

County of Shiawassee, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2021

COUNTY OF SHIAWASSEE, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 Shiawassee County, Michigan, as of and for the year ending December 31, 2021, 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.

In our opinion, based on our audit and the report of the 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 Shiawassee County, Michigan, as of December 31, 2021, 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.

We did not audit the financial statements of the Shiawassee County Road Commission, which represents 50 percent, 62 percent, and 31 percent, respectively, of the assets, net position, and revenue of the discretely presented component units; and the Shiawassee County Medical Care Facility, which represents 37 percent, 25 percent, and 65 percent, respectively, of the assets, net position, and revenue of the discretely presented component units as of December 31, 2021, and the respective changes in financial position thereof for the year then ended. 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 Road Commission and Medical Care Facility, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shiawassee County, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To Chairman Brodeur and the Board of Commissioners
County of Shiawassee

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

To Chairman Brodeur and the Board of Commissioners
Shiawassee County

Required Supplementary Information

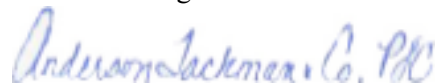
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, employee retirement and benefit systems, and budgetary comparison information on pages 4 through 13, pages 77 through 80 and pages 81 through 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Shiawassee County, Michigan’s basic financial statements. The combining nonmajor fund financial statements and scheduled of expenditures of federal awards, as required by Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the combining nonmajor fund financial statements and scheduled of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standard*, we have also issued our report dated June 16, 2022, on our consideration of Shiawassee County, 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 Shiawassee County, 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 Shiawassee County, Michigan’s internal control over financial reporting and compliance.



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

June 16, 2022

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, 2021. 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	\$ (834,632)
• Change in total net position	2,810,112
• Fund balances, governmental funds	12,487,621
• Change in fund balance, government funds	2,327,258
• Unassigned fund balance, general fund	2,336,409
• Change in fund balance, general fund	1,312,750
• Bond debt outstanding	9,837,528
• Installment debt outstanding	731,381
• Net change in long-term debt	(1,726,137)

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 (\$834,632) as of December 31, 2021.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 32,480,524	\$ 27,495,086	\$ 10,151,660	\$ 10,287,033	\$ 42,632,184	\$ 37,782,119
Capital Assets	8,151,486	8,420,151	-	-	8,151,486	8,420,151
Total Assets	40,632,010	35,915,237	10,151,660	10,287,033	50,783,670	46,202,270
Deferred Outflows of Resources	8,693,019	6,015,192	-	-	8,693,019	6,015,192
Current Liabilities	8,747,714	4,801,555	39,898	44,655	8,787,612	4,846,210
Noncurrent Liabilities	48,054,197	49,108,088	-	-	48,054,197	49,108,088
Total Liabilities	56,801,911	53,909,643	39,898	44,655	56,841,809	53,954,298
Deferred Inflows of Resources	3,469,512	1,907,908	-	-	3,469,512	1,907,908
Net Position						
Net Investment in						
Capital Assets	5,761,043	4,303,571	-	-	5,761,043	4,303,571
Restricted	9,230,637	8,229,131	-	-	9,230,637	8,229,131
Unrestricted	(25,938,074)	(26,419,824)	10,111,762	10,242,378	(15,826,312)	(16,177,446)
Total Net Position	\$ (10,946,394)	\$ (13,887,122)	\$ 10,111,762	\$ 10,242,378	\$ (834,632)	\$ (3,644,744)

The largest portion of the County’s net position, \$9,230,637, represents resources that are subject to external restrictions on how they may be spent. An additional portion of net position, \$5,761,043 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 (\$15,826,312) 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 \$2,810,112 during the current fiscal year. This increase was the result of an increase in governmental activities \$2,940,728 and a decrease in business-type activities of (\$130,616).

Shiawassee County's Changes in Net Position

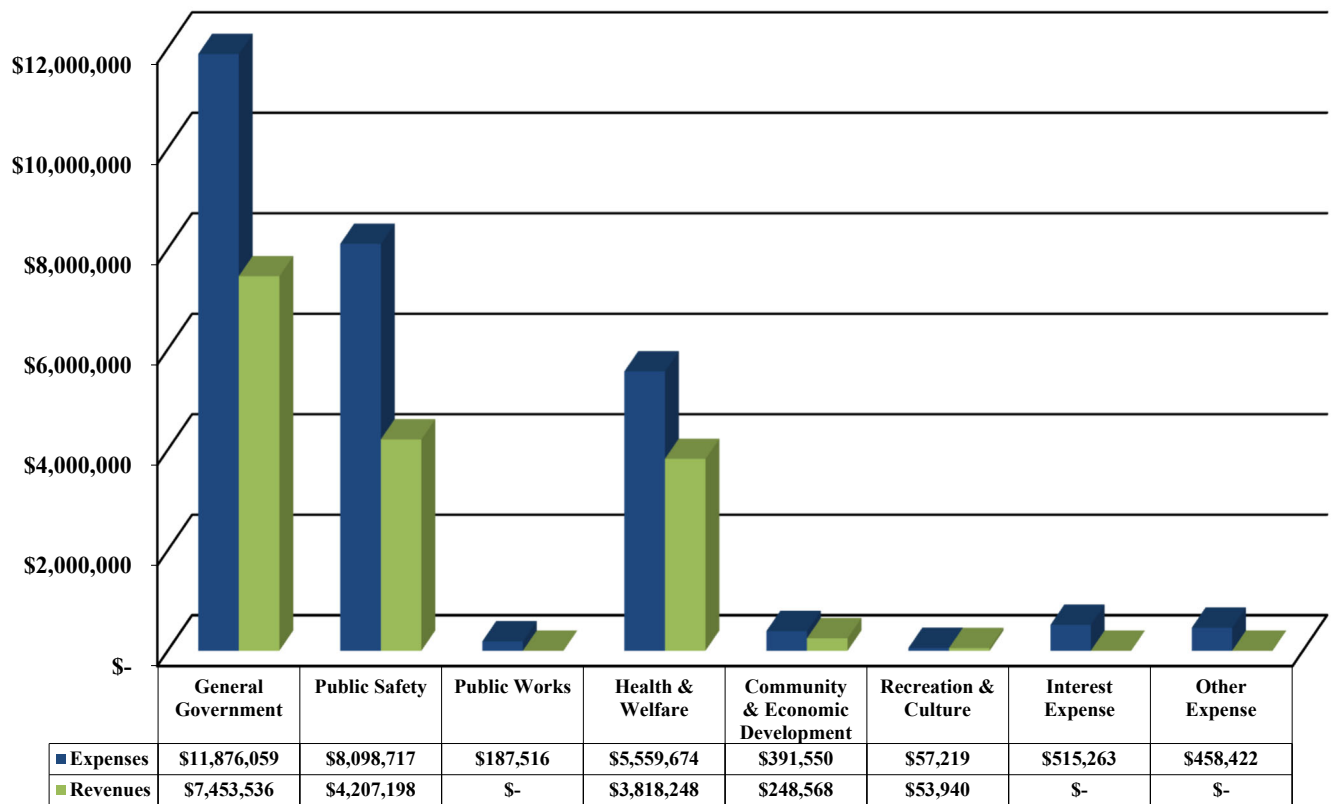
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services	\$ 6,588,299	\$ 6,322,661	\$ 323,153	\$ 1,357,948	\$ 6,911,452	\$ 7,680,609
Operating Grants and Contributions	9,193,191	8,644,761	-	-	9,193,191	8,644,761
General Revenues						
Taxes	12,636,477	12,049,593	-	-	12,636,477	12,049,593
State Revenue Sharing	1,612,176	1,058,260	-	-	1,612,176	1,058,260
Investment Earnings	54,440	70,589	-	52,238	54,440	122,827
Total Revenues	30,084,583	28,145,864	323,153	1,410,186	30,407,736	29,556,050
Program Expenses						
General Government	11,876,059	11,362,040	-	-	11,876,059	11,362,040
Public Safety	8,098,717	9,680,310	-	-	8,098,717	9,680,310
Public Works	187,516	112,178	-	-	187,516	112,178
Health and Welfare	5,559,674	5,549,799	-	-	5,559,674	5,549,799
Community and Economic Development	391,550	397,159	-	-	391,550	397,159
Recreation and Culture	57,219	15,170	-	-	57,219	15,170
Interest Expense	515,263	496,498	-	-	515,263	496,498
Other Expense	458,422	509,484	-	-	458,422	509,484
Delinquent Tax	-	-	120,908	135,073	120,908	135,073
Jail Commissary	-	-	332,296	135,796	332,296	135,796
Total Expenses	27,144,420	28,122,638	453,204	270,869	27,597,624	28,393,507
Excess (Deficiency)	2,940,163	23,226	(130,051)	1,139,317	2,810,112	1,162,543
Transfers	565	-	(565)	-	-	-
Changes in Net Position	2,940,728	23,226	(130,616)	1,139,317	2,810,112	1,162,543
Net Position - Beginning	(13,887,122)	(13,910,348)	10,242,378	9,103,061	(3,644,744)	(4,807,287)
Net Position - Ending	\$ (10,946,394)	\$ (13,887,122)	\$ 10,111,762	\$ 10,242,378	\$ (834,632)	\$ (3,644,744)

The County's net position increased by \$2,810,112 during the current year; a \$2,940,728 increase for governmental activities and a (\$130,616) decrease for business-type activities.

Governmental activities. The County had an increase in governmental activities net position totaling \$2,940,728 in fiscal year 2021. This was mainly due to operating grants increasing \$548,430 which is due to additional state and federal grant opportunities including specialty courts, and taxes increasing \$586,884 due to increasing property values. Further, the increase in revenues above was offset by the decrease in public safety expenses of \$1,581,593.

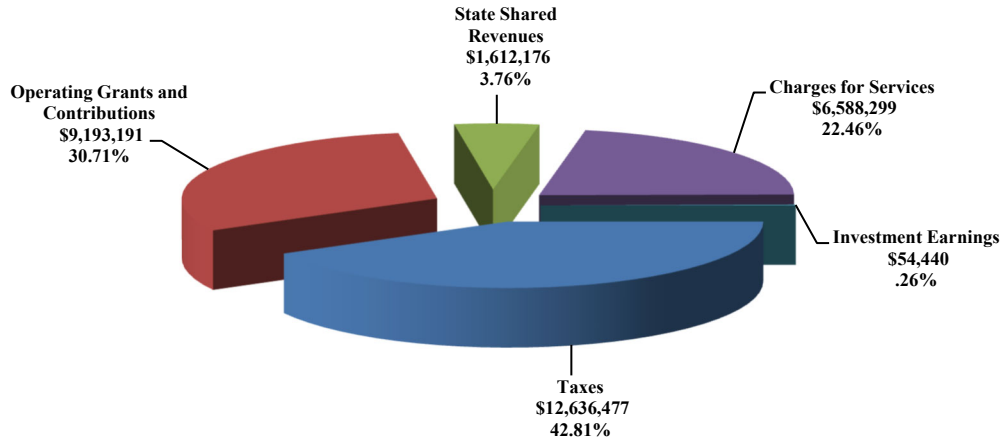
The following chart presents program revenues and expenses of the governmental activities for the fiscal year:

Expenses and Program Revenues – Governmental Activities



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

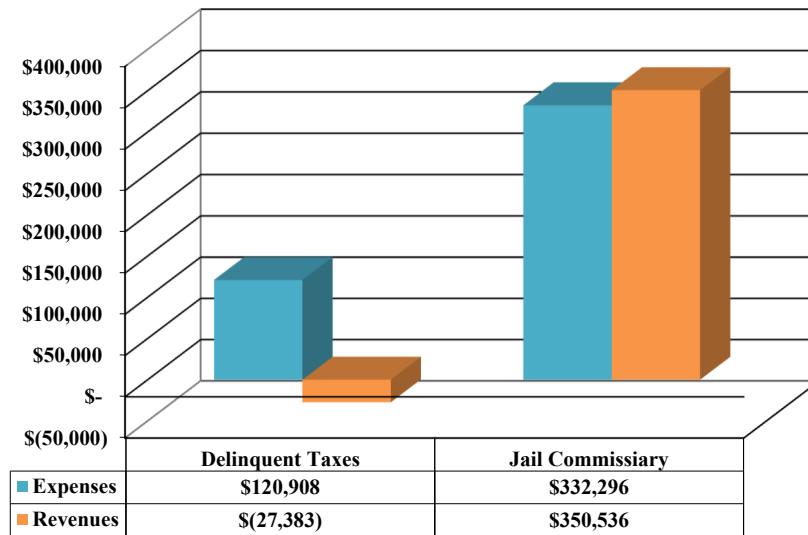
Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities decreased the County's net position by (\$130,616). This change was mainly the result of a decrease in charges for services. Further, expenses increased by \$182,335 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 \$12,487,621, an increase of \$2,327,258 over the prior year. Approximately 19 percent or \$2,336,409 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 \$2,336,409 while total fund balance was \$2,702,887. 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 12.2 percent of total general fund expenditures and transfers out.

