts necessary to fund the actuarially determined benefits. The County makes employer contributions in accordance with funding requirements determined by MERS' actuary. Benefit provisions and contribution obligations have been established by union contract.

Contributions

The County 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. For the year ended December 31, 2019, employer contributions ranged from 1.43% to 32.11% of annual payroll depending on division/bargaining unit. In addition, the employer may establish contribution rates to be paid by its covered employees. For the year ended December 31, 2019, members were required to contribute 1% to 5% of their annual salary, depending on the division.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%
- Salary Increases: 3.00% in the long-term
- Investment rate of return: 7.35%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

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

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

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of January 1, 2009 through December 31, 2013.

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
Global Equity	60.0%	3.70%
Global Fixed Income	20.0%	0.30%
Private Investments	20.0%	1.30%

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

Changes in the 2019 actuarial valuation from the 2018 valuation that effect the total pension liability are the following: Discount rate decreased from 8% to 7.6%, the investment rate of return decreased from 7.75% to 7.35%, and the rate of wage inflation decreased from 3.75% to 3.0%.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2018	\$ 118,584,721	\$ 73,900,687	\$ 44,684,034
Service cost	1,412,154	-	1,412,154
Interest on total pension liability	8,773,410	-	8,773,410
Changes in benefits	(207,928)	-	(207,928)
Difference between expected and actual experience	(681,228)	-	(681,228)
Changes in assumptions	3,965,976	-	3,965,976
Employer contributions	-	5,686,293	(5,686,293)
Employee contributions	-	466,489	(466,489)
Net investment income	-	9,874,714	(9,874,714)
Benefit payments, including employee refunds	(7,702,374)	(7,702,374)	-
Administrative expense	-	(170,110)	170,110
Other charges	461,763	3	461,760
Net changes	6,021,773	8,155,015	(2,133,242)
Balances as of December 31, 2019	\$ 124,606,494	\$ 82,055,702	\$ 42,550,792

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the employer’s net pension liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net Pension Liability	\$ 56,443,338	\$ 42,550,792	\$ 30,833,770

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

For the year ended December 31, 2020 the County recognized pension expense of \$2,235,282. The County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 413,806	\$ 951,554
Differences in assumptions	2,643,984	-
Excess (deficit) investment returns	100,846	-
Contributions Subsequent to Measurement Date	4,643,841	-
Total	\$ 7,802,477	\$ 951,554

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2020.

Amounts reported as net deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2021	\$ 839,321
2022	1,302,856
2023	966,148
2024	<u>(901,243)</u>
Total	<u>\$ 2,207,082</u>

COMPONENT UNIT – SHIAWASSEE COUNTY ROAD COMMISSION

Plan Description

The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple employer statewide public employee pension plan established by the Michigan’s Legislature under Public Act 135 of 1945 and administered by a nine (9) member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at www.mersofmich.com.

Summary of Significant Accounting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS’ fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

10 – Closed Division	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Cola for Future Retirees:	2.50% (Non-Compound)
Employee Contributions	7%
Act 88:	Yes

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

11 – Closed Division	
	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Cola for Future Retirees:	2.50% (Non-Compound)
Employee Contributions	7%
Act 88:	Yes
13 – Closed Division	
	2019 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Cola for Future Retirees:	-
Employee Contributions	5%
Act 88:	Yes
14 – Closed Division	
	2019 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Cola for Future Retirees:	-
Employee Contributions	5%
Act 88:	Yes

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

15 – Open Division	
	2019 Valuation
Benefit Multiplier:	1.50% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Cola for Future Retirees:	-
Employee Contributions	5%
Act 88:	Yes

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Board of County Road Commissioners. Benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	12
Active employees	38
	99

Contribution Requirements

The Commission 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. The employer may establish contribution rates to be paid by its covered employees.

During the year ended December 31, 2020, the Commission’s monthly contributions were 2.83% based on annual payroll for open divisions.

Actuarial Assumptions

The total pension liability in the December 31, 2019 annual 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 plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.
Investment rate of return:	7.35%, net of investment expenses, including inflation.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% Female blend of the following tables: 1. the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, 2. the RP-2014 Employee Mortality Tables, and 3. the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the valuation were based on the results of the 2009-2013 Five-Year Experience Study, performed in 2015.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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
Global Equity	60.00%	5.25%
Global Fixed Income	20.00%	1.25%
Private Investments	20.00%	7.25%

Discount Rate. The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability

The Commission’s net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2018	\$ 20,645,997	\$ 15,488,171	\$ 5,157,826
Service cost	185,571	-	185,571
Interest on total pension liability	1,602,921	-	1,602,921
Difference between expected and actual experience	96,544	-	96,544
Changes in assumptions	662,807	-	662,807
Employer contributions	-	1,518,139	(1,518,139)
Employee contributions	-	106,645	(106,645)
Net investment income (loss)	-	2,113,047	(2,113,047)
Benefit payments, including employee refunds	(1,404,559)	(1,404,559)	-
Administrative expense	-	(36,413)	36,413
Other Changes	1	-	1
Net changes	1,143,285	2,296,859	(1,153,574)
Balances as of December 31, 2019	\$ 21,789,282	\$ 17,785,030	\$ 4,004,252

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.00 percent, as well as what the Road Commission's net pension liability would be using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	\$ 6,338,611	\$ 4,004,252	\$ 2,020,490

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

For the year ended December 31, 2020, the County recognized a negative pension expense of \$676,176. At December 31, 2019, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions to the plan subsequent to the measurement date	\$ 2,162,746	\$ -
Net difference between projected and actual earnings on pension plan investments	89,154	-
Changes in assumptions	497,105	-
Differences between expected and actual experience	<u>85,492</u>	<u>279,492</u>
Total	<u>\$ 2,834,497</u>	<u>\$ 279,492</u>

The Amount reported as deferred outflows resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31:

2021	\$ 51,003
2022	108,993
2023	405,591
2024	(173,328)

NOTE 9- OTHER POST EMPLOYMENT BENEFITS

PRIMARY GOVERNMENT AND MEDICAL CARE FACILITY COMPONENT UNIT

Plan Description

In addition to providing pension benefits, the County provides certain other postemployment benefits (OPEB) such as health care benefits in accordance with union agreements and/or personnel policies to employees who have retired. The County has a self-insured health program which pays for claims (less deductible and co-pay) in accordance with the group that the employee retired from. For most retirees this is for the ages 60 to 65. Full cost retiree contribution is required (except for certain sheriff department retirees); however, the Plan includes an implicit employer subsidy. For some Sheriff Department retirees, the age is 55, and single subscriber health insurance is provided at full cost to the County with some stipulations. At the age of Medicare eligibility, all retirees must contribute to the program in order to continue coverage. The pay-as-you-go system of funding is used for the County portion of expense paid through the general fund and the central dispatch fund. In 2014, the County began participating in the MERS of Michigan Retiree Healthcare Funding Vehicle (RHFV) plan. The balance in the RHFV plan at December 31, 2020 was \$228,291.

Expenditures for postemployment health care benefits are recognized when claims are paid. The plan does not issue a separate stand-alone financial statement.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy

The County has no obligation to make contributions in advance of when the insurance premiums are due for payment (i.e., may be financed on a “pay-as-you-go” basis). The County contributed \$74,441 in actual current premiums of the retirees in 2019. The Medical Care Facility does not make any contributions to the plan since the retirees are responsible for 100% of the cost. Administrative costs of the plan are paid for by the County and Medical Care Facility.

At December 31, 2019, the date of the latest actuarial valuation, participants in the plan consisted of:

Inactive employees or beneficiaries currently receiving benefits payments	69
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>383</u>
Total participants covered by OPEB Plan	<u><u>452</u></u>

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at December 31, 2019	<u>\$ 1,416,642</u>	<u>\$ 201,868</u>	<u>\$ 1,214,774</u>
Service cost	54,285	-	54,285
Interest on OPEB liability	47,595	-	47,595
Difference between expected and actual experience	(50,359)	-	(50,359)
Change in Plan Terms	197,276	-	197,276
Changes in assumptions	224,457	-	224,457
Contributions - Employer	-	74,441	(74,441)
Net investment income (loss)	-	26,785	(26,785)
Benefit payments, including refund of employee contributions	(74,441)	(74,441)	-
Administrative expense	-	(362)	362
Other	-	-	-
Net changes	<u>398,813</u>	<u>26,423</u>	<u>372,390</u>
Balances as December 31, 2020	<u><u>\$ 1,815,455</u></u>	<u><u>\$ 228,291</u></u>	<u><u>\$ 1,587,164</u></u>

The net OPEB liability is allocated as follows

Primary government	\$ 1,320,644
Medical Care Facility component unit	<u>266,520</u>
Total	<u><u>\$ 1,587,164</u></u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes in Assumptions

In 2020, amounts reported as changes in assumptions were Mortality tables were updated to MP-2020, spouse mortality updated, Trend rates updated, Salary Scale updates from 3.5% to 4.1%, Discount Rate updated from 3.33% to 2.0% for the County, and Mortality improvement scale changes from MP-2018 to MP-2020, Trend Rates updated from rates prescribed by PA 2020 for 2018 to 2020, and Discount Rate changed from 3.26% to 1.93% for the MCF.