The general fund fund balance had an increase of \$1,312,750 in the current fiscal year. Total revenue increased \$12,251 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 \$677,608 in the current fiscal year. This increase is mostly due to an increase in charges for services of \$712,160.

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 \$859,235 which increased \$98,766 from the prior year balance. This change is due to an increase in other 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 \$8,860 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 decreased (\$148,856), from \$10,043,024 to \$9,894,168. This decrease was attributable a large decrease in interest and penalties on taxes.

General Fund Budgetary Highlights

General fund revenues were less than the budgetary estimates by \$872,770. This variance was mainly related to reductions in charges for services and taxes.

General fund expenditures were under budget by \$843,546 and other financing uses were less than the budgetary estimates by (\$857,331). This was the result of transfers in being less than budgeted.

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 \$8,151,486 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 668,840	\$ 668,840	\$ -	\$ -	\$ 668,840	\$ 668,840
Construction in Progress	174,605	186,743	-	-	174,605	186,743
Land Improvements	16,002	18,283	-	-	16,002	18,283
Buildings and Improvements	6,047,074	6,103,894	-	-	6,047,074	6,103,894
Equipment	951,379	1,019,055	-	-	951,379	1,019,055
Vehicles	293,586	423,336	-	-	293,586	423,336
Total Capital Assets, Net	\$ 8,151,486	\$ 8,420,151	\$ -	\$ -	\$ 8,151,486	\$ 8,420,151

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 \$11,103,422. Of this amount, \$10,568,909 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	
	2021	2020
Bonds Payable	\$ 9,837,528	\$ 11,229,085
Installment Payable	443,000	497,000
Capital Leases	288,381	568,961
Vested Employee Benefits	534,513	630,824
Total Long-Term Debt	\$ 11,103,422	\$ 12,925,870

The County's total governmental activity debt decreased by \$1,822,448 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.

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 \$2,260,794. 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 2022 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;

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

- 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;
- 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, 2021

	Primary Government		Totals	Component Units
	Governmental Activities	Business-type Activities		
ASSETS:				
Cash and Equivalents	\$ 13,430,359	\$ 5,631,613	\$ 19,061,972	\$ 19,253,036
Investments	4,231,515	2,040,539	6,272,054	2,572,040
Accounts Receivable	1,177,457	210,651	1,388,108	11,107,525
Special Assessments Receivable	-	-	-	2,573,509
Taxes Receivable	2,882,064	1,959,866	4,841,930	-
Interest Receivable	-	308,991	308,991	-
Leases Receivable	6,896,910	-	6,896,910	-
Due from Other Governmental Units	3,608,796	-	3,608,796	2,545,870
Inventories	56,945	-	56,945	641,066
Prepaid Items	196,478	-	196,478	171,569
Net OPEB Asset	-	-	-	1,140,380
Capital Assets (Not Depreciated)	843,445	-	843,445	5,244,797
Capital Assets (Net of Accumulated Depreciation)	7,308,041	-	7,308,041	74,781,011
TOTAL ASSETS	40,632,010	10,151,660	50,783,670	120,030,803
DEFERRED OUTFLOWS OF RESOURCES:				
Pension & OPEB Related Items	8,693,019	-	8,693,019	7,284,674
LIABILITIES:				
Accounts Payable	1,200,164	39,898	1,240,062	2,935,280
Accrued Payroll	1,285,728	-	1,285,728	-
Accrued Liabilities	-	-	-	510,362
Due to Other Governmental Units	-	-	-	5,420
Accrued Interest Payable	25,755	-	25,755	4,519
Deposit Liability	-	-	-	100,000
Unearned Revenue	4,294,162	-	4,294,162	217,279
Advance from Other Governmental Units	-	-	-	896,782
Vested Employee Benefits- Due within one year	-	-	-	98,274
Vested Employee Benefits - Due in more than one year	534,513	-	534,513	1,035,050
Installment Loan Payable - Due within one year	344,381	-	344,381	1,312,524
Installment Loan Payable - Due in more than one year	387,000	-	387,000	5,574,793
Bonds Payable - Due within one year	1,597,524	-	1,597,524	161,428
Bonds Payable - Due in more than one year	8,240,004	-	8,240,004	2,099,366
Net Pension Liability - Due in more than one year	37,693,592	-	37,693,592	7,216,026
OPEB Obligation - Due in more than one year	1,199,088	-	1,199,088	254,444
TOTAL LIABILITIES	56,801,911	39,898	56,841,809	22,421,547
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Items	1,566,699	-	1,566,699	3,802,487
OPEB Related Items	141,406	-	141,406	-
Gain on Refunding	15,794	-	15,794	-
Property Taxes Levied for Subsequent Period	1,745,613	-	1,745,613	3,950,000
TOTAL DEFERRED INFLOWS OF RESOURCES	3,469,512	-	3,469,512	7,752,487
NET POSITION:				
Net Investment in Capital Assets	5,761,043	-	5,761,043	70,877,697
Restricted	9,230,637	-	9,230,637	895,255
Unrestricted	(25,938,074)	10,111,762	(15,826,312)	25,368,491
TOTAL NET POSITION	\$ (10,946,394)	\$ 10,111,762	\$ (834,632)	\$ 97,141,443

Statement of Activities
For the Year Ended December 31, 2021

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			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 11,876,059	\$ 2,414,272	\$ 5,039,264	\$ -	\$ (4,422,523)	\$ -	\$ (4,422,523)	\$ -
Public Safety	8,098,717	3,266,204	940,994	-	(3,891,519)	-	(3,891,519)	-
Public Works	187,516	-	-	-	(187,516)	-	(187,516)	-
Health and Welfare	5,559,674	605,315	3,212,933	-	(1,741,426)	-	(1,741,426)	-
Community and Economic Development	391,550	248,568	-	-	(142,982)	-	(142,982)	-
Recreation and Culture	57,219	53,940	-	-	(3,279)	-	(3,279)	-
Interest Expense	515,263	-	-	-	(515,263)	-	(515,263)	-
Other Expenses	458,422	-	-	-	(458,422)	-	(458,422)	-
Total Governmental Activities	27,144,420	6,588,299	9,193,191	-	(11,362,930)	-	(11,362,930)	-
Business-type Activities:								
Delinquent Tax	120,908	(27,383)	-	-	-	(148,291)	(148,291)	-
Jail Commissary	332,296	350,536	-	-	-	18,240	18,240	-
Total Business-type Activities	453,204	323,153	-	-	-	(130,051)	(130,051)	-
Total Primary Government	\$ 27,597,624	\$ 6,911,452	\$ 9,193,191	\$ -	(11,362,930)	(130,051)	(11,492,981)	-
Component Units:								
Road Commission	\$ 9,352,867	\$ 1,847,748	\$ 13,757,587	\$ -	-	-	-	6,252,468
Medical Care Facility	24,822,084	19,956,326	8,826,703	-	-	-	-	3,960,945
Drain Commission	1,569,115	1,381,942	-	-	-	-	-	(187,173)
County Airport	324,199	243,548	25,896	-	-	-	-	(54,755)
Total Component Units	\$ 36,068,265	\$ 23,429,564	\$ 22,610,186	\$ -	-	-	-	9,971,485
General Revenues and Transfers:								
Taxes	-	-	-	-	12,636,477	-	12,636,477	3,778,441
State Revenue Sharing	-	-	-	-	1,612,176	-	1,612,176	-
Investment Earnings (Loss)	-	-	-	-	54,440	-	54,440	2,920
Other Income	-	-	30,084,583	-	-	-	-	33,294
Transfers	-	-	-	-	565	(565)	-	-
Total General Revenues and Transfers	-	-	-	-	14,303,658	(565)	14,303,093	3,814,655
Change in Net Position	-	-	30,084,583	-	2,940,728	(130,616)	2,810,112	13,786,140
Net Position - Beginning	-	-	-	-	(13,887,122)	10,242,378	(3,644,744)	83,355,303
Net Position - Ending	-	-	-	-	\$ (10,946,394)	\$ 10,111,762	\$ (834,632)	\$ 97,141,443

County of Shiawassee, Michigan

**Balance Sheet
Governmental Funds
December 31, 2021**

	Special Revenue Funds				Debt Service Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Central Dispatch	Health Department	ARPA	Medical Care Facility	Mental Health Debt		
ASSETS:								
Cash and Equivalents	\$ 1,512,400	\$ 2,600,064	\$ 1,965,700	\$ -	\$ -	\$ 7,068	\$ 5,251,979	\$ 11,337,211
Investments	1	250,262	166,046	3,815,206	-	-	-	4,231,515
Receivables:								
Accounts	154,368	914,885	-	-	-	6,753	4,921	1,080,927
Taxes	1,136,451	-	-	-	-	-	1,745,613	2,882,064
Leases	-	-	-	-	6,896,910	-	-	6,896,910
Due from Other Governmental Units	253,957	62,097	17,859	-	-	2,540,000	264,883	3,138,796
Due from Other Funds	277,904	-	-	-	-	-	-	277,904
Inventories	-	-	56,945	-	-	-	-	56,945
Prepays	196,478	-	-	-	-	-	-	196,478
Advance to component unit	470,000	-	-	-	-	-	-	470,000
TOTAL ASSETS	\$ 4,001,559	\$ 3,827,308	\$ 2,206,550	\$ 3,815,206	\$ 6,896,910	\$ 2,553,821	\$ 7,267,396	\$ 30,568,750
LIABILITIES:								
Accounts Payable	\$ 299,037	\$ 39,315	\$ 555,576	\$ -	\$ -	\$ -	\$ 148,676	\$ 1,042,604
Accrued Liabilities	983,555	81,560	128,527	-	-	-	92,086	1,285,728
Due to Other Funds	1,080	-	-	-	-	6,753	270,071	277,904
Unearned Revenue	15,000	-	663,212	3,615,950	-	-	-	4,294,162
TOTAL LIABILITIES	1,298,672	120,875	1,347,315	3,615,950	-	6,753	510,833	6,900,398
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	-	-	-	-	-	-	1,745,613	1,745,613
Unavailable Revenue	-	-	-	-	6,896,910	2,538,208	-	9,435,118
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	6,896,910	2,538,208	1,745,613	11,180,731
FUND BALANCES:								
Nonspendable	196,478	-	56,945	-	-	8,860	-	262,283
Restricted	170,000	3,706,433	802,290	199,256	-	-	4,352,658	9,230,637
Committed	-	-	-	-	-	-	658,292	658,292
Unassigned	2,336,409	-	-	-	-	-	-	2,336,409
TOTAL FUND BALANCES	2,702,887	3,706,433	859,235	199,256	-	8,860	5,010,950	12,487,621
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,001,559	\$ 3,827,308	\$ 2,206,550	\$ 3,815,206	\$ 6,896,910	\$ 2,553,821	\$ 7,267,396	
Reconciliation to amounts reported for governmental activities in the statement of net position:								
Capital Assets used by Governmental Activities								8,151,486
Unavailable Revenue from Inflows								9,435,118
Internal Service Funds								2,032,118
Vested Employee Benefits								(534,513)
Installment Loan Payable								(731,381)
Bonds Payable								(9,837,528)
Deferred Gain on Refunding								(15,794)
Accrued Interest Payable								(25,755)
Pension and OPEB Obligations and Deferred items								(31,907,766)
Net position of governmental activities								\$ (10,946,394)

See accompanying notes to financial statements.

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds				Debt Service Funds		Nonmajor Governmental Funds	Totals Governmental Funds
	General	Central Dispatch	Health Department	ARPA	Medical Care Facility	Mental Health Debt		
REVENUES:								
Taxes	\$ 10,962,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,673,615	\$ 12,636,477
Licenses and Permits	95,722	-	448,755	-	-	-	-	544,477
Intergovernmental	3,797,587	35,937	2,412,786	3,000,000	1,462,820	305,400	1,173,035	12,187,565
Charges for Services	1,986,923	2,657,080	25,048	-	-	-	376,167	5,045,218
Fines and Forfeitures	81,360	-	-	-	-	-	34,552	115,912
Interest and Rents	50,589	99	69	512	-	-	3,171	54,440
Other Revenue	610,821	3,214	4,469	-	-	-	264,188	882,692
TOTAL REVENUES	17,585,864	2,696,330	2,891,127	3,000,512	1,462,820	305,400	3,524,728	31,466,781
EXPENDITURES:								
General Government	11,800,641	-	-	-	-	-	299,366	12,100,007
Public Safety	5,226,803	2,018,722	-	-	-	-	1,139,302	8,384,827
Public Works	198,257	-	-	-	-	-	-	198,257
Health and Welfare	474,381	-	2,935,133	203,770	-	-	2,062,313	5,675,597
Community and Economic Development	-	-	-	-	-	-	395,549	395,549
Recreation and Culture	72,073	-	-	-	-	-	-	72,073
Other	249,143	-	-	-	-	-	-	249,143
Debt Service	-	-	74,228	-	1,462,820	305,400	91,495	1,933,943
Capital Outlay	96,247	-	-	-	-	-	42,342	138,589
TOTAL EXPENDITURES	18,117,545	2,018,722	3,009,361	203,770	1,462,820	305,400	4,030,367	29,147,985
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(531,681)	677,608	(118,234)	2,796,742	-	-	(505,639)	2,318,796
OTHER FINANCING SOURCES (USES):								
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(1,825,786)	(409,172)	(2,234,958)
Proceeds of Refunding Bonds	-	-	-	-	-	1,832,855	410,000	2,242,855
Transfers In	2,822,312	-	217,000	-	-	-	828,249	3,867,561
Transfers Out	(977,881)	-	-	(2,597,486)	-	-	(291,629)	(3,866,996)
TOTAL OTHER FINANCING SOURCES (USES)	1,844,431	-	217,000	(2,597,486)	-	7,069	537,448	8,462
NET CHANGE IN FUND BALANCES	1,312,750	677,608	98,766	199,256	-	7,069	31,809	2,327,258
FUND BALANCES BEGINNING OF YEAR	1,390,137	3,028,825	760,469	-	-	1,791	4,979,141	10,160,363
FUND BALANCES END OF YEAR	\$ 2,702,887	\$ 3,706,433	\$ 859,235	\$ 199,256	\$ -	\$ 8,860	\$ 5,010,950	\$ 12,487,621

**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, 2021**

Net changes in fund balances - total governmental funds	\$ 2,327,258
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 (\$635,613) exceeded capital outlay \$437,638 and loss on disposal (\$70,690).	
	(268,665)
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	(1,382,198)
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	(2,242,855)
Principal payments	1,718,240
Payment to Refund Bonds	2,234,958
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	347,756
OPEB	15,840
Accrued Interest	35,020
Vested employee benefits	96,311
Internal Service Funds included in Governmental Activities	<u>59,063</u>
Change in net position of governmental activities	<u>\$ 2,940,728</u>

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Business-type Activities Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Jail Commissary Nonmajor	Totals	Internal Service Fund Self Insurance
ASSETS:				
Cash and Equivalents	\$ 5,436,924	\$ 194,689	\$ 5,631,613	\$ 2,093,148
Investments	2,040,539	-	2,040,539	-
Accounts Receivable	176,719	33,932	210,651	96,530
Interest Receivable	308,991	-	308,991	-
Taxes Receivable	1,959,866	-	1,959,866	-
TOTAL ASSETS	\$ 9,923,039	\$ 228,621	\$ 10,151,660	\$ 2,189,678
LIABILITIES:				
Accounts Payable	\$ 28,871	\$ 11,027	\$ 39,898	\$ 157,560
TOTAL LIABILITIES	28,871	11,027	39,898	157,560
NET POSITION:				
Unrestricted	9,894,168	217,594	10,111,762	2,032,118
TOTAL NET POSITION	\$ 9,894,168	\$ 217,594	\$ 10,111,762	\$ 2,032,118

**Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2021**

	Business-type Activities Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Jail Commissary Nonmajor	Totals	Internal Service Fund Self Insurance
OPERATING REVENUES:				
Charges for Services	\$ -	\$ 350,536	\$ 350,536	\$ 1,759,591
Interest and Penalties on Taxes	(27,383)	-	(27,383)	-
Total Operating Revenues	(27,383)	350,536	323,153	1,759,591
OPERATING EXPENSES:				
Personal Services	-	332,296	332,296	1,700,528
Other	120,908	-	120,908	-
Depreciation	-	-	-	-
Total Operating Expenses	120,908	332,296	453,204	1,700,528
OPERATING INCOME (LOSS) BEFORE TRANSFERS	(148,291)	18,240	(130,051)	59,063
Transfer Out	(565)	-	(565)	-
CHANGE IN NET POSITION	(148,856)	18,240	(130,616)	59,063
NET POSITION, BEGINNING OF YEAR	10,043,024	199,354	10,242,378	1,973,055
NET POSITION, END OF YEAR	<u>\$ 9,894,168</u>	<u>\$ 217,594</u>	<u>\$ 10,111,762</u>	<u>\$ 2,032,118</u>

County of Shiawassee, Michigan

Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2021

	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	\$ 4,936,150	\$ 328,741	\$ 5,264,891	\$ 1,741,435
Cash Payments for Goods and Services	<u>(4,603,485)</u>	<u>(323,659)</u>	<u>(4,927,144)</u>	<u>(1,803,452)</u>
Net Cash Provided (Used) by Operating Activities	<u>332,665</u>	<u>5,082</u>	<u>337,747</u>	<u>(62,017)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers Out	<u>(565)</u>	<u>-</u>	<u>(565)</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(565)</u>	<u>-</u>	<u>(565)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Proceeds of Investments	<u>1,823,733</u>	<u>-</u>	<u>1,823,733</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>1,823,733</u>	<u>-</u>	<u>1,823,733</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	2,155,833	5,082	2,160,915	(62,017)
Cash and Equivalents - Beginning of the Year	<u>3,281,091</u>	<u>189,607</u>	<u>3,470,698</u>	<u>2,155,165</u>
Cash and Equivalents - End of the Year	<u><u>\$ 5,436,924</u></u>	<u><u>\$ 194,689</u></u>	<u><u>\$ 5,631,613</u></u>	<u><u>\$ 2,093,148</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (148,291)	\$ 18,240	\$ (130,051)	\$ 59,063
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	-	-	-
Change in operating assets and liabilities: that provided (used) cash:				
Accounts receivable	(176,719)	(21,795)	(198,514)	(18,156)
Interest Receivable	(308,991)	-	(308,991)	-
Taxes receivable	980,060	-	980,060	-
Accounts Payable	(13,394)	8,637	(4,757)	(102,924)
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 332,665</u></u>	<u><u>\$ 5,082</u></u>	<u><u>\$ 337,747</u></u>	<u><u>\$ (62,017)</u></u>

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021**

	<u>Agency Fund</u>
ASSETS:	
Cash and Equivalents	<u>\$ 1,764,832</u>
LIABILITIES:	
Undistributed Receipts	<u>\$ 1,764,832</u>
NET POSITION:	
Resticted for:	
Individuals, Organizations and Other Governments	<u>\$ -</u>

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2021**

	<u>Agency Fund</u>
ADDITIONS	
Property Tax Collections for other Governments	\$ 21,591,527
Miscellaneous	<u>1,700,062</u>
Total Additions	<u>23,291,589</u>
DEDUCTIONS	
Administrative Expense	1,700,062
Payments of Property Taxes to other Governments	<u>21,591,527</u>
Total Deductions	<u>23,291,589</u>
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u>\$ -</u>

Combining Component Units

**Statement of Net Position
Combining Component Units
December 31, 2021**

	Road Commission	Medical Care Facility	Drainage District	County Airport	Totals
ASSETS:					
Cash and Equivalents	\$ 3,236,435	\$ 12,718,946	\$ 3,196,621	\$ 101,034	\$ 19,253,036
Investments	1,507,507	-	1,064,533	-	2,572,040
Receivables - Net	53,841	3,680,091	-	44,104	3,778,036
Accounts Receivable	-	7,329,489	-	-	7,329,489
Special Assessments Receivable	-	-	2,573,509	-	2,573,509
Due from Other Governmental Units	1,950,265	-	595,605	-	2,545,870
Inventories	631,191	-	-	9,875	641,066
Prepaid Items	-	171,569	-	-	171,569
Net Other Post Employment Benefits Asset	1,140,380	-	-	-	1,140,380
Capital Assets (Not Depreciated)	4,227,628	1,017,169	-	-	5,244,797
Capital Assets (Net of Accumulated Depreciation)	47,537,840	20,001,459	5,668,493	1,573,219	74,781,011
TOTAL ASSETS	60,285,087	44,918,723	13,098,761	1,728,232	120,030,803
DEFERRED OUTFLOWS OF RESOURCES:					
Pension & OPEB Related Items	3,881,609	3,403,065	-	-	7,284,674
LIABILITIES:					
Accounts Payable	142,981	2,780,550	8,972	2,777	2,935,280
Accrued Liabilities	40,694	467,554	-	2,114	510,362
Accrued Interest Payable	-	-	4,519	-	4,519
Unearned Revenue	-	217,279	-	-	217,279
Advances from Governmental Units	426,782	-	470,000	-	896,782
Due to Other Governmental Units	5,420	-	-	-	5,420
Net Other Post-Employment Benefit Obligations	-	254,444	-	-	254,444
Deposit Liability - Due in more than one year	100,000	-	-	-	100,000
Net Pension Liability - Due in more than one year	1,251,265	5,964,761	-	-	7,216,026
Vested Employee Benefits - Due within one year	98,274	-	-	-	98,274
Vested Employee Benefits - Due in more than one year	194,313	840,737	-	-	1,035,050
Installment Loan Payable - Due within one year	-	1,312,524	-	-	1,312,524
Installment Loan Payable - Due in more than one year	-	5,574,793	-	-	5,574,793
Bonds Payable - Due within one year	-	-	161,428	-	161,428
Bonds Payable - Due in more than one year	-	-	2,099,366	-	2,099,366
TOTAL LIABILITIES	2,259,729	17,412,642	2,744,285	4,891	22,421,547
DEFERRED INFLOWS OF RESOURCES:					
Taxes Levied for Subsequent Period	-	3,950,000	-	-	3,950,000
Pension & OPEB Related Items	1,442,009	2,360,478	-	-	3,802,487
TOTAL DEFERRED INFLOWS OF RESOURCES	1,442,009	6,310,478	-	-	7,752,487
NET POSITION:					
Net Investment in Capital Assets	51,765,468	14,131,311	3,407,699	1,573,219	70,877,697
Restricted for Other Purposes	895,255	-	-	-	895,255
Unrestricted	7,804,235	10,467,357	6,946,777	150,122	25,368,491
TOTAL NET POSITION	\$ 60,464,958	\$ 24,598,668	\$ 10,354,476	\$ 1,723,341	\$ 97,141,443

**Statement of Activities
Combining Component Units
For the Year Ended December 31, 2021**

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	\$ 9,352,867	\$ 1,847,748	\$ 13,757,587	\$ -	\$ 6,252,468	\$ -	\$ -	\$ -	\$ 6,252,468
Medical Care Facility									
Health and Welfare	24,822,084	19,956,326	8,826,703	-	-	3,960,945	-	-	3,960,945
Drainage District									
Public Works	1,569,115	1,381,942	-	-	-	-	(187,173)	-	(187,173)
County Airport									
Transportation	324,199	243,548	25,896	-	-	-	-	(54,755)	(54,755)
Total Component Unit	\$ 36,068,265	\$ 23,429,564	\$ 22,610,186	\$ -	6,252,468	3,960,945	(187,173)	(54,755)	9,971,485
General Revenues:									
Taxes					-	3,778,441	-	-	3,778,441
Investment Earnings					1,750	1,170	-	-	2,920
Other Income					-	32,794	-	500	33,294
Total General Revenues					1,750	3,812,405	-	500	3,814,655
Change in Net Position					6,254,218	7,773,350	(187,173)	(54,255)	13,786,140
Net Position - Beginning					54,210,740	16,825,318	10,541,649	1,777,596	83,355,303
Net Position - Ending					\$ 60,464,958	\$ 24,598,668	\$ 10,354,476	\$ 1,723,341	\$ 97,141,443

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, 2021, 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 *ARPA Fund* is used for funds received from the American Rescue Plan Act.