The County's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability was determined by an actual valuation as of December 31, 2020. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age Normal
Amortization method	Level percent of payroll
Remaining amortized period	Closed 10 year period
Asset valuation method	Market value (not applicable to the Medical Care Facility component unit As the plan is not pre-
Investment rate of return	20 year Aa Municipal bond rate 1.93%
Health care trend rates	County: Pre-65 – Initial trend of 8.25% graded down .25% per year to an ultimate rate of 4.5%; Medical Care Facility: Pre-65 – 8.25% graded to 4.5%.
Mortality tables	County: Police, Sheriffs – Public Safety 2010 Employee and Healthy Retiree headcount weighted with MP-2020 improvement; all others and Medical Care Facility: Public General 2010 Employee and Healthy Retiree, headcount weighted with mp-2020 improvement
Projected salary increases	3.50%

Rates of price inflation are not specifically used in the actuarial valuation. However, a price inflation rate of 2%-3% would be consistent with other assumptions in the actuarial report.

Investments

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board deems appropriate. The OPEB Plan's asset allocation policy is shown below.

Rate of Return. For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 13.27 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB Plan investments was determined using a forward looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	5.25%
Global Fixed Income	20.0%	1.25%
Private Asset	20.0%	7.25%

Inflation	2.50%
Investment rate of return	7.35%

Discount Rate. The blended discount rate used to measure the total OPEB liability was 2.00% for the County and 1.93% for the Medical Care Facility. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be exhausted in the year 2020. Therefore, the discount rate represents a blend of the single equivalent rate resulting from discounting the long-term expected rate of return on OPEB Plan investments until 2020, and discounting with the 20-year AA municipal index bond rate of 3.33% thereafter.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, calculated using the discount rate of 2.00%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.00%) or 1% higher (3.00%) than the current rate:

	<u>1% Decrease (1.00%)</u>	<u>Current Discount Rate (2.00%)</u>	<u>1% Increase (3.00%)</u>
County’s net OPEB liability	\$ 1,487,192	\$ 1,320,644	\$ 1,171,460

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Medical Care Facility, calculated using the discount rate of 1.93%, as well as what the Facility's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (0.93%) or 1% higher (2.93%) than the current rate:

	<u>1% Decrease (0.93%)</u>	<u>Current Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
Medical Care Facility’s total OPEB liability	\$ 283,053	\$ 266,520	\$ 251,069

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the County and Medical Care Facility, calculated using the healthcare cost trend rate of 8.50% (post-65 7.00%) reducing each year until an ultimate rate of 4.50% is achieved, as well as what the County and Facility's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

	<u>1% Decrease (pre-65 7.50% and post -65 6.00%)</u>	<u>Current Trend Rate (pre-65 8.50% and post-65 7.00%)</u>	<u>1% Increase (pre-65 9.50% and post-65 8.00%)</u>
County' net OPEB liability	\$ 1,386,376	\$ 1,587,164	\$ 1,825,163

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the County and Medical Care Facility recognized OPEB expense of \$330,442 and \$21,010, respectively. The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 44,289	\$ 76,903
Differences in assumptions	194,990	-
Excess (deficit) investment returns	-	18,802
 Total	 <u>\$ 239,279</u>	 <u>\$ 95,705</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recorded in pension expense as follows:

<u>Year Ended December 31:</u>	
2021	\$ 51,934
2022	51,934
2023	29,521
2023	1,795
2024	4,603
2025+	<u>3,787</u>
Total	<u>\$ 143,574</u>

COMPONENT UNIT – SHIAWASSEE COUNTY ROAD COMMISSION

In addition to the pension benefits, the Shiawassee County Road Commission provides hospitalization and medical coverage insurance benefits to all applicable employees who retire after January 1, 1975 in accordance with the union agreements and/or personnel policies. The Road Commission's obligation is calculated on the alternative measurement method and payments are made on an ongoing basis. Details applicable to the Road Commission plan are available in its separately issued financial statements.

NOTE 10 - RISK MANAGEMENT

Primary Government and Component Units (except for Road Commission)

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 is a member of the Michigan Municipal Risk Management Authority (the "Authority"), which is organized under Public Act 138 of 1982 for the risks of loss, including property, casualty loss, and general liability.

The administration of the Authority is directed by a nine-member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Shiawassee County with loss protection for general and auto liability, motor vehicle physical damage, property and crime damage. Under most circumstances, the County’s maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention per Occurrence</u>
General and automobile liability	\$ 100,000
Motor vehicle physical damage	15,000
Property coverage deductible	1,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

The Authority has reserves to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Shiawassee County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. In the event the pool’s claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool’s policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

In addition, the Authority has accumulated resources to create and fund an internal Stop Loss Program. The Stop Loss Program was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$210,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$210,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Program. If at any time the Stop Loss Program is insufficient to fund Shiawassee County’s losses, the remaining liability shall become the responsibility of the Authority as a whole.

NOTE 10 - RISK MANAGEMENT (Continued)

Liability insurance claims are expensed as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for reported claims, and reported legal expenses as well as incurred but not reported claims.

At December 31, 2019, the County had funds on deposit of \$960,224 with the Authority and an estimated liability for reported claims and legal fees of \$253,610.

The County is self-insured for workers' compensation up to \$450,000 for each loss up to an aggregate amount of \$1,000,000. The County is insured for the amount of claims in excess of such limitation to an aggregate maximum of \$5,000,000 for each occurrence. The County is insured for these aggregate claims in excess of the self insurance amounts by commercial insurance that provides the excess workers' compensation coverage.

Changes in the estimated claims liabilities for workers' compensation claims for the years ended December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Claims liability, beginning of year	\$ 293,817	\$ 392,687
Claims incurred including changes in estimates	262,849	106,391
Claims payments and adjustments	<u>(178,436)</u>	<u>(205,261)</u>
Claims liability, end of year	<u>\$ 378,230</u>	<u>\$ 293,817</u>

Road Commission Component Unit

The Road Commission participates in a pool, the Michigan County Road Commission Self-Insurance Pool, with other municipalities, for claims relating to general liability, trunkline, excess liability, auto liability, directors' and officers' liability, errors and omissions and physical damage. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The Road Commission has not been informed of any special assessments being required.

The Road Commission participates in the County Road Association Self-Insurance Fund (CRASIF) for workers' compensation insurance and has full statutory coverage for workers' disability compensation and employers' liability as granted by the State of Michigan under Chapter 6, Section 418.611 of the Workers' Disability Compensation Act. The Commission has no liability for additional assessments based on the claims filed against the fund nor do they have rights to dividends.

NOTE 11 - PROPERTY TAXES AND TAXES RECEIVABLE

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31. Unpaid property taxes are considered to be delinquent as of March 1 of the year after the tax was levied.

The County's Summer 2020 ad valorem taxes were levied and collectible on July 1, 2020. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's summer 2020 tax levy for general operating purposes has been recognized as revenue in the current fiscal year in the general fund. The 2020 adjusted taxable value of Shiawassee County amounted to approximately \$1,917,000,000 on which ad valorem taxes levied for County general operating purposes consisted of 5.5105 mills. The 2019 tax levy was recognized as revenue in the special revenue fund and component units. The 2019 adjusted taxable value of Shiawassee County amounted to approximately \$1,851,000,000 on which the Veterans Relief Fund levied 0.1000 mills, the Veteran Services Fund levied 0.2000 mills, the MSU Extension Fund levied 0.0757 mills, the Senior services Fund levied 0.4600 mills, and the Medical Care Facility levied 1.9948 mills.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2020. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving enterprise fund.

NOTE 12 - CONTINGENT LIABILITIES AND COMMITMENTS

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

The Michigan Department of Environmental Quality (MDEQ) identified the County as one of the potentially responsible parties for the contamination of a landfill used by the County and has named the County in an action filed seeking to recover the MDEQ's past service costs and oversight costs. The parties entered into a consent order calling for the County to make certain settlement payments as detailed in a consent order on behalf of the parties involved. The County authorized its chairperson to execute the consent order on behalf of the County upon finalization of the order and the recommendation of counsel. The County has made certain payments under this consent order. The County does not expect the remaining settlement payments to be material to the County as a whole.

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.

The Road Commission participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The programs and the periodic program compliance audits of many of the programs have not yet been conducted, completed, or resolved. Accordingly, the Road Commission's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Road Commission expects such amounts, if any, to be immaterial.