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 related 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, gain on refunding 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	\$ 13,430,359	\$ 5,631,613	\$ 19,061,972	\$ 1,764,832	\$ 19,253,036
Investments	<u>4,231,515</u>	<u>2,040,539</u>	<u>6,272,054</u>	<u>-</u>	<u>2,572,040</u>
Total	<u>\$ 17,661,874</u>	<u>\$ 7,672,152</u>	<u>\$ 25,334,026</u>	<u>\$ 1,764,832</u>	<u>\$ 21,825,076</u>

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, money markets, & certificates of deposit)	\$ 19,042,968	\$ 1,764,832	\$ 20,317,519
Petty Cash and Cash on Hand	19,004	-	50
Investments	<u>6,272,054</u>	<u>-</u>	<u>1,507,507</u>
Total	<u>\$ 25,334,026</u>	<u>\$ 1,764,832</u>	<u>\$ 21,825,076</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**	\$ 8,844,094	\$ 8,844,094	\$ -	\$ -	AAAm
Total	\$ 8,844,094	\$ 8,844,094	\$ -	\$ -	

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, \$25,953,658 of the County’s bank balance of \$27,051,572 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>186,743</u>	<u>29,835</u>	<u>(41,973)</u>	<u>174,605</u>
Subtotal	<u>855,583</u>	<u>29,835</u>	<u>(41,973)</u>	<u>843,445</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	10,198,172	175,818	4,045	10,378,035
Land Improvements	135,891	-	-	135,891
Equipment	5,461,355	167,668	(221,737)	5,407,286
Vehicles	<u>1,491,308</u>	<u>64,317</u>	<u>(570,775)</u>	<u>984,850</u>
Subtotal	<u>17,286,726</u>	<u>407,803</u>	<u>(788,467)</u>	<u>16,906,062</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	(4,094,278)	(241,449)	4,766	(4,330,961)
Land Improvements	(117,608)	(2,281)	-	(119,889)
Equipment	(4,442,300)	(235,345)	221,738	(4,455,907)
Vehicles	<u>(1,067,972)</u>	<u>(156,538)</u>	<u>533,246</u>	<u>(691,264)</u>
Subtotal	<u>(9,722,158)</u>	<u>(635,613)</u>	<u>759,750</u>	<u>(9,598,021)</u>
Net Capital Assets Being Depreciated	<u>7,564,568</u>	<u>(227,810)</u>	<u>(28,717)</u>	<u>7,308,041</u>
Capital Assets, Net	<u>\$ 8,420,151</u>	<u>\$ (197,975)</u>	<u>\$ (70,690)</u>	<u>\$ 8,151,486</u>

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

Governmental Activities:	
General Government	\$ 341,846
Public Safety	290,825
Recreation and Culture	<u>2,942</u>
Total Depreciation – Governmental Activities	<u>\$ 635,613</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	(34,550)	-	-	(34,550)
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Business-type Activities:	
Jail Commissary	\$ -

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
Construction in Progress	-	16,250	-	16,250
Subtotal	<u>1,009,919</u>	<u>16,250</u>	<u>-</u>	<u>1,017,169</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	1,659,975	-	-	1,659,975
Buildings and Improvements	23,242,421	111,641	-	23,354,062
Equipment and Furniture	<u>2,923,136</u>	<u>133,800</u>	<u>(16,707)</u>	<u>3,040,229</u>
Subtotal	<u>27,825,532</u>	<u>245,441</u>	<u>(16,707)</u>	<u>28,054,266</u>
<i>Less accumulated depreciation</i>	<u>(6,132,951)</u>	<u>(1,934,805)</u>	<u>14,949</u>	<u>(8,052,807)</u>
Net Capital Assets Being Depreciated	<u>21,692,581</u>	<u>(1,689,364)</u>	<u>(1,758)</u>	<u>20,001,459</u>
Capital Assets, Net	<u>\$ 22,693,500</u>	<u>\$ 1,673,114</u>	<u>\$ (1,758)</u>	<u>\$ 21,018,628</u>

Depreciation expense was charged to the Medical Care Facility in the amount of \$1,934,805.

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	\$ 11,633,708	\$ -	\$ -	\$ 11,633,708
<i>Less accumulated depreciation for:</i>				
Infrastructure - drains	(5,733,997)	(231,218)	-	(5,965,215)
Capital Assets, Net	<u>\$ 5,899,711</u>	<u>\$ (231,218)</u>	<u>\$ -</u>	<u>\$ 5,668,493</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	(850,586)	(57,186)	(7,317)	(915,089)
Buildings and Improvements	(75,164)	(2,291)	7,317	(70,138)
Equipment	(51,070)	(4,107)	-	(55,177)
Vehicles	(63,764)	-	-	(63,764)
Subtotal	<u>(1,040,584)</u>	<u>(63,584)</u>	<u>-</u>	<u>(1,104,168)</u>
Capital Assets, Net	<u>\$ 1,636,803</u>	<u>\$ (63,584)</u>	<u>\$ -</u>	<u>\$ 1,573,219</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>3,722,881</u>	<u>211,390</u>	<u>(304,288)</u>	<u>3,629,983</u>
Subtotal	<u>4,320,526</u>	<u>211,390</u>	<u>(304,288)</u>	<u>4,227,628</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	3,421,949	-	-	3,421,949
Land Improvements	427,722	-	-	427,722
Road Equipment	10,420,666	1,006,812	(386,527)	11,040,951
Shop Equipment	170,540	79,782	-	250,322
Sign Shop	10,505	-	(10,505)	-
Office Equipment	186,223	24,576	-	210,799
Engineers’ Equipment	67,429	3,796	-	71,225
Infrastructure – Bridges	24,169,336	600,694	(2,444)	24,767,586
Infrastructure – Roads	55,223,443	4,911,322	(3,894,430)	56,240,335
Infrastructure – Traffic Signals	27,178	-	(21,992)	5,186
Depletable Assets	<u>153,402</u>	<u>-</u>	<u>-</u>	<u>153,402</u>
Subtotal	<u>94,278,393</u>	<u>6,626,982</u>	<u>(4,315,898)</u>	<u>96,589,477</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(2,553,684)	(127,414)	-	(2,681,098)
Land Improvements	(213,861)	(42,772)	-	(256,633)
Road Equipment	(8,140,950)	(959,312)	362,412	(8,737,850)
Shop Equipment	(143,937)	(18,125)	-	(162,062)
Sign Shop	(10,505)	-	10,505	-
Office Equipment	(144,680)	(20,263)	-	(164,943)
Engineers’ Equipment	(58,751)	(2,245)	-	(60,996)
Infrastructure – Bridges	(9,619,549)	(550,362)	2,444	(10,167,467)
Infrastructure – Roads	(27,417,732)	(3,142,846)	3,894,430	(26,666,148)
Infrastructure – Traffic Signals	(22,685)	(345)	21,992	(1,038)
Depletable Assets	<u>(153,402)</u>	<u>-</u>	<u>-</u>	<u>(153,402)</u>
Subtotal	<u>(48,479,736)</u>	<u>(4,863,684)</u>	<u>4,291,783</u>	<u>(49,051,637)</u>
Net Capital Assets Being Depreciated	<u>45,798,657</u>	<u>1,763,298</u>	<u>(24,115)</u>	<u>47,537,840</u>
Capital Assets - Net	<u>\$ 50,119,183</u>	<u>\$ 1,974,688</u>	<u>\$ (328,403)</u>	<u>\$ 51,765,468</u>

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

Total Depreciation Expense – Public Works	<u>\$ 4,863,684</u>
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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			
	General	Mental Health	Nonmajor Governmental	Total
General Fund	\$ 1,080	\$ 6,753	\$ 270,071	\$ 277,904

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	ARPA	Nonmajor Governmental	Delinquent Tax Revolving	Total
General Fund	\$ -	\$ 2,597,486	\$ 224,261	\$ 565	\$ 2,822,312
Health Department	217,000	-	-	-	217,000
Nonmajor Governmental	760,881	-	67,368	-	828,249
Total	\$ 977,881	\$ 2,597,486	\$ 291,629	\$ 565	\$ 3,867,561

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, 2021 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	\$ -	\$ 280,580	\$ 288,381	\$ 288,381
\$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%.	8,169,085	-	1,281,557	6,887,528	1,312,524
\$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.	2,605,000	-	2,605,000	-	-
\$800,000 Capital Improvement Bonds dated 09/23/10, due in annual installments ranging from \$55,000 to \$75,000 through November 1, 2027 plus interest ranging from 4.90% to 7.25% payable semi-annually.	455,000	-	455,000	-	-
\$2,240,000 Limited Tax General Obligation Refunding Bonds, Series 2021A, due in annual installments ranging from \$105,000 to \$225,000 through October 1, 2032, interest at 1.58%.	-	2,240,000	-	2,240,000	225,000
\$710,000 Limited Tax General Obligation Refunding Bonds, Series 2021B, due in annual installments ranging from \$35,000 to \$60,000 through October 1, 2032, interest at 2.24%.	-	710,000	-	710,000	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.	497,000	-	54,000	443,000	56,000
Subtotal	<u>12,295,046</u>	<u>2,950,000</u>	<u>4,676,137</u>	<u>10,568,909</u>	<u>1,941,905</u>
Vested Employee Benefits	<u>630,824</u>	-	<u>96,311</u>	<u>534,513</u>	-
Total Long-Term Debt – Governmental Activities	<u>\$ 12,295,870</u>	<u>\$ 2,950,000</u>	<u>\$ 4,772,448</u>	<u>\$ 11,103,422</u>	<u>\$ 1,941,905</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>
2022	\$ 1,941,905	\$ 222,082
2023	1,693,239	180,729
2024	1,736,721	140,835
2025	1,772,987	99,958
2026	1,815,057	58,154
2027-2031	1,469,000	89,003
2032	<u>140,000</u>	<u>2,444</u>
Total	<u>\$ 10,568,909</u>	<u>\$ 793,205</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%.	\$ 8,169,085	-	1,281,768	6,887,317	1,312,524
Compensated Absences	<u>846,857</u>	<u>703,983</u>	<u>710,103</u>	<u>840,737</u>	<u>840,737</u>
Total Long-Term Debt - MCF	<u>\$ 9,015,942</u>	<u>\$ 703,983</u>	<u>\$ 1,991,871</u>	<u>\$ 7,728,054</u>	<u>\$ 2,153,261</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>
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>1,443,846</u>	<u>18,763</u>
Total	<u>\$ 6,887,317</u>	<u>\$ 426,570</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.	\$ 2,142,752	-	116,428	2,026,324	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.	625,000	-	625,000	-	-
\$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.	279,470	-	45,000	234,470	45,000
\$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.	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total Long-Term Debt – Drainage District	<u>\$ 3,067,222</u>	<u>\$ -</u>	<u>\$ 806,428</u>	<u>\$ 2,260,794</u>	<u>\$ 161,428</u>

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

Year End December 31	Governmental Activities	
	Principal	Interest
2022	\$ 161,428	\$ 43,101
2023	166,428	39,816
2024	166,428	36,424
2025	166,428	33,034
2026	155,898	29,643
2027-2031	619,886	125,380
2032-2036	520,390	78,764
2037-2039	<u>303,908</u>	<u>13,360</u>
Total	<u>\$ 2,260,794</u>	<u>\$ 399,522</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	\$ 292,087	\$ 98,606	\$ 98,106	\$ 292,587	\$ 98,274

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.

Facility contributions to the Plan, for the year ended December 30, 2021, amounted to \$80,105. The number of active participants as of December 31, 2021 was 102. A stand-alone pension plan report has not been issued for the defined contribution plan.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

PRIMARY GOVERNMENT

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.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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>2020 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>2020 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)

10 – Empl/Trning: Open Division

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 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>2020 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)

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

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 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>2020 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)

17 – Hlth Nurses: Open Division

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 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>2020 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)

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

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 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>2020 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

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

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 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>2020 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>2020 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)

29 – 911 Command: Open Division

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 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>2020 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)

41 – Part Time: Closed to new hires

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

42 – AFSCME 5/96: Closed to new hires

	<u>2020 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>2020 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)

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

	<u>2020 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)

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

	<u>2020 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>2020 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)

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

	<u>2020 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)

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	404
Inactive employees entitled to but not yet receiving benefits	486
Active employees	<u>361</u>
	1,251

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, 2020, 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, 2020, members were required to contribute 1% to 5% of their annual salary, depending on the division.

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%.

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:

- 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, 2014 through December 31, 2018.

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.

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, 2019	\$ 124,606,494	\$ 82,055,702	\$ 42,550,792
Service cost	1,352,560	-	1,352,560
Interest on total pension liability	9,219,759	-	9,219,759
Changes in benefits	-	-	-
Difference between expected and actual experience	(157,200)	-	(157,200)
Changes in assumptions	6,171,119	-	6,171,119
Employer contributions	-	4,643,841	(4,643,841)
Employee contributions	-	497,251	(497,251)
Net investment income	-	10,260,617	(10,260,617)
Benefit payments, including employee refunds	(7,940,318)	(7,940,318)	-
Administrative expense	-	(163,506)	163,506
Other charges	(240,474)	-	(240,474)
Net changes	8,405,446	7,297,885	1,107,561
Balances as of December 31, 2020	\$ 133,011,940	\$ 89,353,587	\$ 43,658,353

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	\$ 53,199,625	\$ 43,658,353	\$ 24,731,380

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

For the year ended December 31, 2021 the County recognized pension expense of \$5,968,267. 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	\$ 2,906,550	\$ (767,878)
Differences in assumptions	2,965,523	-
Excess (deficit) investment returns	-	(3,113,978)
Contributions subsequent to measurement date	6,029,629	-
Total	\$ 11,901,702	\$ (3,881,856)

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, 2021.

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>	
2022	\$ 2,460,791
2023	2,124,083
2024	(1,747,949)
2025	<u>(846,708)</u>
Total	<u>\$ 1,990,217</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	
	<u>2020 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	7%
Act 88:	Yes

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

11 – Closed Division	
	2020 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	
	2020 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	
	2020 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	
	<u>2020 Valuation</u>
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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>37</u>
	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, 2021, 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, 2020 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 2014-2018 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 7.60%. 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, 2020, 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, 2019	\$ 21,789,282	\$ 17,785,030	\$ 4,004,252
Service cost	189,390	-	189,390
Interest on total pension liability	1,609,570	-	1,609,570
Difference between expected and actual experience	(233,778)	-	(233,778)
Changes in assumptions	555,617	-	555,617
Employer contributions	-	2,162,746	(2,162,746)
Employee contributions	-	111,217	(111,217)
Net investment income (loss)	-	2,636,338	(2,636,338)
Benefit payments, including employee refunds	(1,410,839)	(1,410,839)	-
Administrative expense	-	(36,516)	36,516
Other Changes	(1)	-	(1)
Net changes	709,959	3,462,946	(2,752,987)
Balances as of December 31, 2020	\$ 22,499,241	\$ 21,247,976	\$ 1,251,265

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 7.60 percent, as well as what the Road Commission's net pension liability would be using a discount rate that is 1% 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	\$ 3,734,975	\$ 1,251,265	\$ (843,357)

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

For the year ended December 31, 2021, the County recognized a negative pension expense of \$248,816. 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	\$ 3,131,523	\$ -
Net difference between projected and actual earnings on pension plan investments	-	901,286
Changes in assumptions	701,814	-
Differences between expected and actual experience	48,272	295,598
Total	<u>\$ 3,881,609</u>	<u>\$ 1,196,884</u>

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

Year Ended December 31:

2022	(34,380)
2023	262,218
2024	(423,982)
2025	(250,654)

NOTE 9- OTHER POST EMPLOYMENT BENEFITS

PRIMARY GOVERNMENT AND MEDICAL CARE FACILITY COMPONENT UNIT

Plan Description

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Shiawassee County Retiree Health Care Plan and additions to/deductions from the County’s fiduciary net position have been determined on the same basis as they are reported by the Shiawassee County. 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.

Plan Description

Shiawassee County Retiree Health Care Plan is a single employer plan established and administered by *Shiawassee County* and can be amended at its discretion.

Benefits Provided

A summary of the benefits provided is available in the Plan Provisions section of the report.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Summary of Plan Participants

As of December 31, 2020, Retirement Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	76
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>383</u>
Total members covered by OPEB Plan	<u>459</u>

Contributions

The Shiawassee County Retiree Health Care Plan was established and is being funded under the authority of the County. The plan's funding policy is the employer will contribute any required amounts as determined by an annual actuarial valuation as a reference but not as a definitive requirement. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the plan.

Assumptions and Methods

The Shiawassee County's OPEB liability was measured as of December 31, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. The following actuarial assumptions were used in the measurement:

Inflation	2.50%
Salary increases	4.10% (for purpose of allocating liability)
Investment rate of return	7.35% (including inflation)
20-year Aa Municipal bond rate	2.25% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted
Improvement Scale	MP-2020

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement 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. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.00%	4.95%
Global Fixed Income	20.00%	2.40%
Private Investments	20.00%	7.00%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 7.35%.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was **2.41%**. The projection of cash flows used to determine the discount rate assumed that the County will first use assets to pay benefits and then pay benefits on a pay-as-you-go basis. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members through 2029 – the cross-over point. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of December 31, 2020 the discount rate used to value OPEB liabilities was 2.00%.

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, 2020	\$ 1,815,455	\$ 228,291	\$ 1,587,164
Service cost	92,041	-	92,041
Interest	36,974	-	36,974
Changes in assumptions	(145,088)	-	(145,088)
Difference between expected and actual experience	38,823	-	38,823
Contributions to OPEB trust	-	25,625	(25,625)
Contributions/benefit from general operating funds	-	97,974	(97,974)
Net investment income	-	33,106	(33,106)
Benefit payments	(98,109)	(97,974)	(135)
Administrative expense	-	(458)	458
Other Changes	-	-	-
Net changes	<u>(75,359)</u>	<u>58,273</u>	<u>(133,632)</u>
Balances as December 31, 2021	<u>\$ 1,740,096</u>	<u>\$ 286,564</u>	<u>\$ 1,453,532</u>

The net OPEB liability is allocated as follows

Primary government	\$ 1,199,088
Medical Care Facility component unit	<u>254,444</u>
Total	<u>\$ 1,453,532</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the County, calculated using trend and discount rates 1% higher and lower than base assumptions:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<u>Discount</u>			
Net OPEB Liability	\$ 1,910,132	\$ 1,740,096	\$ 1,587,109
Plan Fiduciary Net Position	286,564	286,564	286,564
Net OPEB Liability	\$ 1,623,568	\$ 1,453,532	\$ 1,300,545

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<u>Trend</u>			
Net OPEB Liability	\$ 1,540,597	\$ 1,740,096	\$ 1,976,975
Plan Fiduciary Net Position	286,564	286,564	286,564
Net OPEB Liability	\$ 1,254,033	\$ 1,453,532	\$ 1,690,411

Reconciliation and Recognition of Net OPEB Liability

OPEB Expense

Below are the components of the Total OPEB Expense for the County as of December 31, 2021:

Service Cost	\$ 80,067
Interest on total OPEB liability	31,600
Experience (Gains)/Losses	7,682
Changes in Plan Terms	-
Changes of Assumptions	11,753
Projected Earnings on OPEB Plan Investments	(17,704)
Investment Earnings (Gains)/Losses	(6,098)
Administrative Expenses	<u>458</u>
Total OPEB Expense	<u>\$ 107,758</u>

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2021 is \$286,564.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plan

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	\$ 68,665	\$ (68,867)
Differences in assumptions	125,717	(89,754)
Excess (deficit) investment returns	<u>-</u>	<u>(28,106)</u>
Total	<u>\$ 194,382</u>	<u>\$ (186,727)</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>	
2022	\$ 14,252
2023	7,605
2024	(4,973)
2025	(2,167)
2026	915
Thereafter	<u>(7,977)</u>
Total	<u>\$ 7,655</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

COMPONENT UNIT – SHIAWASSEE COUNTY ROAD COMMISSION

Plan Description

Shiawassee County Road Commission Post-Employment Medical Plan (“the Plan”) is a single employer plan established and administered by Shiawassee County Road Commission (Employer). The Plan can be amended at the discretion of the Commission. The Commission provides hospitalization and medical coverage, as other post-employment benefits (OPEB), on a complimentary basis for all applicable employees, in accordance with the union agreements and/or personnel policies.

The Plan does not issue a separate stand-alone financial statement.

Plan Membership

Members in the plan at December 31, 2021, (the last actuarial report) is as follows:

Retirees and beneficiaries	32
Active employees	<u>-</u>
Total participants covered by OPEB Plan	<u><u>32</u></u>

Benefits Provided

The Commission provided certain retiree health care benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personal policies. Benefits are provided to all eligible union and administrative employees.

- Employees retiring between January 1, 1975, and December 31, 1991, will receive employer paid coverage for the retiree only. Coverage will be the same as the coverage for active employees.
- Employees retiring between January 1, 1992, and December 31, 1998, will receive employer paid coverage for the retiree and his or her spouse. Spouse shall be the person the employee was married to at the time of retirement. Coverage will be the same as the coverage for active employees.
- Employees retiring on or after January 1, 1999, and who have a seniority date prior to December 31, 1998, will receive employer paid coverage for the retiree only, unless they have a minimum of 25 years of seniority and are at least 55 years of age, then the employer will also pay for spouse coverage. Spouse shall be the person the employee was married to at the time of retirement. Coverage will be the same as the coverage for active employees.
- Employees hired after December 31, 1998, will not receive employer paid health care coverage upon retirement. They may continue their coverage by paying the monthly premium.

The Plan does not issue a separate stand-alone financial statement.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Contributions

For the year ended December 31, 2021, the Commission made no payments for actual current premiums and did not contribute any additional funds to the plan trust. The Commission makes contributions to the extent possible but has no obligation to make contributions in advance of when the premiums are due for payment.

Net OPEB Asset

The net OPEB asset of the Commission was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021.

Investment Policy

The Commission may invest and reinvest the assets of the plan subject to the terms, conditions, limitations, and restrictions imposed by Michigan law and, to the extent applicable to a government plan, the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended. Michigan Complied Laws, Section 38.1121, authorizes the Commission to invest plan assets in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature and real or personal property. Specific limitations apply to the various investment types. The Commission’s plan fund investments are in accordance with statutory authority. It is the policy of the Commission to invest funds in a manner which will ensure the preservation of principal while providing the highest investment return with maximum security.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021, with a measurement date December 31, 2021, with the following actuarial assumptions:

Inflation	2.50%
Salary growth rate	N/A; all participants are retired
Investment rate of return	7.35% (including inflation)
Mortality	Public General 2010 Healthy Retiree, Headcount weighted

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rates, net of 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.95%
Global Fixed Income	20.0%	2.40%
Private Asset	20.0%	7.00%

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Summary of Significant Accounting Policies

For purposes of measuring the net other post-employment benefits (OPEB) asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Commission’s fiduciary net position have been determined on the same basis as they are reported for the Commission. 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.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make no further contributions to the trust. Based on this assumption, the retirement plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the “depletion date”, not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances at December 31, 2020	\$ 1,800,980	\$ 2,515,761	\$ (714,781)
Service cost	594	-	594
Interest on total OPEB liability	125,930	-	125,930
Changes in assumptions	(4,448)	-	(4,448)
Difference between expected and actual experience	(201,576)	-	(201,576)
Net investment income	-	350,929	(350,929)
Benefit payments	(176,478)	(176,478)	-
Administrative expense	-	(4,830)	4,830
Net changes	(255,978)	169,621	(425,599)
Balances as December 31, 2021	\$ 1,545,002	\$ 2,685,382	\$ (1,140,380)

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB (Asset) to Changes in the Discount Rate

The following presents the net OPEB asset of the Commission, as well as what the Commission’s net OPEB (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Asset	\$ (1,043,674)	\$ (1,140,380)	\$ (1,226,037)

Sensitivity of the Net OPEB (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset of the Commission, as well as what the Commission’s net OPEB (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Asset	\$ (1,141,969)	\$ (1,140,380)	\$ (1,138,763)

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Commission recognized OPEB benefit of \$317,162. At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	<u>\$ -</u>	<u>\$ 245,125</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>	
2022	\$ (62,247)
2023	(87,629)
2024	(58,712)
2025	(34,537)

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, 2021, the County had funds on deposit of \$889,165 with the Authority and an estimated liability for reported claims and legal fees of \$116,335.