NOTE 13 - RESTATEMENT:

	<u>General Fund</u>
Beginning net position as previously reported at January 1, 2020	\$ 2,114,718
Restatement of beginning net position:	
Expenditures not posted in correct period	<u>62,806</u>
Fund Balance/Net position as restated, January 1, 2020	<u>\$ 2,177,524</u>

NOTE 14 - EXCESS EXPENDITURES OVER APPROPRIATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures were in excess of amounts appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Other	\$ 364,015	\$ 461,524	\$ (97,509)
Transfers Out	418,752	1,107,563	(688,811)
Central Dispatch Fund:			
Public Safety	\$ 1,958,456	\$ 2,497,692	\$ (539,236)
Health Department Fund:			
Health and Welfare	\$ 2,868,082	\$ 2,908,149	\$ (40,067)

Required Supplementary Information

Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios
For the Year Ended December 31, 2020

	MERS Year Ended 12/31					
	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 1,235,573	\$ 1,244,481	\$ 1,216,965	\$ 1,275,875	\$ 1,476,154	\$ 1,412,154
Interest on total pension liability	7,960,464	8,185,675	8,594,908	8,751,039	8,949,784	8,773,410
Difference between expected and actual experience	-	668,741	(575,440)	67,318	(301,271)	(681,228)
Changes in benefit terms	-	(534,877)	(73,164)	(152,295)	1,150,325	(207,928)
Changes of assumptions	-	5,504,463	-	-	-	3,965,976
Benefit payments, including refund of member contributions	(6,278,026)	(6,663,314)	(7,014,085)	(7,464,071)	(7,648,984)	(7,702,374)
Other	2	2	(1,985)	(1,251)	1	461,763
Net change in total pension liability	2,918,013	8,405,171	2,147,199	2,476,615	3,626,009	6,021,773
Total pension liability - beginning	99,011,714	101,929,727	110,334,898	112,482,097	114,958,712	118,584,721
Total pension liability - ending	<u>\$ 101,929,727</u>	<u>\$ 110,334,898</u>	<u>\$ 112,482,097</u>	<u>\$ 114,958,712</u>	<u>\$ 118,584,721</u>	<u>\$ 124,606,494</u>
Plan fiduciary net position						
Contributions - employer	\$ 2,843,770	\$ 2,790,160	\$ 9,357,581	\$ 4,165,513	\$ 4,493,905	\$ 5,686,293
Contributions - employee	126,482	114,009	121,618	213,033	327,637	466,489
Net investment income	4,254,444	(998,834)	7,126,783	9,551,774	(3,060,825)	9,874,714
Benefit payments, including refunds of member contributions	(6,278,026)	(6,663,314)	(7,014,085)	(7,464,071)	(7,648,984)	(7,702,374)
Other	-	-	-	-	-	3
Administrative expense	(155,702)	(148,187)	(140,853)	(151,443)	(153,188)	(170,110)
Net change in plan fiduciary net position	790,968	(4,906,166)	9,451,044	6,314,806	(6,041,455)	8,155,015
Plan fiduciary net position - beginning	68,291,490	69,082,458	64,176,292	73,627,336	79,942,142	73,900,687
Plan fiduciary net position - ending	<u>\$ 69,082,458</u>	<u>\$ 64,176,292</u>	<u>\$ 73,627,336</u>	<u>\$ 79,942,142</u>	<u>\$ 73,900,687</u>	<u>\$ 82,055,702</u>
Net pension liability - ending	<u>\$ 32,847,269</u>	<u>\$ 46,158,606</u>	<u>\$ 38,854,761</u>	<u>\$ 35,016,570</u>	<u>\$ 44,684,034</u>	<u>\$ 42,550,792</u>
Plan fiduciary net position as a percentage of the total pension liability	67.8%	58.2%	65.5%	69.5%	62.3%	65.9%
Covered - employee payroll	\$ 15,377,682	\$ 15,711,326	\$ 15,925,192	\$ 16,737,071	\$ 19,194,637	\$ 17,875,356
County's net pension liability as a percentage of covered-employee payroll	213.6%	293.8%	244.0%	209.2%	232.8%	238.0%

County of Shiawassee, Michigan

**Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Contributions
For the Year Ended December 31, 2020**

	MERS Year Ended 12/31					
	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 2,818,771	\$ 2,778,162	\$ 2,857,581	\$ 3,687,245	\$ 4,471,526	\$ 3,686,293
Contributions in relation to the actuarially determined contribution	2,843,771	2,790,162	9,357,581	4,086,042	4,493,905	5,686,293
Contribution deficiency (excess)	<u>\$ (25,000)</u>	<u>\$ (12,000)</u>	<u>\$ (6,500,000)</u>	<u>\$ (398,797)</u>	<u>\$ (22,379)</u>	<u>\$ (2,000,000)</u>
Covered - employee payroll	\$ 15,752,068	\$ 15,398,379	\$ 16,374,620	\$ 18,109,310	\$ 18,286,715	\$ 17,875,356
Contributions as a percentage of covered-employee payroll	18.1%	18.1%	57.1%	22.6%	24.6%	31.8%

Notes to Schedule:

Valuation date: December 31, 2019

Actuarially determined contribution rates are calculated as of December 31, which is 24 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization methods	Level percent of payroll, closed
Remaining amortization period	19 years
Asset valuation method	Open; 5-year smooth market
Inflation	2.50%
Salary increases	3.00 long-term wage inflation plus 3.75% to 14.75% based on age-related scale to reflect merit, longevity and promotional pay increases.
Investment rate of return	7.35%
Retirement age	Experience-based table of rates that are specific to the type of eligibility
Mortality	50% Male - 50% Female blend of the RP-2014 Healthy Group Annuitant Mortality Tables with rates multiplied by 105%, RP-2014 Employee Mortality Tables, and RP-204 Juvenile Mortality Tables. For disabled retirees, the 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

Note: In 2020 this schedule was changed for all year to reflect the amounts per MERS plan years and to agree it to MERS payment records

Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Changes in the OPEB Liability and Related Ratios
Year Ended December 31, 2020

	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>
Total OPEB Liability - Beginning of Year	\$ 1,324,825	\$ 1,337,530	\$ 1,416,642
Service cost	51,717	53,641	54,285
Interest on OPEB liability	49,626	44,910	47,595
Difference between expected and actual experience	-	7,784	(50,359)
Change in plan terms	-	-	197,276
Changes in assumptions	-	48,634	224,457
Benefit payments, including refunds of employees contributions	(88,638)	(81,242)	(74,441)
Other	-	5,385	-
OPEB Liability - End of Year	<u>\$ 1,337,530</u>	<u>\$ 1,416,642</u>	<u>\$ 1,815,455</u>
Plan fiduciary net position			
Contributions - employer	\$ 248,157	\$ 81,242	\$ 74,441
Net investment income	(10,431)	24,062	26,785
Benefit payments	(88,638)	(81,242)	(74,441)
Administrative expense	(430)	(343)	(362)
Net change in plan fiduciary net position	148,658	23,719	26,423
Plan fiduciary net position - Beginning of Year	29,491	178,149	201,868
Plan fiduciary net position - End of Year	<u>\$ 178,149</u>	<u>\$ 201,868</u>	<u>\$ 228,291</u>
Net OPEB liability - End of Year	<u>\$ 1,159,381</u>	<u>\$ 1,214,774</u>	<u>\$ 1,587,164</u>
Plan fiduciary net position as a percentage of the total OPEB liability	13%	14%	13%
Covered Payroll	\$ 8,233,450	\$ 8,466,548	\$ 19,400,842
Net OPEB liability as a percentage of covered payroll	14.08%	14.35%	8.18%
Schedule of Employer Contributions			
Actuarially determined contribution	155,411	161,994	185,819
Actual Contribution	248,157	81,242	74,441
Contribution deficiency/(excess)	<u>\$ (92,746)</u>	<u>\$ 80,752</u>	<u>\$ 111,378</u>
Covered Payroll	\$ 6,547,134	\$ 8,763,666	\$ 19,400,842
ADC as a percentage of payroll	2.37%	1.85%	0.96%

**Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Changes in the OPEB Liability and Related Ratios
Year Ended December 31, 2020**

Notes:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization methods	Level percent
Remaining amortization period	10 years
Asset valuation method	Market value (not applicable to the Medical Care Facility component unit as the plan is not pre-funded)

Actuarial assumptions:

Price inflation	2.0% - 3.0%
Salary increases	4.1% Primary Gov, 3.5% MCF
Investment rate of return	7.35% (including inflation)
Retirement age	Experience-based table of rates that are specific to the type of eligibility
Mortality	County: Police, Sheriffs - Public Safety 2010 Employee and Healthy Retiree, headcount weighted with MP-2020 improvement; All other and Medical Care Facility - Public General 2010 Employee and Healthy Retiree, headcount Weighted MP -2020 improvement
Healthcare trend rates	County: Pre-65 - Initial trend of 8.25% (7.0% post 65) graded down 0.25% per year to an ultimate rate of 4.5%; Medical Care Facility: Pre-65 - 8.25% graded to 4.5% over 16 years

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 10,666,209	\$ 10,666,209	\$ 10,503,882	\$ (162,327)
Special Assessments	-	-	-	-
Licenses and Permits	123,000	123,000	104,160	(18,840)
Intergovernmental	3,517,474	4,240,030	4,257,643	17,613
Charges for Services	1,600,955	1,924,955	1,786,442	(138,513)
Fines and Forfeitures	498,000	498,000	385,406	(112,594)
Interest and Rents	140,500	140,500	66,012	(74,488)
Other Revenue	494,819	570,471	470,068	(100,403)
TOTAL REVENUES	17,040,957	18,163,165	17,573,613	(589,552)
EXPENDITURES:				
General Government				
Board of Commissioners	183,990	183,990	208,363	(24,373)
Circuit Court	593,913	604,413	546,440	57,973
District Court	1,135,739	1,136,739	1,030,758	105,981
Friend of the Court	840,498	840,498	879,790	(39,292)
Probate - Juvenile Division	1,383,443	869,443	776,996	92,447
Probate - Estate Division	540,095	515,095	471,689	43,406
County Administrator	563,975	589,089	729,609	(140,520)
Elections	291,317	229,317	223,874	5,443
Clerk	548,458	518,458	492,186	26,272
Equalization	254,113	229,113	244,027	(14,914)
Prosecuting Attorney	1,089,492	1,089,492	1,043,235	46,257
Community Development	115,700	116,300	126,434	(10,134)
Register of Deeds	342,841	343,841	360,007	(16,166)
Survey and Remonumentation	66,737	65,442	65,196	246
Technology Services	349,500	189,500	212,078	(22,578)
Treasurer	338,025	335,025	321,528	13,497
Courthouse and grounds	1,027,056	957,056	924,695	32,361
Drain Commissioner	361,608	366,010	360,173	5,837
Professional Services	271,420	199,112	163,333	35,779
Airport	7,732	7,732	7,732	-
Other	1,346,208	1,346,208	1,212,493	133,715
Total General Government	11,651,860	10,731,873	10,400,636	331,237
Public Safety				
Sheriff	2,546,503	2,914,193	2,901,107	13,086
Secondary Road Patrol	100,304	150,304	145,920	4,384
Security	258,352	254,352	223,315	31,037
Jail	2,426,540	2,555,902	2,386,718	169,184
Animal control	116,485	117,485	102,105	15,380
Total Public Safety	5,448,184	5,992,236	5,759,165	233,071