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>2021</u>	<u>2020</u>
Claims liability, beginning of year	\$ 378,230	\$ 293,817
Claims incurred including changes in estimates	209,850	262,849
Claims payments and adjustments	<u>(213,550)</u>	<u>(178,436)</u>
Claims liability, end of year	<u>\$ 374,530</u>	<u>\$ 378,230</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 2021 ad valorem taxes were levied and collectible on July 1, 2021. 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 2021 tax levy for general operating purposes has been recognized as revenue in the current fiscal year in the general fund. The 2021 adjusted taxable value of Shiawassee County amounted to approximately \$2,021,552,499 on which ad valorem taxes levied for County general operating purposes consisted of 5.5105 mills. The 2020 tax levy was recognized as revenue in the special revenue fund and component units. The 2020 adjusted taxable value of Shiawassee County amounted to approximately \$1,916,999,781 on which the Veterans Relief Fund levied 0.1000 mills, the Veteran Services Fund levied 0.1981 mills, the MSU Extension Fund levied 0.0752 mills, the Senior services Fund levied 0.4960 mills, and the Medical Care Facility levied 1.9834 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, 2021. 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 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>
Public Works:					
Drains at Large	\$ 96,739	\$	198,257	\$	(101,518)

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, 2021

	MERS Year Ended 12/31						
	2014	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ 1,235,573	\$ 1,244,481	\$ 1,216,965	\$ 1,275,875	\$ 1,476,154	\$ 1,412,154	\$ 1,352,560
Interest on total pension liability	7,960,464	8,185,675	8,594,908	8,751,039	8,949,784	8,773,410	9,219,759
Difference between expected and actual experience	-	668,741	(575,440)	67,318	(301,271)	(681,228)	(157,200)
Changes in benefit terms	-	(534,877)	(73,164)	(152,295)	1,150,325	(207,928)	-
Changes of assumptions	-	5,504,463	-	-	-	3,965,976	6,171,119
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)	(7,940,318)
Other	2	2	(1,985)	(1,251)	1	461,763	(240,474)
Net change in total pension liability	2,918,013	8,405,171	2,147,199	2,476,615	3,626,009	6,021,773	8,405,446
Total pension liability - beginning	99,011,714	101,929,727	110,334,898	112,482,097	114,958,712	118,584,721	124,606,494
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>	<u>\$ 133,011,940</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	\$ 4,643,841
Contributions - employee	126,482	114,009	121,618	213,033	327,637	466,489	497,251
Net investment income	4,254,444	(998,834)	7,126,783	9,551,774	(3,060,825)	9,874,714	10,260,617
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)	(7,940,318)
Other	-	-	-	-	-	3	-
Administrative expense	(155,702)	(148,187)	(140,853)	(151,443)	(153,188)	(170,110)	(163,506)
Net change in plan fiduciary net position	790,968	(4,906,166)	9,451,044	6,314,806	(6,041,455)	8,155,015	7,297,885
Plan fiduciary net position - beginning	68,291,490	69,082,458	64,176,292	73,627,336	79,942,142	73,900,687	82,055,702
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>	<u>\$ 89,353,587</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>	<u>\$ 43,658,353</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%	67.2%
Covered - employee payroll	\$ 15,377,682	\$ 15,711,326	\$ 15,925,192	\$ 16,737,071	\$ 19,194,637	\$ 17,875,356	\$ 16,484,765
County's net pension liability as a percentage of covered-employee payroll	213.6%	293.8%	244.0%	209.2%	232.8%	238.0%	264.8%

**Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Contributions
For the Year Ended December 31, 2021**

	MERS Year Ended 12/31						
	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 2,818,771	\$ 2,778,162	\$ 2,857,581	\$ 3,687,245	\$ 4,471,526	\$ 3,686,293	\$ 4,494,204
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	4,643,841
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>	<u>\$ (149,637)</u>
Covered - employee payroll	\$ 15,752,068	\$ 15,398,379	\$ 16,374,620	\$ 18,109,310	\$ 18,286,715	\$ 17,875,356	\$ 16,484,765
Contributions as a percentage of covered-employee payroll	18.1%	18.1%	57.1%	22.6%	24.6%	31.8%	28.2%

Notes to Schedule:

Valuation date: December 31, 2020

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-2014 Juvenile Mortality Tables. For disabled retirees, the 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

Note: In 2021 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, 2021

	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Total OPEB Liability - Beginning of Year	\$ 1,324,825	\$ 1,337,530	\$ 1,416,642	\$ 1,815,455
Service cost	51,717	53,641	54,285	92,041
Interest on OPEB liability	49,626	44,910	47,595	36,974
Difference between expected and actual experience	-	7,784	(50,359)	38,823
Change in plan terms	-	-	197,276	-
Changes in assumptions	-	48,634	224,457	(145,088)
Benefit payments, including refunds of employees contributions	(88,638)	(81,242)	(74,441)	(98,109)
Other	-	5,385	-	-
OPEB Liability - End of Year	<u>\$ 1,337,530</u>	<u>\$ 1,416,642</u>	<u>\$ 1,815,455</u>	<u>\$ 1,740,096</u>
Plan fiduciary net position				
Contributions - employer	\$ 248,157	\$ 81,242	\$ 74,441	\$ 123,599
Net investment income	(10,431)	24,062	26,785	33,106
Benefit payments	(88,638)	(81,242)	(74,441)	(97,974)
Administrative expense	(430)	(343)	(362)	(458)
Net change in plan fiduciary net position	148,658	23,719	26,423	58,273
Plan fiduciary net position - Beginning of Year	<u>29,491</u>	<u>178,149</u>	<u>201,868</u>	<u>228,291</u>
Plan fiduciary net position - End of Year	<u>\$ 178,149</u>	<u>\$ 201,868</u>	<u>\$ 228,291</u>	<u>\$ 286,564</u>
Net OPEB liability - End of Year	<u>\$ 1,159,381</u>	<u>\$ 1,214,774</u>	<u>\$ 1,587,164</u>	<u>\$ 1,453,532</u>
Plan fiduciary net position as a percentage of the total OPEB liability	13%	14%	13%	16%
Covered Payroll	\$ 8,233,450	\$ 8,466,548	\$ 19,400,842	\$ 18,745,544
Net OPEB liability as a percentage of covered payroll	14.08%	14.35%	8.18%	7.75%
Schedule of Employer Contributions				
Actuarially determined contribution	155,411	161,994	185,819	241,293
Actual Contribution	248,157	81,242	74,441	123,734
Contribution deficiency/(excess)	<u>\$ (92,746)</u>	<u>\$ 80,752</u>	<u>\$ 111,378</u>	<u>\$ 117,559</u>
Covered Payroll	\$ 6,547,134	\$ 8,763,666	\$ 19,400,842	\$ 18,745,544
ADC as a percentage of payroll	2.37%	1.85%	0.96%	1.29%

**Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Changes in the OPEB Liability and Related Ratios
Year Ended December 31, 2021**

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-2021 improvement; All other and Medical Care Facility - Public General 2010 Employee and Healthy Retiree, headcount Weighted with MP -2021 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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 11,596,536	\$ 11,644,715	\$ 10,962,862	\$ (681,853)
Special Assessments	-	-	-	-
Licenses and Permits	100,000	100,000	95,722	(4,278)
Intergovernmental	3,227,381	3,756,095	3,797,587	41,492
Charges for Services	1,950,216	2,170,905	1,986,923	(183,982)
Fines and Forfeitures	98,000	98,000	81,360	(16,640)
Interest and Rents	55,000	55,000	50,589	(4,411)
Other Revenue	576,419	633,919	610,821	(23,098)
TOTAL REVENUES	17,603,552	18,458,634	17,585,864	(872,770)
EXPENDITURES:				
General Government				
Board of Commissioners	204,752	275,738	261,623	14,115
Circuit Court	556,719	564,019	494,159	69,860
District Court	1,003,163	1,093,611	1,066,687	26,924
Friend of the Court	846,833	1,043,165	1,080,392	(37,227)
Probate - Juvenile Division	604,796	617,596	616,795	801
Probate - Estate Division	516,368	484,888	447,582	37,306
County Administrator	680,890	1,353,818	1,318,523	35,295
Strategic Planning	50,000	50,000	50,000	-
Elections	70,621	79,924	63,125	16,799
Clerk	461,300	434,501	420,814	13,687
Equalization	216,953	221,153	225,715	(4,562)
Prosecuting Attorney	1,096,978	1,216,446	1,142,794	73,652
Probation	3,500	3,500	2,908	592
Community Development	102,602	147,170	142,254	4,916
Register of Deeds	320,077	337,257	327,427	9,830
Register of Deeds Information Technology	167,500	138,000	92,225	45,775
Plat Board	295	295	-	-
Survey and Remonumentation	48,480	56,119	55,314	805
Technology Services	129,100	129,400	120,553	8,847
Treasurer	299,326	329,286	322,925	6,361
Courthouse and grounds	961,603	1,189,117	1,060,431	128,686
Drain Commissioner	367,914	409,214	389,962	19,252
Professional Services	75,500	61,275	60,000	1,275
Airport	7,732	8,139	8,139	-
Other	1,605,000	2,033,644	2,030,294	3,350
Total General Government	10,398,002	12,277,275	11,800,641	476,339
Public Safety				
Sheriff	2,376,809	2,601,209	2,498,242	102,967
Secondary Road Patrol	173,527	144,537	115,941	28,596
Security	222,854	257,394	248,344	9,050
Jail	2,123,323	2,316,426	2,251,330	65,096
Animal control	120,508	135,508	112,946	22,562
Total Public Safety	5,017,021	5,455,074	5,226,803	228,271

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Public Works				
Drains at Large	96,739	96,739	198,257	(101,518)
Health and Welfare				
Medical Examiner	187,436	187,436	183,494	3,942
Mental Health Services	200,000	200,000	200,000	-
Emergency Services	97,555	100,055	90,887	9,168
Total Health and Welfare	484,991	487,491	474,381	13,110
Recreation & Culture				
Parks	10,500	74,530	72,073	2,457
Other				
Insurance and Bonds	380,000	469,982	249,143	220,839
Total Other	380,000	469,982	249,143	220,839
Capital Outlay	100,000	100,000	96,247	3,753
Total Expenditures	16,487,253	18,961,091	18,117,545	843,251
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	1,116,299	(502,457)	(531,681)	(29,519)
OTHER FINANCING SOURCES (USES):				
Transfers In	225,480	3,876,441	2,822,312	(1,054,129)
Transfers Out	(1,173,077)	(1,174,679)	(977,881)	196,798
Total Other Financing Sources (Uses)	(947,597)	2,701,762	1,844,431	(857,331)
NET CHANGE IN FUND BALANCES	\$ 168,702	\$ 2,199,305	1,312,750	\$ (886,850)
FUND BALANCE BEGINNING OF YEAR			1,390,137	
FUND BALANCE END OF YEAR			\$ 2,702,887	

**Required Supplementary Information
Budgetary Comparison Schedule
Central Dispatch Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES:				
Charges for Services	\$ 1,860,130	\$ 1,860,130	\$ 2,657,080	\$ 796,950
Intergovernmental	-	35,937	35,937	-
Interest	-	-	99	99
Other Revenue	4,000	4,000	3,214	(786)
TOTAL REVENUES	<u>1,864,130</u>	<u>1,900,067</u>	<u>2,696,330</u>	<u>796,263</u>
EXPENDITURES:				
Public Safety	<u>1,824,890</u>	<u>2,990,060</u>	<u>2,018,722</u>	<u>971,338</u>
TOTAL EXPENDITURES	<u>1,824,890</u>	<u>2,990,060</u>	<u>2,018,722</u>	<u>971,338</u>
NET CHANGE IN FUND BALANCES	<u>\$ 39,240</u>	<u>\$ (1,089,993)</u>	677,608	<u>\$ 1,767,601</u>
FUND BALANCE BEGINNING OF YEAR			<u>3,028,825</u>	
FUND BALANCE END OF YEAR			<u>\$ 3,706,433</u>	

Required Supplementary Information
Budgetary Comparison Schedule
Health Department Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 2,854,421	\$ 2,854,421	\$ 2,412,786	\$ (441,635)
Charges for Services	-	-	25,048	25,048
Licenses and Permits	-	-	448,755	448,755
Interest	-	-	69	69
Other	-	-	4,469	4,469
	<u>2,854,421</u>	<u>2,854,421</u>	<u>2,891,127</u>	<u>36,706</u>
TOTAL REVENUES				
EXPENDITURES:				
Health and Welfare	2,996,765	2,996,765	2,935,133	61,632
Debt Service	74,228	74,228	74,228	-
	<u>3,070,993</u>	<u>3,070,993</u>	<u>3,009,361</u>	<u>61,632</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES BEFORE OTHER				
FINANCING SOURCES (USES)	<u>(216,572)</u>	<u>(216,572)</u>	<u>(118,234)</u>	<u>(24,926)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>217,000</u>	<u>217,000</u>	<u>217,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 428</u>	<u>\$ 428</u>	<u>98,766</u>	<u>\$ 98,338</u>
FUND BALANCE BEGINNING OF YEAR			<u>760,469</u>	
FUND BALANCE END OF YEAR			<u>\$ 859,235</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
A.R.P.A.
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 3,000,000	\$ 2,801,255	\$ 3,000,000	\$ 198,745
Interest	512	512	512	-
TOTAL REVENUES	3,000,512	2,801,767	3,000,512	198,745
EXPENDITURES:				
Health and Welfare	203,770	203,770	203,770	-
TOTAL EXPENDITURES	203,770	203,770	203,770	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	2,796,742	2,597,997	2,796,742	198,745
OTHER FINANCING SOURCES (USES):				
Transfers Out	(2,597,486)	(2,597,484)	(2,597,486)	(2)
NET CHANGE IN FUND BALANCES	\$ 199,256	\$ 513	199,256	\$ 198,743
FUND BALANCE BEGINNING OF YEAR			-	
FUND BALANCE END OF YEAR			\$ 199,256	

Other Information

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue Funds							
	MSU Extension	Family Counseling	Friend of the Court	Drunk Driving	Prosecutor's Fees	Waste Management	Farmland Preservation	Animal Control Donations
ASSETS:								
Cash and Equivalents	\$ 68,109	\$ 55,949	\$ 140,500	\$ 175,286	\$ 65,414	\$ 232,022	\$ 1,448	\$ 29,540
Accounts Receivable	-	-	-	-	4,904	-	-	-
Taxes Receivable	150,670	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 218,779	\$ 55,949	\$ 140,500	\$ 175,286	\$ 70,318	\$ 232,022	\$ 1,448	\$ 29,540
LIABILITIES:								
Accounts Payable	\$ -	\$ 471	\$ 2,922	\$ 93	\$ 85	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	471	2,922	93	85	-	-	-
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	150,670	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	68,109	55,478	137,578	175,193	-	232,022	-	29,540
Committed	-	-	-	-	70,233	-	1,448	-
TOTAL FUND BALANCES	68,109	55,478	137,578	175,193	70,233	232,022	1,448	29,540
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 218,779	\$ 55,949	\$ 140,500	\$ 175,286	\$ 70,318	\$ 232,022	\$ 1,448	\$ 29,540

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue Funds							
	Building Code	Housing Rehabilitation	Sheriff Collection	Register of Deeds Automation	Emergency Management	Sheriff Posse	Local Correction Officer's Training	Drug Forfeiture
ASSETS:								
Cash and Equivalents	\$ 305,752	\$ 183,121	\$ 112,344	\$ 176,449	\$ 10,887	\$ 21,395	\$ 25,766	\$ 17,575
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 305,752	\$ 183,121	\$ 112,344	\$ 176,449	\$ 10,887	\$ 21,395	\$ 25,766	\$ 17,575
LIABILITIES:								
Accounts Payable	\$ 16,465	-	\$ 2,063	\$ 1,333	-	-	\$ 449	-
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	16,465	-	2,063	1,333	-	-	449	-
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	-	183,121	110,281	175,116	-	-	25,317	17,575
Committed	289,287	-	-	-	10,887	21,395	-	-
TOTAL FUND BALANCES	289,287	183,121	110,281	175,116	10,887	21,395	25,317	17,575
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 305,752	\$ 183,121	\$ 112,344	\$ 176,449	\$ 10,887	\$ 21,395	\$ 25,766	\$ 17,575

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue Funds							
	Prosecutor's Assets	Local Law Enforcement	Law Library	REACH Shoplifting	Peace Time Veterans	Social Welfare DHS	Jail Garden Grant	
ASSETS:								
Cash and Equivalents	\$ 56,162	\$ -	\$ 55	\$ 6,362	\$ 70,152	\$ 8,810	\$ -	\$ 8,348
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	1,080	-	-	-	61,182	-
TOTAL ASSETS	\$ 56,162	\$ -	\$ 1,135	\$ 6,362	\$ 70,152	\$ 8,810	\$ 61,182	\$ 8,348
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 1,134	\$ -	\$ 854	\$ -	\$ 1,573	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	59,609	6,015
TOTAL LIABILITIES	-	-	1,134	-	854	-	61,182	6,015
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	-	-	1	-	-	-	-	2,333
Committed	56,162	-	-	6,362	69,298	8,810	-	-
TOTAL FUND BALANCES	56,162	-	1	6,362	69,298	8,810	-	2,333
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 56,162	\$ -	\$ 1,135	\$ 6,362	\$ 70,152	\$ 8,810	\$ 61,182	\$ 8,348

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue Funds							
	Veterans' Relief	Veterans' Services	Cigarette Tax	MSHN	MAGNET	Concealed Pistol Licensing	Swift and Sure	
ASSETS:								
Cash and Equivalents	\$ 734,477	\$ 596,985	\$ 140	\$ 13,480	\$ 344,614	\$ 132,933	\$ -	\$ 421,482
Accounts Receivable	-	-	17	-	-	-	-	-
Taxes Receivable	200,524	399,001	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	9,028	-
TOTAL ASSETS	\$ 935,001	\$ 995,986	\$ 157	\$ 13,480	\$ 344,614	\$ 132,933	\$ 9,028	\$ 421,482
LIABILITIES:								
Accounts Payable	\$ 940	\$ 2,462	\$ -	\$ 1,174	\$ 5,778	\$ 108	\$ 2,016	\$ 1,802
Accrued Liabilities	-	25,381	-	-	-	6,282	821	26,468
Due to Other Funds	-	-	-	-	-	-	6,108	-
TOTAL LIABILITIES	940	27,843	-	1,174	5,778	6,390	8,945	28,270
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	200,524	399,001	-	-	-	-	-	-
FUND BALANCES:								
Restricted	733,537	534,054	-	-	338,836	126,543	83	393,212
Committed	-	35,088	157	12,306	-	-	-	-
TOTAL FUND BALANCES	733,537	569,142	157	12,306	338,836	126,543	83	393,212
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 935,001	\$ 995,986	\$ 157	\$ 13,480	\$ 344,614	\$ 132,933	\$ 9,028	\$ 421,482

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue Funds							Debt Service Fund
	Senior Citizens	Byrne Jag Drug Court	Child Care	Gun Range	CBD Grant	Mental Health Court	1033 Program	Equipment Acquisition
ASSETS:								
Cash and Equivalents	\$ 942,689	\$ 406	\$ 96,730	\$ 750	\$ 46,872	\$ 2,319	\$ 57,815	\$ 828
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	995,418	-	-	-	-	-	-	-
Due from Other Governmental Units	-	10,683	74,939	-	97,966	10,005	-	-
TOTAL ASSETS	\$ 1,938,107	\$ 11,089	\$ 171,669	\$ 750	\$ 144,838	\$ 12,324	\$ 57,815	\$ 828
LIABILITIES:								
Accounts Payable	\$ 15,973	\$ 1,560	\$ 41,009	\$ -	\$ 46,872	\$ 842	\$ 698	\$ -
Accrued Liabilities	-	1,573	30,359	-	-	1,202	-	-
Due to Other Funds	-	4,882	85,211	-	97,966	10,280	-	-
TOTAL LIABILITIES	15,973	8,015	156,579	-	144,838	12,324	698	-
DEFERRED INFLOWS OF RESOURCES:								
Property Taxes Levied for Subsequent Period	995,418	-	-	-	-	-	-	-
FUND BALANCES:								
Restricted	926,716	-	-	-	-	-	-	-
Committed	-	3,074	15,090	750	-	-	57,117	828
TOTAL FUND BALANCES	926,716	3,074	15,090	750	-	-	57,117	828
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,938,107	\$ 11,089	\$ 171,669	\$ 750	\$ 144,838	\$ 12,324	\$ 57,815	\$ 828

	Capital Project Funds		
	Capital Improvements	Jail Improvements	Totals
ASSETS:			
Cash and Equivalents	\$ 87,222	\$ 791	\$ 5,251,979
Accounts Receivable	-	-	4,921
Taxes Receivable	-	-	1,745,613
Due from Other Governmental Units	-	-	264,883
TOTAL ASSETS	\$ 87,222	\$ 791	\$ 7,267,396
LIABILITIES:			
Accounts Payable	\$ -	\$ -	\$ 148,676
Accrued Liabilities	-	-	92,086
Due to Other Funds	-	-	270,071
TOTAL LIABILITIES	-	-	510,833
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes Levied for Subsequent Period	-	-	1,745,613
FUND BALANCES:			
Restricted	87,222	791	4,352,658
Committed	-	-	658,292
TOTAL FUND BALANCES	87,222	791	5,010,950
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 87,222	\$ 791	\$ 7,267,396

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds							Animal Control Donations
	MSU Extension	Family Counseling	Friend of the Court	Drunk Driving	Prosecutor's Fees	Waste Management	Farmland Preservation	
REVENUES:								
Taxes	\$ 144,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	23,204	6,840	25,417	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	-	6,556	22,217	-	-	-	-	-
Interest	-	-	-	55	-	-	-	-
Other Revenue	-	-	-	-	-	76,320	-	23,310
TOTAL REVENUES	144,960	6,556	45,421	6,895	25,417	76,320	-	23,310
EXPENDITURES:								
General Government	-	7,931	60,781	-	474	-	-	-
Public Safety	-	-	-	1,336	-	-	-	-
Health and Welfare	-	-	-	-	-	47,520	-	-
Community and Economic Development	150,776	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	150,776	7,931	60,781	1,336	474	47,520	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(5,816)	(1,375)	(15,360)	5,559	24,943	28,800	-	23,310
OTHER FINANCING SOURCES (USES):								
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	(41)	(118,085)	-	-	(15,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(41)	(118,085)	-	-	(15,000)
NET CHANGE IN FUND BALANCES	(5,816)	(1,375)	(15,360)	5,518	(93,142)	28,800	-	8,310
FUND BALANCE BEGINNING OF YEAR	73,925	56,853	152,938	169,675	163,375	203,222	1,448	21,230
FUND BALANCE END OF YEAR	\$ 68,109	\$ 55,478	\$ 137,578	\$ 175,193	\$ 70,233	\$ 232,022	\$ 1,448	\$ 29,540

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	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	-	-	-	-	-	-	-	-
Charges for Services	181,699	-	5,960	72,515	-	-	9,088	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	30	-	-	-	-
Other Revenue	-	66,869	9,072	-	100	8,650	-	5,399
TOTAL REVENUES	181,699	66,869	15,032	72,545	100	8,650	9,088	5,399
EXPENDITURES:								
General Government	-	-	-	69,194	-	-	-	-
Public Safety	-	-	113,553	-	5,011	712	8,751	-
Health and Welfare	-	-	-	-	-	-	-	-
Community and Economic Development	206,567	38,206	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	206,567	38,206	113,553	69,194	5,011	712	8,751	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(24,868)	28,663	(98,521)	3,351	(4,911)	7,938	337	5,399
OTHER FINANCING SOURCES (USES):								
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	(84,131)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(84,131)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(24,868)	28,663	(182,652)	3,351	(4,911)	7,938	337	5,399
FUND BALANCE BEGINNING OF YEAR	314,155	154,458	292,933	171,765	15,798	13,457	24,980	12,176
FUND BALANCE END OF YEAR	\$ 289,287	\$ 183,121	\$ 110,281	\$ 175,116	\$ 10,887	\$ 21,395	\$ 25,317	\$ 17,575

County of Shiawassee, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2021

	Special Revenue Funds							
	Prosecutor's Assets	Local Law Enforcement	Law Library	REACH	Peace Time Veterans	Social Welfare DHS	Jail Garden Grant	Drug Court
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	61,182	-
Charges for Services	1,890	-	-	-	-	-	-	-
Fines and Forfeits	-	-	5,779	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,890	-	5,779	-	-	-	61,182	-
EXPENDITURES:								
General Government	1,466	-	15,806	-	-	-	-	-
Public Safety	-	32,516	-	-	-	-	61,182	-
Health and Welfare	-	-	-	450	4,228	5,847	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,466	32,516	15,806	450	4,228	5,847	61,182	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	424	(32,516)	(10,027)	(450)	(4,228)	(5,847)	-	-
OTHER FINANCING SOURCES (USES):								
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-
Transfers In	-	32,301	7,580	-	35,076	5,000	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	32,301	7,580	-	35,076	5,000	-	-
NET CHANGE IN FUND BALANCES	424	(215)	(2,447)	(450)	30,848	(847)	-	-
FUND BALANCE BEGINNING OF YEAR	55,738	215	2,448	6,812	38,450	9,657	-	2,333
FUND BALANCE END OF YEAR	\$ 56,162	\$ -	\$ 1	\$ 6,362	\$ 69,298	\$ 8,810	\$ -	\$ 2,333

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds							
	Veterans' Relief	Veterans' Services	Cigarette Tax	MSHN	MAGNET	Concealed Pistol Licensing	Swift and Sure	Indigent Defense
REVENUES:								
Taxes	\$ 193,150	\$ 383,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	11,398	106,290	-	41,065	353,055
Charges for Services	-	-	-	-	1,840	61,757	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	3,086	-	-	-
Other Revenue	-	655	-	-	-	-	-	-
TOTAL REVENUES	193,150	384,584	-	11,398	111,216	61,757	41,065	353,055
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	57,468	90,181	45,422	714,293
Health and Welfare	18,915	280,690	-	12,927	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	42,342
TOTAL EXPENDITURES	18,915	280,690	-	12,927	57,468	90,181	45,422	756,635
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	174,235	103,894	-	(1,529)	53,748	(28,424)	(4,357)	(403,580)
OTHER FINANCING SOURCES (USES):								
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	105,978
Transfers Out	-	(35,076)	-	-	-	(39,296)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(35,076)	-	-	-	(39,296)	-	105,978
NET CHANGE IN FUND BALANCES	174,235	68,818	-	(1,529)	53,748	(67,720)	(4,357)	(297,602)
FUND BALANCE BEGINNING OF YEAR	559,302	500,324	157	13,835	285,088	194,263	4,440	690,814
FUND BALANCE END OF YEAR	\$ 733,537	\$ 569,142	\$ 157	\$ 12,306	\$ 338,836	\$ 126,543	\$ 83	\$ 393,212