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works				
Drains at Large	122,000	117,598	96,738	20,860
Health and Welfare				
Medical Examiner	181,977	181,977	181,977	-
Mental Health Services	200,000	200,000	200,000	-
Emergency Services	108,985	110,485	107,089	3,396
Total Health and Welfare	490,962	492,462	489,066	3,396
Recreation & Culture				
Parks	11,500	21,000	22,316	(1,316)
Other				
Insurance and Bonds	402,600	364,015	461,524	(97,509)
Total Other	402,600	364,015	461,524	(97,509)
Debt Service	23,992	23,992	23,992	-
Total Expenditures	18,151,098	17,743,176	17,253,437	489,739
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,110,141)	419,989	320,176	(99,813)
OTHER FINANCING SOURCES (USES):				
Transfers In	1,528,893	-	-	-
Transfers Out	(418,752)	(418,752)	(1,107,563)	(688,811)
Total Other Financing Sources (Uses)	1,110,141	(418,752)	(1,107,563)	(688,811)
NET CHANGE IN FUND BALANCES	\$ -	\$ 1,237	(787,387)	\$ (788,624)
FUND BALANCE BEGINNING OF YEAR			2,114,718	
Restatement (See Note 13)			62,806	
FUND BALANCE END OF YEAR			\$ 1,390,137	

**Required Supplementary Information
Budgetary Comparison Schedule
Central Dispatch Fund
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive (Negative)
REVENUES:				
Charges for Services	\$ 1,701,163	\$ 1,701,163	\$ 1,944,920	\$ 243,757
Intergovernmental	252,267	262,267	351,225	88,958
Interest	400	400	398	(2)
Other Revenue	4,000	4,000	3,545	(455)
TOTAL REVENUES	1,957,830	1,967,830	2,300,088	332,258
EXPENDITURES:				
Public Safety	1,948,456	1,958,456	2,497,692	(539,236)
TOTAL EXPENDITURES	1,948,456	1,958,456	2,497,692	(539,236)
Revenues Over (Under) Expenditures	9,374	9,374	(197,604)	871,494
OTHER FINANCING SOURCES (USES):				
Loan Proceeds	-	-	568,961	(568,961)
NET CHANGE IN FUND BALANCES	\$ 9,374	\$ 9,374	371,357	\$ 361,983
FUND BALANCE BEGINNING OF YEAR			2,657,468	
FUND BALANCE END OF YEAR			\$ 3,028,825	

**Required Supplementary Information
Budgetary Comparison Schedule
Health Department Fund
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,634,186	\$ 2,942,426	\$ 2,783,252	\$ (159,174)
Charges for Services	-	-	110,138	110,138
Licenses and Permits	-	-	505,922	\$ 505,922
Interest	-	-	946	946
TOTAL REVENUES	2,634,186	2,942,426	3,400,258	457,832
EXPENDITURES:				
Health and Welfare	2,559,842	2,868,082	2,908,149	(40,067)
Debt Service	74,344	74,344	74,344	-
TOTAL EXPENDITURES	2,634,186	2,942,426	2,982,493	(40,067)
Revenues Over (Under) Expenditures	-	-	417,765	497,899
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	217,000	217,000
NET CHANGE IN FUND BALANCES	\$ -	\$ -	634,765	\$ 634,765
FUND BALANCE BEGINNING OF YEAR			125,704	
FUND BALANCE END OF YEAR			\$ 760,469	

Other Information

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020**

	Special Revenue Funds							Animal Control Donations
	MSU Extension	Family Counseling	Friend of the Court	Drunk Driving	Prosecutor's Fees	Waste Management	Farmland Preservation	
ASSETS:								
Cash and Equivalents	\$ 93,695	\$ 56,853	\$ 153,033	\$ 171,526	\$ 159,521	\$ 203,222	\$ 1,448	\$ 21,230
Accounts Receivable	-	-	-	-	3,854	-	-	-
Taxes Receivable	142,579	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 236,274</u>	<u>\$ 56,853</u>	<u>\$ 153,033</u>	<u>\$ 171,526</u>	<u>\$ 163,375</u>	<u>\$ 203,222</u>	<u>\$ 1,448</u>	<u>\$ 21,230</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 95	\$ 1,851	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	19,770	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>19,770</u>	<u>-</u>	<u>95</u>	<u>1,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	142,579	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	73,925	56,853	152,938	169,675	-	203,222	-	21,230
Committed	-	-	-	-	163,375	-	1,448	-
TOTAL FUND BALANCES	<u>73,925</u>	<u>56,853</u>	<u>152,938</u>	<u>169,675</u>	<u>163,375</u>	<u>203,222</u>	<u>1,448</u>	<u>21,230</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 236,274</u>	<u>\$ 56,853</u>	<u>\$ 153,033</u>	<u>\$ 171,526</u>	<u>\$ 163,375</u>	<u>\$ 203,222</u>	<u>\$ 1,448</u>	<u>\$ 21,230</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020**

	Special Revenue Funds							
	Building Code	Housing Rehabilitation	Sheriff Collection	Register of Deeds Automation	Emergency Management	Sheriff Posse	Local Correction Officer's Training	
ASSETS:								
Cash and Equivalents	\$ 339,119	\$ 154,458	\$ 297,277	\$ 171,765	\$ 15,798	\$ 13,457	\$ 24,980	\$ 12,176
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 339,119</u>	<u>\$ 154,458</u>	<u>\$ 297,277</u>	<u>\$ 171,765</u>	<u>\$ 15,798</u>	<u>\$ 13,457</u>	<u>\$ 24,980</u>	<u>\$ 12,176</u>
LIABILITIES:								
Accounts Payable	\$ 10,547	\$ -	\$ 4,344	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	14,417	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>24,964</u>	<u>-</u>	<u>4,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	-	154,458	292,933	171,765	-	-	24,980	12,176
Committed	314,155	-	-	-	15,798	13,457	-	-
TOTAL FUND BALANCES	<u>314,155</u>	<u>154,458</u>	<u>292,933</u>	<u>171,765</u>	<u>15,798</u>	<u>13,457</u>	<u>24,980</u>	<u>12,176</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 339,119</u>	<u>\$ 154,458</u>	<u>\$ 297,277</u>	<u>\$ 171,765</u>	<u>\$ 15,798</u>	<u>\$ 13,457</u>	<u>\$ 24,980</u>	<u>\$ 12,176</u>

	Special Revenue Funds							
	Prosecutor's Assets	Local Law Enforcement	Law Library	REACH Shoplifting	Peace Time Veterans	Social Welfare DHS	Child Care DHS	Drug Court
ASSETS:								
Cash and Equivalents	\$ 55,738	\$ 215	\$ -	\$ 6,362	\$ 38,614	\$ 9,657	\$ 8,850	\$ 10,135
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	3,250	450	-	-	-	-
TOTAL ASSETS	<u>\$ 55,738</u>	<u>\$ 215</u>	<u>\$ 3,250</u>	<u>\$ 6,812</u>	<u>\$ 38,614</u>	<u>\$ 9,657</u>	<u>\$ 8,850</u>	<u>\$ 10,135</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 802	\$ -	\$ 164	\$ -	\$ 1,738	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	7,802
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>802</u>	<u>-</u>	<u>164</u>	<u>-</u>	<u>1,738</u>	<u>7,802</u>
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	-	215	2,448	-	-	-	7,112	2,333
Committed	55,738	-	-	6,812	38,450	9,657	-	-
TOTAL FUND BALANCES	<u>55,738</u>	<u>215</u>	<u>2,448</u>	<u>6,812</u>	<u>38,450</u>	<u>9,657</u>	<u>7,112</u>	<u>2,333</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 55,738</u>	<u>\$ 215</u>	<u>\$ 3,250</u>	<u>\$ 6,812</u>	<u>\$ 38,614</u>	<u>\$ 9,657</u>	<u>\$ 8,850</u>	<u>\$ 10,135</u>

	Special Revenue Funds							
	Veterans' Relief	Veterans' Services	Cigarette Tax	MSHN	MAGNET	Concealed Pistol Licensing	Swift and Sure	Indigent Defense
ASSETS:								
Cash and Equivalents	\$ 594,667	\$ 483,932	\$ 140	\$ 14,580	\$ 295,766	\$ 195,212	\$ 3,405	\$ 713,785
Accounts Receivable	-	-	17	-	-	-	-	-
Taxes Receivable	189,600	377,114	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	7,570	-
TOTAL ASSETS	<u>\$ 784,267</u>	<u>\$ 861,046</u>	<u>\$ 157</u>	<u>\$ 14,580</u>	<u>\$ 295,766</u>	<u>\$ 195,212</u>	<u>\$ 10,975</u>	<u>\$ 713,785</u>
LIABILITIES:								
Accounts Payable	\$ 277	\$ 4,784	\$ -	\$ 745	\$ 10,678	\$ 82	\$ 210	\$ 4,360
Accrued Liabilities	-	13,912	-	-	-	867	1,118	18,611
Due to Other Funds	-	-	-	-	-	-	5,207	-
TOTAL LIABILITIES	<u>277</u>	<u>18,696</u>	<u>-</u>	<u>745</u>	<u>10,678</u>	<u>949</u>	<u>6,535</u>	<u>22,971</u>
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	189,600	377,114	-	-	-	-	-	-
FUND BALANCES:								
Restricted	594,390	465,236	-	-	285,088	194,263	4,440	690,814
Committed	-	-	157	13,835	-	-	-	-
TOTAL FUND BALANCES	<u>594,390</u>	<u>465,236</u>	<u>157</u>	<u>13,835</u>	<u>285,088</u>	<u>194,263</u>	<u>4,440</u>	<u>690,814</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 784,267</u>	<u>\$ 861,046</u>	<u>\$ 157</u>	<u>\$ 14,580</u>	<u>\$ 295,766</u>	<u>\$ 195,212</u>	<u>\$ 10,975</u>	<u>\$ 713,785</u>

County of Shiawassee, Michigan

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020**

	Special Revenue Funds					Debt Service	Capital Project Funds		Totals
	Senior Citizens	Byrne Jag Drug Court	Child Care	Gun Range	CBD Grant	Fund Equipment Acquisition	Capital Improvements	Jail Improvements	
ASSETS:									
Cash and Equivalents	\$ 691,844	\$ 9,701	\$ 89,047	\$ 750	\$ -	\$ -	\$ 87,222	\$ 791	\$ 5,199,971
Accounts Receivable	-	-	-	-	-	-	-	-	3,871
Taxes Receivable	940,416	-	-	-	-	-	-	-	1,649,709
Due from Other Governmental Units	-	-	55,412	-	47,109	-	-	-	113,791
TOTAL ASSETS	<u>\$ 1,632,260</u>	<u>\$ 9,701</u>	<u>\$ 144,459</u>	<u>\$ 750</u>	<u>\$ 47,109</u>	<u>\$ -</u>	<u>\$ 87,222</u>	<u>\$ 791</u>	<u>\$ 6,967,342</u>
LIABILITIES:									
Accounts Payable	\$ 27,861	\$ 2,171	\$ 26,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,049
Accrued Liabilities	-	1,045	21,492	-	-	-	-	-	71,462
Due to Other Funds	-	4,882	85,211	-	47,109	-	-	-	169,981
TOTAL LIABILITIES	<u>27,861</u>	<u>8,098</u>	<u>133,043</u>	<u>-</u>	<u>47,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,492</u>
DEFERRED INFLOWS OF RESOURCES:									
Property Taxes Levied for Subsequent Period	940,416	-	-	-	-	-	-	-	1,649,709
FUND BALANCES:									
Restricted	663,983	-	-	-	-	-	87,222	791	4,332,490
Committed	-	1,603	11,416	750	-	-	-	-	646,651
TOTAL FUND BALANCES	<u>663,983</u>	<u>1,603</u>	<u>11,416</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>87,222</u>	<u>791</u>	<u>4,979,141</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,632,260</u>	<u>\$ 9,701</u>	<u>\$ 144,459</u>	<u>\$ 750</u>	<u>\$ 47,109</u>	<u>\$ -</u>	<u>\$ 87,222</u>	<u>\$ 791</u>	<u>\$ 6,967,342</u>

County of Shiawassee, Michigan

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

	Special Revenue Funds							
	MSU Extension	Family Counseling	Friend of the Court	Drunk Driving	Prosecutor's Fees	Waste Management	Farmland Preservation	Animal Control Donations
REVENUES:								
Taxes	\$ 145,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	23,874	8,571	39,566	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	-	5,430	18,660	-	-	-	-	-
Interest	-	-	3	125	-	-	-	-
Other Revenue	-	-	-	1	-	76,042	-	-
TOTAL REVENUES	145,172	5,430	42,537	8,697	39,566	76,042	-	-
EXPENDITURES:								
General Government	-	8,694	11,240	-	-	-	-	-
Public Safety	-	-	-	6,208	-	-	-	-
Health and Welfare	-	-	-	-	-	27,585	-	-
Community and Economic Development	148,945	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	148,945	8,694	11,240	6,208	-	27,585	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(3,773)	(3,264)	31,297	2,489	39,566	48,457	-	-
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	29,058	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	29,058	-	-	-	-
NET CHANGE IN FUND BALANCES	(3,773)	(3,264)	31,297	31,547	39,566	48,457	-	-
FUND BALANCE BEGINNING OF YEAR	77,698	60,117	121,641	138,128	123,809	154,765	1,448	21,230
FUND BALANCE END OF YEAR	\$ 73,925	\$ 56,853	\$ 152,938	\$ 169,675	\$ 163,375	\$ 203,222	\$ 1,448	\$ 21,230

County of Shiawassee, Michigan

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

	Special Revenue Funds							
	Building Code	Housing Rehabilitation	Sheriff Collection	Register of Deeds Automation	Emergency Management	Sheriff Posse	Local Correction Officer's Training	Drug Forfeiture
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	3,629	-	-	-
Charges for Services	503,280	-	5,340	62,650	-	-	8,574	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	77	-	-	-	-
Other Revenue	-	106,791	49,497	-	200	4,106	-	-
TOTAL REVENUES	503,280	106,791	54,837	62,727	3,829	4,106	8,574	-
EXPENDITURES:								
General Government	-	-	-	764	-	-	-	-
Public Safety	-	-	46,675	-	7,705	3,564	9,099	1,024
Health and Welfare	-	-	-	-	-	-	-	-
Community and Economic Development	232,774	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	51,320	-	-	-	-
TOTAL EXPENDITURES	232,774	-	46,675	52,084	7,705	3,564	9,099	1,024
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	270,506	106,791	8,162	10,643	(3,876)	542	(525)	(1,024)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	270,506	106,791	8,162	10,643	(3,876)	542	(525)	(1,024)
FUND BALANCE BEGINNING OF YEAR	43,649	47,667	284,771	161,122	19,674	12,915	25,505	13,200
FUND BALANCE END OF YEAR	\$ 314,155	\$ 154,458	\$ 292,933	\$ 171,765	\$ 15,798	\$ 13,457	\$ 24,980	\$ 12,176

County of Shiawassee, Michigan

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

	Special Revenue Funds							
	Prosecutor's Assets	Local Law Enforcement	Law Library	REACH	Peace Time Veterans	Social Welfare DHS	Child Care DHS	Drug Court
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	6,803	49,177
Charges for Services	387	49,450	-	-	-	-	-	-
Fines and Forfeits	-	-	6,500	140	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	7,889	-
TOTAL REVENUES	387	49,450	6,500	140	-	-	14,692	49,177
EXPENDITURES:								
General Government	-	-	14,656	-	-	-	-	-
Public Safety	-	49,450	-	-	-	-	-	-
Health and Welfare	-	-	-	150	7,781	3,903	273,433	46,844
Community and Economic Development	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	49,450	14,656	150	7,781	3,903	273,433	46,844
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	387	-	(8,156)	(10)	(7,781)	(3,903)	(258,741)	2,333
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	8,979	-	45,918	5,000	254,401	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	8,979	-	45,918	5,000	254,401	-
NET CHANGE IN FUND BALANCES	387	-	823	(10)	38,137	1,097	(4,340)	2,333
FUND BALANCE BEGINNING OF YEAR	55,351	215	1,625	6,822	313	8,560	11,452	-
FUND BALANCE END OF YEAR	\$ 55,738	\$ 215	\$ 2,448	\$ 6,812	\$ 38,450	\$ 9,657	\$ 7,112	\$ 2,333

County of Shiawassee, Michigan

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

	Special Revenue Funds							
	Veterans' Relief	Veterans' Services	Cigarette Tax	MSHN	MAGNET	Concealed Pistol Licensing	Swift and Sure	
REVENUES:								
Taxes	\$ 191,598	\$ 384,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	13,198	96,418	-	29,625	1,236,611
Charges for Services	-	-	-	-	2,418	63,707	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	3,028	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
TOTAL REVENUES	191,598	384,331	-	13,198	101,864	63,707	29,625	1,236,611
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	75,144	7,376	26,377	647,145
Health and Welfare	44,946	215,689	-	11,194	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	6,944
TOTAL EXPENDITURES	44,946	215,689	-	11,194	75,144	7,376	26,377	654,089
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	146,652	168,642	-	2,004	26,720	56,331	3,248	582,522
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	-	6	106,082
Transfers Out	-	(45,918)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(45,918)	-	-	-	-	6	106,082
NET CHANGE IN FUND BALANCES	146,652	122,724	-	2,004	26,720	56,331	3,254	688,604
FUND BALANCE BEGINNING OF YEAR	447,738	342,512	157	11,831	258,368	137,932	1,186	2,210
FUND BALANCE END OF YEAR	\$ 594,390	\$ 465,236	\$ 157	\$ 13,835	\$ 285,088	\$ 194,263	\$ 4,440	\$ 690,814

County of Shiawassee, Michigan

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

	Special Revenue Funds					Debt Service	Capital Project Funds		Totals
	Senior Citizens	Byrne Jag Drug Court	Child Care	Gun Range	CBD Grant	Fund	Equipment Acquisition	Capital Improvements	
REVENUES:									
Taxes	\$ 824,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,545,711
Intergovernmental	-	20,000	385,504	-	47,109	-	-	-	1,960,085
Charges for Services	-	-	37,442	-	-	-	-	-	733,248
Fines and Forfeits	-	-	-	-	-	-	-	-	30,730
Interest	-	-	-	-	-	-	-	-	3,233
Other Revenue	-	-	2,806	750	-	-	-	-	248,082
TOTAL REVENUES	824,610	20,000	425,752	750	47,109	-	-	-	4,521,089
EXPENDITURES:									
General Government	-	27,078	-	-	-	-	-	-	62,432
Public Safety	-	-	-	-	-	-	-	-	879,767
Health and Welfare	585,940	-	795,337	-	47,109	-	-	-	2,059,911
Community and Economic Development	-	-	-	-	-	-	-	-	381,719
Debt Service	-	-	-	-	-	95,565	-	-	95,565
Capital Outlay	-	-	-	-	-	-	-	-	58,264
TOTAL EXPENDITURES	585,940	27,078	795,337	-	47,109	95,565	-	-	3,537,658
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	238,670	(7,078)	(369,585)	750	-	(95,565)	-	-	983,431
OTHER FINANCING SOURCES (USES):									
Transfers In	-	8,681	467,901	-	-	95,565	-	-	1,021,591
Transfers Out	-	-	(86,901)	-	-	-	-	-	(132,819)
TOTAL OTHER FINANCING SOURCES (USES)	-	8,681	381,000	-	-	95,565	-	-	888,772
NET CHANGE IN FUND BALANCES	238,670	1,603	11,415	750	-	-	-	-	1,872,203
FUND BALANCE BEGINNING OF YEAR	425,313	-	1	-	-	-	87,222	791	3,106,938
FUND BALANCE END OF YEAR	\$ 663,983	\$ 1,603	\$ 11,416	\$ 750	\$ -	\$ -	\$ 87,222	\$ 791	\$ 4,979,141

**Combining Statement of Net Position
Fiduciary Funds
December 31, 2020**

	Trust and Agency	Economic Development	Library Penal Fines	Totals
ASSETS:				
Cash and Equivalents	\$ 1,650,008	\$ 3,127	\$ 192,278	\$ 1,845,413
Due from Other Governments	156,204	-	-	156,204
TOTAL ASSETS	<u>\$ 1,806,212</u>	<u>\$ 3,127</u>	<u>\$ 192,278</u>	<u>\$ 2,001,617</u>
LIABILITIES:				
Undistributed Receipts	\$ 1,806,212	\$ 3,127	\$ 192,278	\$ 2,001,617
NET POSITION:				
Restricted for:				
Individuals, Organizations and Other Governments	\$ -	\$ -	\$ -	\$ -

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2020**

	<u>Trust and Agency</u>	<u>Economic Development</u>	<u>Library Penal Fines</u>	<u>Totals</u>
ADDITIONS:				
Property Tax Collections for other Governments	\$ 20,727,186	\$ -	\$ -	\$ 20,727,186
Miscellaneous	<u>1,589,353</u>	<u>-</u>	<u>175,394</u>	<u>1,764,747</u>
TOTAL ADDITIONS	<u>22,316,539</u>	<u>-</u>	<u>175,394</u>	<u>22,491,933</u>
DEDUCTIONS:				
Administrative Expense	1,589,353	-	175,394	1,764,747
Payment of Property Taxes to Other Governments	<u>20,727,186</u>	<u>-</u>	<u>-</u>	<u>20,727,186</u>
TOTAL DEDUCTIONS	<u>22,316,539</u>	<u>-</u>	<u>175,394</u>	<u>22,491,933</u>
Net Increase (Decrease) in Fiduciary Net Position	-	-	-	-
Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Statement of Net Position
Medical Care Facility - Component Unit
December 31, 2020**

ASSETS:

Cash and Equivalents	\$	10,390,943
Taxes Receivable		3,599,583
Accounts Receivable		2,446,286
Prepaid Items		453,656
Capital Assets (Not Depreciated)		1,000,919
Capital Assets (Net of Accumulated Depreciation)		<u>21,692,581</u>
 TOTAL ASSETS		 <u>39,583,968</u>

DEFERRED OUTFLOWS FOR RESOURCES:

Pension Related Items		1,979,057
OPEB Related Items		<u>48,810</u>
 TOTAL DEFERRED OUTFLOWS OF RESOURCES		 <u>2,027,867</u>

LIABILITIES:

Accounts Payable		1,637,133
Accrued Liabilities		740,255
Accrued Interest		8,135
Compensated Absences		846,857
Note Payable - Due within one year		2,694,088
Long-term Debt - Due within one year		1,281,557
Long-term Debt - Due in more than one year		6,887,528
Net Pension Liability - Due in more than one year		5,843,081
OPEB Liability - Due in more than one year		<u>266,520</u>
 TOTAL LIABILITIES		 <u>20,205,154</u>

DEFERRED INFLOWS FOR RESOURCES:

Property Taxes Levied for Subsequent Period		3,791,000
Pension Related Items		768,355
OPEB Related Items		<u>22,008</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES		 <u>4,581,363</u>

NET POSITION:

Net Investment in Capital Assets		14,524,415
Unrestricted		<u>2,300,903</u>
 TOTAL NET POSITION		 <u>\$ 16,825,318</u>

County of Shiawassee, Michigan

Statement of Revenues, Expenses and Changes in Net Position Medical Care Facility - Component Unit For the Year Ended December 31, 2020

OPERATING REVENUES:

Charges for Services	\$ 18,840,678
Quality Assurance Supplement	2,816,734
Total Operating Revenues	<u>21,657,412</u>

OPERATING EXPENSES:

General and Administrative	1,473,049
Building Operationa and Maintenance	911,742
Laundry and Linen	324,494
Housekeeping	976,706
Dietary	2,177,659
Nursing	8,938,114
Rehabilitation	876,282
Pharmacy	268,786
Radiology	12,157
Lab	629,975
Recreation and Special Services	495,428
Information Technology	565,008
Social work	245,235
Employee Benefits	5,116,137
Bad debt	690,183
Provider Tax	922,848
Depreciation	1,932,317
Total Operating Expenses	<u>26,556,120</u>

OPERATING INCOME (LOSS) (4,898,708)

NON-OPERATING REVENUES (EXPENSES):

Property Taxes	3,644,290
Intergovernmental Revenue	1,047,546
Interest Revenue	2,823
Interest Expense	(210,254)
Loss on Disposal of Capital Assets	<u>(3,320)</u>

Total Non-Operating Revenues (Expenses) 4,481,085

Income (Loss) Before Transfers (417,623)

CHANGE IN NET POSITION (417,623)

NET POSITION, BEGINNING OF YEAR 17,242,941

NET POSITION, END OF YEAR \$ 16,825,318

County of Shiawassee, Michigan

Statement of Cash Flows Medical Care Facility - Component Unit For the Year Ended December 31, 2020

Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 19,005,780
Cash Received from Quality Assurance Supplement	2,816,734
Cash Payments for Goods and Service	(7,856,690)
Cash Payments to Employees	<u>(15,174,678)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,208,854)</u>
Cash Flows From Noncapital and Related Financing Activities:	
Intergovernmental Revenue	1,047,546
Property Taxes	<u>3,700,889</u>
Net Cash Provided (Used) by Noncapital and Related Financing Activities:	<u>4,748,435</u>
Cash Flows From Capital and Related Financing Activities:	
Loan Proceeds	2,694,087
Loss on Disposal of Capital Assets	(3,320)
Purchases of Capital Assets	(52,245)
Principal Paid on Long-term Debt	(1,251,321)
Interest Paid on Long-term Debt	<u>(211,499)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,175,702</u>
Cash Flows from Investing Activities:	
Interest on Deposits	<u>2,823</u>
Net Cash Provided (Used) by Investing Activities	<u>2,823</u>
Net Increase (Decrease) in Cash and Equivalents	4,718,106
Cash and Equivalents - Beginning of Year	<u>5,672,837</u>
Cash and Equivalents - End of Year	<u><u>\$ 10,390,943</u></u>
Reconciliation of Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (4,898,708)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	1,932,317
Change in Operating Assets and Liabilities that Provided (Used) Cash:	
Accounts Receivable	165,102
Prepays	(34,746)
Deferred Outflows Related to Pension	3,959,592
Deferred Outflows Related to OPEB	(43,881)
Accounts Payable	(46,786)
Accrued Liabilities	452,272
Compensated Absences	52,018
Net Pension Liability	(3,468,989)
Deferred Inflows Related to OPEB	(2,288)
Deferred Inflows Related to Pension	660,444
Total OPEB Liability	<u>64,799</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,208,854)</u></u>

Combining Balance Sheet
Governmental Funds - Drainage Districts - Component Unit
December 31, 2020

	Debt Service Funds			Capital Project Funds					Totals
	Drain Debt	Henderson Drain Debt	Byron Water Project Debt	Lake Level	Regular Drain	Revolving Drain	Revolving Drain Maintenance	Drain Equipment Revolving	
ASSETS:									
Cash and Equivalents	\$ 113,870	\$ 40,217	\$ -	\$ 1,824	\$ 4,146,079	\$ 72,783	\$ 12,709	\$ 177,348	\$ 4,564,830
Special Assessments Receivable	2,455,025	-	-	(37)	352,976	-	-	-	2,807,964
Due from Other Governments	-	-	326,194	-	86,928	140,127	-	-	553,249
Due from Other Funds	108,766	-	-	-	30,725	-	-	21,484	160,975
Advances to Other Funds	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,677,661	\$ 40,217	\$ 326,194	\$ 1,787	\$ 4,616,708	\$ 212,910	\$ 12,709	\$ 198,832	\$ 8,087,018
LIABILITIES:									
Accounts Payable	\$ 250	\$ -	\$ -	\$ -	\$ 37,284	\$ 818	\$ -	\$ 325	\$ 38,677
Due to Other Funds	-	-	-	-	130,250	30,725	-	-	160,975
Advance from Primary Government	-	-	-	-	-	170,000	-	-	170,000
TOTAL LIABILITIES	250	-	-	-	167,534	201,543	-	325	369,652
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue	2,184,126	40,217	326,194	-	4,456	-	-	-	2,554,993
FUND BALANCES:									
Restricted for Debt Service	-	-	-	-	-	-	-	-	-
Restricted for Capital Projects	493,285	-	-	1,787	4,444,718	11,367	12,709	198,507	5,162,373
TOTAL FUND BALANCES	493,285	-	-	1,787	4,444,718	11,367	12,709	198,507	5,162,373
TOTAL LIABILITIES, DEFERRED INFLOWS RESOURCES, AND FUND BALANCES	\$ 2,677,661	\$ 40,217	\$ 326,194	\$ 1,787	\$ 4,616,708	\$ 212,910	\$ 12,709	\$ 198,832	\$ 8,087,018

**Reconciliation of the Combining Balance Sheet to the
Statement of Net Position - Component Unit - Drainage Districts
December 31, 2020**

Total fund balances - governmental funds \$ 5,162,373

Amounts reported for the 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 as assets in the governmental funds.

Capital assets, net 5,899,711

Long-term receivables are not available to pay for current period expenditures and therefore are not available in the funds. They consist of:

Special Assessments 2,554,993

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:

Notes payable	(3,067,222)	
Accrued interest payable	(8,206)	
	<hr/>	<hr/>
		(3,075,428)

Net position of governmental activities \$ 10,541,649

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds - Drainage Districts - Component Unit
 For the Year Ended December 31, 2020

	Debt Service Funds				Capital Project Funds				Totals
	Drain Debt	Henderson Drain Debt	Byron Water Project Debt	Lake Level	Regular Drain	Revolving Drain	Revolving Drain Maintenance	Drain Equipment Revolving	
REVENUES									
Special Assessment	\$ 296,073	\$ -	\$ -	\$ 800	\$ 370,741	\$ -	\$ -	\$ -	\$ 667,614
Interest	208	-	-	-	9,447	-	244	-	9,899
Other	-	22,450	51,895	-	503,706	-	-	27,133	605,184
Total Revenues	296,281	22,450	51,895	800	883,894	-	244	27,133	1,282,697
EXPENDITURES									
Public works	-	-	-	-	456,886	-	-	163,105	619,991
Debt Service:	368,109	22,450	51,895	-	107,716	-	-	-	550,170
Total Expenditures	368,109	22,450	51,895	-	564,602	-	-	163,105	1,170,161
Other Financing Sources/(Uses)									
Loan Proceeds	-	-	-	-	-	-	-	-	-
Transfers In	207,000	-	-	-	1,941	-	-	179,600	388,541
Transfers Out	(1,941)	-	-	-	(386,600)	-	-	-	(388,541)
Total Other Financing Sources/(Uses)	205,059	-	-	-	(384,659)	-	-	179,600	-
NET CHANGE IN FUND BALANCES	133,231	-	-	800	(65,367)	-	244	43,628	112,536
FUND BALANCE BEGINNING OF YEAR	360,054	-	-	987	4,510,085	11,367	12,465	154,879	5,049,837
FUND BALANCE END OF YEAR	\$ 493,285	\$ -	\$ -	\$ 1,787	\$ 4,444,718	\$ 11,367	\$ 12,709	\$ 198,507	\$ 5,162,373

County of Shiawassee, Michigan

Reconciliation of the Net Changes in Fund Balances of the Governmental Fund to Changes in Net Position of the Drains Component Unit For the Year Ended December 31, 2020

Net changes in fund balances governmental funds - Drains - Component Unit		\$	112,536
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Depreciation Expense		<u>(231,218)</u>	
Excess of depreciation expense			(231,218)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:			
Unavailable Revenue			(283,636)
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowing increase long-term liabilities in the statement of net position.			
Change in accrued interest payable		(3,867)	
Note principal retirement		<u>500,904</u>	
			<u>497,037</u>
Changes in net position of governmental activities		\$	<u>94,719</u>

County of Shiawassee, Michigan

Balance Sheet Governmental Fund County Airport - Component Unit December 31, 2020

ASSETS:

Cash and Equivalents	\$	91,435
Accounts Receivable		48,654
Inventory		<u>5,288</u>
TOTAL ASSETS	\$	<u>145,377</u>

LIABILITIES:

Accounts Payable	\$	2,698
Accrued Liabilities		<u>1,890</u>
TOTAL LIABILITIES		<u>4,588</u>

FUND BALANCES:

Nonspendable:		5,288
Unassigned		<u>135,501</u>
TOTAL FUND BALANCES		<u>140,789</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>145,377</u>

**Reconciliation of the Fund Balances of the
Governmental Fund to Net Position of the
County Airport - Component Unit
December 31, 2020**

Fund balance governmental fund - County Airport - Component Unit	\$ 140,789
Amounts reported for the governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources therefore are not reported in the funds.	
Capital assets being depreciated, net	<u>1,636,807</u>
Net position of the County Airport - Component Unit	<u><u>\$ 1,777,596</u></u>

County of Shiawassee, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund - County Airport - Component Unit For the Year Ended December 31, 2020

REVENUES:

Intergovernmental	\$	54,777
Charges for Services		<u>233,888</u>
Total Revenues		<u>288,665</u>

EXPENDITURES:

Public Works		<u>388,315</u>
Total Expenditures		<u>388,315</u>

NET CHANGE IN FUND BALANCES (99,650)

FUND BALANCE BEGINNING OF YEAR 240,439

FUND BALANCE END OF YEAR \$ 140,789

**Reconciliation of the Net Changes in Fund Balances
of the Governmental Fund to Change in Net Position of the
County Airport - Component Unit
For the Year Ended December 31, 2020**

Net change in fund balance - County Airport - Component Unit \$ (99,650)

The change in net position reported for governmental activities in the statement of activities is different because:

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

Depreciation expense (63,584)

Change in net position of County Airport - Component Unit \$ (163,234)

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE BOHN, CPA
TORI KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

**INDEPENDENT AUDITOR'S 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***

To Chairman Root and the Board of Commissioners
County of Shiawassee
Corunna, Michigan 48817

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 Shiawassee, Michigan, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Shiawassee, Michigan's basic financial statements and have issued our report thereon dated May 13, 2021. Our report includes a reference to other auditors who audited the financial statements of the Shiawassee County Road Commission as described in our report on the County of Shiawassee, Michigan'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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Shiawassee, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Shiawassee, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Shiawassee, Michigan'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.

To Chairman Root and the Board of Commissioners
Shiawassee County

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Shiawassee, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

County of Shiawassee, Michigan's Response to Findings

The County of Shiawassee, Michigan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Shiawassee, Michigan's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 13, 2021



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE BOHN, CPA
TORI KRUISE, CPA

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

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

To Chairman Root and the Board of Commissioners
County of Shiawassee
Corunna, Michigan 48817

Report on Compliance for Each Major Federal Program

We have audited the County of Shiawassee, Michigan's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Shiawassee, Michigan's major federal programs for the year ended December 31, 2020. The County of Shiawassee, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County of Shiawassee, Michigan's basic financial statements include the operations of the Shiawassee County Road Commission, which received \$997,951 in federal awards, which are not included in the County of Shiawassee, Michigan's schedule of expenditures of federal awards during the year ended December 31, 2020. Our audit, described below, did not include the operations of the Shiawassee County Road Commission because they were engaged by other auditors to perform a separate financial audit and it did not meet compliance requirements for a single audit in accordance with the Uniform Guidance, as expenditures of directly administered federal awards did not exceed \$750,000.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the County of Shiawassee, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Shiawassee, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Shiawassee, Michigan's compliance.

To Chairman Root and the Board of Commissioners
County of Shiawassee

Opinion on Each Major Federal Program

In our opinion, the County of Shiawassee, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the County of Shiawassee, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Shiawassee, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Shiawassee, Michigan's internal control over compliance.

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

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

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.



Anderson, Tackman and Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 13, 2021

County of Shiawassee, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
Pass-through from the State of Michigan			
Department of Health and Human Services			
Women, Infants and Children - Breastfeeding	10.557	182MI013W5003, 192MI013W003, 202MI003W1003	\$ 55,993
Women, Infants and Children - Resident Services	10.557	202MI003W1003	361,849
Total U.S. Department of Agriculture			417,842
U.S. DEPARTMENT OF TREASURY:			
Pass-through from the State of Michigan			
Department of Health and Human Services			
CRF Immunization COVID Response	21.019	SLT0040	21,331
CRF Local Health Department Testing	21.019	SLT0040	99,062
CRF Local Health Department Contact Tracing	21.019	SLT0040	93,032
Subtotal - MDHHS			213,425
Pass-through from the Michigan Department of Treasury			
Public Safety and Public Health Payroll Reimbursement Program	21.019	SLT0040, SLT0247	766,371
First Responder Hazard Pay Premiums Program	21.019	SLT0040, SLT0247	53,000
Coronavirus Relief Local Government Grants Program	21.019	SLT0040	548,314
Subtotal - MDT			1,367,685
Total U.S. Department of Treasury			1,581,110
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass-through from the State of Michigan			
Economic Development Corporation			
Community Development	14.228	B-17-DC-26-0001	47,109
U.S. DEPARTMENT OF JUSTICE:			
Pass-through from the Michigan State Police			
Byrne Justice Assistance Grant	16.738	JAG-72282-4-19	57,000
Ballistic Vest Grant	16.607	N/A	7,593
Total U.S. Department of Justice			64,593
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-through from the Michigan State Court Admin Office			
Alcohol Impaired Driving Countermeasures Incentive Grant			
Office of Highway Safety Planning Grant			
19-20 Fed Grant #AL-19-05	20.601	SCAO-19-13665	20,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Awards:			
PRF - General Distribution	93.498	N/A	754,533
PRF - Infection Control for SNF	93.498	N/A	293,013
Total Direct Awards			1,047,546
Pass-through from the State of Michigan			
Department of Health and Human Services			
Public Health Emergency - Preparedness FY 19-20	93.069	NU90TP921906	110,644
Public Health Emergency - Preparedness FY 20-21	93.069	U3REP190584	29,255
Immunization Program IAP	93.268	NH23IP922635	32,135
Immunization Program - Fixed Fees	93.268	NH23IP922635	2,100
Vaccine Provided - Value	93.268	N/A	62,927
Epidemiology & Laboratory COVID-19 Infection Prevention	93.323	NU50CK000510	17,696
PHEP COVID-19 Response	93.354	NU90TP922074	118,904
Friend of the Court	93.563	CS/FOC-17-78001	528,591
Cooperative Reimbursement	93.563	CS/FOC-17-78001	71,751
Prosecuting Attorney	93.563	CS-PA-17-78002	168,313
Title IV-D Incentive Payments FY 2020	93.563	N/A	108,714
Medicaid Outreach - Children's Special Health	93.778	2005MI5ADM	13,497
Medicaid Elevated Blood Lead Case Management - Children's Special Health	93.778	2005MI5MAP	293
Medicaid Outreach & Advocacy - Children's Special Health	93.778	2005MI5ADM	41,320
Medicaid Outreach	93.778	2005MI5ADM	823
Maternal & Child Health Services - Direct Services Children	93.994	B04MC33846	8,208
Maternal & Child Health Services - Public Health Functions & Infrastructure	93.994	B04MC33846	6,975
Maternal & Child Health Services - Enabling Services Women	93.994	B04MC33846	16,997
Children's Special Health Care Services - Care Coordination	93.994	B04MC33846	2,416
Subtotal - MDHHS			1,341,559
Total U.S. Department of Health and Human Services			2,389,105

See accompanying notes to scheduled of expenditures of federal awards.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Pass-through from the Michigan State Police			
Pre-Disaster Mitigation Program	97.042	EMC-2019-EP-00003	12,978
HSGP - Planning	97.067	EMC-2016-EP-001	<u>24,853</u>
Total U.S. Department of Homeland Security			<u>37,831</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,557,590</u></u>

See accompanying notes to scheduled of expenditures of federal awards.

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Shiawassee, Michigan under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Shiawassee, Michigan, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Shiawassee, Michigan.

NOTE B - COGNIZANT AGENCY:

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Health and Human Services which provided the greatest amount of direct federal funding to the County during 2020.

NOTE C - INDIRECT COST:

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10% de minimus cost rate as permitted by CFR Section 200.414 of the Uniform Guidance.

NOTE D - FEDERAL FINANCIAL ASSISTANCE - ROAD COMMISSION COMPONENT UNIT

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2020, the Federal aid received and expended by the Commission was \$997,951 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (they are included in MDOT's single audit). Negotiated projects are projects where the road commission administers the grant and either performs the work or contracts it out. The Commission would be subject to single audit requirements if it expended \$750,000 or more for negotiated projects.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
· Material weaknesses identified?	No
· Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
· Material weaknesses identified?	No
· Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 (CFR) part 200, Uniform Guidance?	No

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Programs
93.498	Provider Relief Programs
93.563	Child Support Enforcement Programs
Dollar threshold used to distinguish between types A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Significant Deficiencies – Noncompliance with State Statutes

Excess Expenditures Over Appropriations

Finding 2020-001

Condition: Our examination indicated instances of noncompliance with the provisions of Public Act 2 of 1968, the Uniform Budget and Accounting Act.

The County’s 2020 General Appropriations Act (budget) provided for expenditures of the following funds to be controlled to the activity level. During the fiscal year ended December 31, 2020, expenditures were incurred in excess of amounts appropriated in the amended budgets.

Criteria: The expenditures of funds in excess of appropriations are contrary to the provisions of Public Act 2 of 1968, the Uniform Budget and Accounting Act.

During the year ended December 31, 2020, the County incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	<u>Total Appropriations</u>		<u>Amount of Expenditures</u>		<u>Budget Variance</u>
General Fund:					
Other	\$ 364,015	\$	461,524	\$	(97,509)
Transfers Out	418,752		1,107,563		(688,811)
Central Disptach Fund:					
Public Safety	\$ 1,958,456	\$	2,497,692	\$	(539,236)
Health Department Fund:					
Health and Welfare	\$ 2,868,082	\$	2,908,149	\$	(40,067)

Effect: The County has not complied with State Statutes.

Cause: The General Fund, Central Dispatch Fund and Health Department Fund had expenditures in excess of amounts appropriated in the amended budgets.

Recommendation: The County should follow the State Law that requires County Governmental Funds have budgets for its funds approved before the fiscal year commences.

Management’s Response – Corrective Action Plan: Management does monitor budgets closely and perform budget amendments on a timely basis. We will work to implement budget amendments as soon as information becomes available to us.

- *Contact Person(s) Responsible for Correction:*
Tracy Bublitz, Finance Director

Section II – Financial Statement Findings

Significant Deficiencies

Bank Reconciliations

Finding 2020-002

Condition: The audit identified, several errors within the bank reconciliation process as well as reconciliations not performed timely for certain accounts. In fact, the pooled checking account was not fully reconciled until May 7, 2020.

Criteria: The State of Michigan requires that that bank reconciliations be completed within six weeks of each month end and also at year end. This is also an important part of ensuring effective control over the County's assets.

Effect: As a result of this condition, the County has not complied with the State of Michigan requirements related to timely completion of bank reconciliations for certain bank and investment accounts, which also delayed the issuance of the audited financial statements.

Cause: Management did not perform bank reconciliations for all bank and investment accounts maintained by the County in a timely fashion or there were unresolved differences in the completed reconciliations.

Recommendation: We recommend that the County develop a written policy for complying with the State of Michigan's bank reconciliation policy and communicate this policy to all County employees that are responsible for performing bank and investment reconciliations.

Management's Response – Corrective Action Plan: In the beginning of the summer of 2020, bank reconciliations have been completed within one month of the close of the prior month end and a report has been provided to the County Finance Committee on a monthly basis reflecting the status of the reconciliation process. An additional review will be made after year end closing entries are made to ensure reconciliations are updated to reflect any changes, if necessary.

- *Contact Person(s) Responsible for Correction:*
Tracy Bublitz, Finance Director

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE BOHN, CPA
TORI KRUISE, CPA

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To Chairman Root and the Board of Commissioners
County of Shiawassee
Corunna, Michigan 48817

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 Shiawassee, Michigan for the year ended December 31, 2020, and have issued our report thereon dated May 13, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated February 16, 2021 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the County of Shiawassee, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the County of Shiawassee, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the County of Shiawassee, Michigan's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Shiawassee, Michigan's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it does not provide a legal determination on the County of Shiawassee, Michigan's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters dated February 16, 2021.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Shiawassee, Michigan are described in Note 1 to the financial statements. One new accounting policy was adopted regarding GASB Statement No. 84 and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions that have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the vested employee benefits is based on current hourly rates and policies regarding payment of sick and vacation banks.
- The allowance for doubtful accounts is based on management's estimates of accounts which will not be collected in subsequent periods, historical write-off experience, and payment analysis.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments and Recommendations

Single Approach for Reporting Leases (Prior Year)

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets – including vehicles heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets.

Under the new Statement, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.

A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability.
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payments to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases.
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, www.gasb.org.

This will be effective for the government's fiscal year ended December 31, 2021.

GASB 83 – Certain Asset Retirement Obligations

Effective 06/15/2020 (your FY 2020)

This statement addresses accounting and financial reporting for certain asset retirement obligations--legally enforceable liabilities associated with the retirement of tangible capital assets.

State Chart of Accounts

Effective 9/30/2021 (your FY 2021)

The Uniform Chart of Accounts for Local Units of Government (Counties, Cities, Villages and Townships; and Authorities and Commissions established by counties, cities, villages and townships) has been developed by the Local Government Fiscal Accountability Division of the Michigan Department of Treasury with the assistance of the Michigan Committee on Governmental Accounting and Auditing. All local units of government in Michigan must use the Uniform Chart of Accounts. The new Chart of Accounts must be implemented for fiscal years ending September, 30, 2021, and thereafter. Early implementation, after the reviewed Chart of Accounts is issued on December 31, 2019, will be allowed and encouraged.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining fund financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this other information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Conclusion

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendations, please contact us.

This information is intended solely for the use of the Board of Commissioners, federal awarding agencies, pass-through entities, and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 13, 2021