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds							Debt Service
	Senior Citizens	Byrne Jag Drug Court	Child Care	Gun Range	CBD Grant	Mental Health Court	1033 Program	Equipment Acquisition Fund
REVENUES:								
Taxes	\$ 951,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	92,982	351,870	-	50,857	48,875	-	-
Charges for Services	-	840	40,409	-	-	169	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other Revenue	-	-	7,819	-	-	-	65,994	-
TOTAL REVENUES	951,576	93,822	400,098	-	50,857	49,044	65,994	-
EXPENDITURES:								
General Government	-	92,351	-	-	-	51,363	-	-
Public Safety	-	-	-	-	-	-	8,877	-
Health and Welfare	688,843	-	952,036	-	50,857	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	91,495
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	688,843	92,351	952,036	-	50,857	51,363	8,877	91,495
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	262,733	1,471	(551,938)	-	-	(2,319)	57,117	(91,495)
OTHER FINANCING SOURCES (USES):								
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(409,172)
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	410,000
Transfers In	-	-	548,500	-	-	2,319	-	91,495
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	548,500	-	-	2,319	-	92,323
NET CHANGE IN FUND BALANCES	262,733	1,471	(3,438)	-	-	-	57,117	828
FUND BALANCE BEGINNING OF YEAR	663,983	1,603	18,528	750	-	-	-	-
FUND BALANCE END OF YEAR	\$ 926,716	\$ 3,074	\$ 15,090	\$ 750	\$ -	\$ -	\$ 57,117	\$ 828

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Capital Project Funds		
	Capital	Jail	Totals
	Improvements	Improvements	
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,673,615
Intergovernmental	-	-	1,173,035
Charges for Services	-	-	376,167
Fines and Forfeits	-	-	34,552
Interest	-	-	3,171
Other Revenue	-	-	264,188
	-	-	3,524,728
TOTAL REVENUES	-	-	3,524,728
EXPENDITURES:			
General Government	-	-	299,366
Public Safety	-	-	1,139,302
Health and Welfare	-	-	2,062,313
Community and Economic Development	-	-	395,549
Debt Service	-	-	91,495
Capital Outlay	-	-	42,342
	-	-	4,030,367
TOTAL EXPENDITURES	-	-	4,030,367
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	-	-	(505,639)
OTHER FINANCING SOURCES (USES):			
Payment to Refunded Bond Escrow Agent	-	-	(409,172)
Proceeds of Refunding Bonds	-	-	410,000
Transfers In	-	-	828,249
Transfers Out	-	-	(291,629)
	-	-	537,448
TOTAL OTHER FINANCING SOURCES (USES)	-	-	537,448
NET CHANGE IN FUND BALANCES	-	-	31,809
FUND BALANCE BEGINNING OF YEAR	87,222	791	4,979,141
FUND BALANCE END OF YEAR	\$ 87,222	\$ 791	\$ 5,010,950

County of Shiawassee, Michigan

**Combining Statement of Net Position
Fiduciary Funds
December 31, 2021**

	701 & 702		721	
	Trust and Agency	Economic Development	Library Penal Fines	Totals
ASSETS:				
Cash and Equivalents	\$ 1,583,224	\$ 3,127	\$ 178,481	\$ 1,764,832
TOTAL ASSETS	<u>\$ 1,583,224</u>	<u>\$ 3,127</u>	<u>\$ 178,481</u>	<u>\$ 1,764,832</u>
LIABILITIES:				
Undistributed Receipts	\$ 1,583,224	\$ 3,127	\$ 178,481	\$ 1,764,832
NET POSITION:				
Restricted for:				
Individuals, Organizations and Other Governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2021**

	Trust and Agency	Economic Development	Library Penal Fines	Totals
ADDITIONS:				
Property Tax Collections for other Governments	\$ 21,591,527	\$ -	\$ -	\$ 21,591,527
Miscellaneous	1,589,353	-	110,709	1,700,062
TOTAL ADDITIONS	23,180,880	-	110,709	23,291,589
DEDUCTIONS:				
Administrative Expense	1,589,353	-	110,709	1,700,062
Payment of Property Taxes to Other Governments	21,591,527	-	-	21,591,527
TOTAL DEDUCTIONS	23,180,880	-	110,709	23,291,589
Net Increase (Decrease) in Fiduciary Net Position	-	-	-	-
Net Position - Beginning	-	-	-	-
Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Balance Sheet
Governmental Funds - Drainage Districts - Component Unit
December 31, 2021

	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	\$ 12,389	\$ 50	\$ -	\$ 2,309	\$ 2,846,912	\$ 285,334	\$ 2,459	\$ 47,168	\$ 3,196,621
Investments	172,487	-	-	-	881,767	-	10,279	-	1,064,533
Special Assessments Receivable	1,820,816	-	-	-	752,693	-	-	-	2,573,509
Due from Other Governments	-	40,217	326,194	-	-	229,194	-	-	595,605
Due from Other Funds	108,766	-	-	-	30,725	-	-	21,484	160,975
TOTAL ASSETS	\$ 2,114,458	\$ 40,267	\$ 326,194	\$ 2,309	\$ 4,512,097	\$ 514,528	\$ 12,738	\$ 68,652	\$ 7,591,243
LIABILITIES:									
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,148	\$ 1,301	\$ 2,436	\$ -	\$ 4,087	\$ 8,972
Due to Other Funds	-	-	-	-	130,250	30,725	-	-	160,975
Advance from Primary Government	-	-	-	-	-	470,000	-	-	470,000
TOTAL LIABILITIES	-	-	-	1,148	131,551	503,161	-	4,087	639,947
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue	2,122,065	40,217	326,194	-	4,456	-	-	-	2,492,932
FUND BALANCES:									
Restricted for Capital Projects	(7,607)	50	-	1,161	4,376,090	11,367	12,738	64,565	4,458,364
TOTAL FUND BALANCES	(7,607)	50	-	1,161	4,376,090	11,367	12,738	64,565	4,458,364
TOTAL LIABILITIES, DEFERRED INFLOWS RESOURCES, AND FUND BALANCES	\$ 2,114,458	\$ 40,267	\$ 326,194	\$ 2,309	\$ 4,512,097	\$ 514,528	\$ 12,738	\$ 68,652	\$ 7,591,243

**Reconciliation of the Combining Balance Sheet to the
Statement of Net Position - Component Unit - Drainage Districts
December 31, 2021**

Total fund balances - governmental funds \$ 4,458,364

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 5,668,493

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 2,492,932

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	(2,260,794)	
Accrued interest payable	(4,519)	
	<hr/>	<hr/>
		(2,265,313)

Net position of governmental activities \$ 10,354,476

County of Shiawassee, Michigan

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Drainage Districts - Component Unit
For the Year Ended December 31, 2021**

	851	825	827	841	801	802	804	639	
	Debt Service Funds				Capital Project Funds				
	Drain Debt	Henderson Drain Debt	Byron Water Project Debt	Lake Level	Regular Drain	Revolving Drain	Revolving Drain Maintenance	Drain Equipment Revolving	Totals
REVENUES									
Special Assessment	\$ 107,659	\$ -	\$ -	\$ -	\$ 713,507	\$ -	\$ -	\$ -	\$ 821,166
Interest	756	-	-	-	371	-	3	-	1,130
Other	-	20,950	50,939	-	549,738	-	-	80	621,707
Total Revenues	<u>108,415</u>	<u>20,950</u>	<u>50,939</u>	<u>-</u>	<u>1,263,616</u>	<u>-</u>	<u>3</u>	<u>80</u>	<u>1,444,003</u>
EXPENDITURES									
Public works	-	-	-	626	782,250	-	-	191,131	974,007
Debt Service:	1,102,167	20,900	50,939	-	-	-	-	-	1,174,006
Total Expenditures	<u>1,102,167</u>	<u>20,900</u>	<u>50,939</u>	<u>626</u>	<u>782,250</u>	<u>-</u>	<u>-</u>	<u>191,131</u>	<u>2,148,013</u>
Other Financing Sources/(Uses)									
Transfers In	512,705	-	-	-	19,846	-	26	57,109	589,686
Transfers Out	(19,845)	-	-	-	(569,840)	-	-	-	(589,685)
Total Other Financing Sources/(Uses)	492,860	-	-	-	(549,994)	-	26	57,109	1
NET CHANGE IN FUND BALANCES	(500,892)	50	-	(626)	(68,628)	-	29	(133,942)	(704,009)
FUND BALANCE BEGINNING OF YEAR	493,285	-	-	1,787	4,444,718	11,367	12,709	198,507	5,162,373
FUND BALANCE END OF YEAR	<u>\$ (7,607)</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 1,161</u>	<u>\$ 4,376,090</u>	<u>\$ 11,367</u>	<u>\$ 12,738</u>	<u>\$ 64,565</u>	<u>\$ 4,458,364</u>

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, 2021

Net changes in fund balances governmental funds - Drains - Component Unit \$ (704,009)

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		(62,061)
---------------------	--	----------

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	3,687	
Note principal retirement	<u>806,428</u>	
		<u>810,115</u>

Changes in net position of governmental activities		<u>\$ (187,173)</u>
----------------------------------------------------	--	---------------------

County of Shiawassee, Michigan

Balance Sheet Governmental Fund County Airport - Component Unit December 31, 2021

ASSETS:

Cash and Equivalents	\$ 101,034
Accounts Receivable	44,104
Inventory	<u>9,875</u>
 TOTAL ASSETS	 <u>\$ 155,013</u>

LIABILITIES:

Accounts Payable	\$ 2,777
Accrued Liabilities	<u>2,114</u>
 TOTAL LIABILITIES	 <u>4,891</u>

FUND BALANCES:

Nonspendable:	9,875
Unassigned	<u>140,247</u>
 TOTAL FUND BALANCES	 <u>150,122</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 155,013</u>

**Reconciliation of the Fund Balances of the
Governmental Fund to Net Position of the
County Airport - Component Unit
December 31, 2021**

Fund balance governmental fund - County Airport - Component Unit	\$ 150,122
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>1,573,219</u>
Net position of the County Airport - Component Unit	<u><u>\$ 1,723,341</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, 2021****REVENUES:**

Intergovernmental	\$	25,896
Charges for Services		243,548
Gain on Sale of Assets		500
		<hr/>
Total Revenues		269,944
		<hr/>

EXPENDITURES:

Public Works		260,611
		<hr/>
Total Expenditures		260,611
		<hr/>

NET CHANGE IN FUND BALANCES 9,333

FUND BALANCE BEGINNING OF YEAR 140,789

FUND BALANCE END OF YEAR \$ 150,122

**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, 2021**

Net change in fund balance - County Airport - Component Unit	\$ 9,333
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	<u>(63,588)</u>
Change in net position of County Airport - Component Unit	<u><u>\$ (54,255)</u></u>

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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**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 Brodeur
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, 2021, 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 June 16, 2022. Our report includes a reference to other auditors who audited the financial statements of the Shiawassee County Road Commission and Medical Care Facility 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County 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 Brodeur 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 a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2021-001.

County of Shiawassee, Michigan's Response to Findings

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

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

June 16, 2022



ANDERSON, TACKMAN & COMPANY, PLC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Shiawassee, Michigan's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County of Shiawassee, Michigan's major federal programs for the year ended December 31, 2021. 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.

Shiawassee County, Michigan's basic financial statements include the operations of the Shiawassee County Road Commission and Medical Care Facility which expended \$967,101 and \$1,047,675, respectively, in federal awards which is not included in Shiawassee County's Michigan schedule of expenditures of federal awards during the year ended December 31, 2021. Our audit, described below, did not include the operations of the Shiawassee County Road Commission because they did not expend \$750,000 or more in negotiated projects and the Medical Care Facility because they performed a separate financial audit and engaged other auditors to perform an audit of compliance.

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, 2021.

Basis for Opinion on Each Major Federal Program

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

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

To the Board of Commissioners
County of Shiawassee, Michigan

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County of Shiawassee, Michigan's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County of Shiawassee, Michigan's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County of Shiawassee, Michigan's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

To the Board of Commissioners
County of Shiawassee, Michigan

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

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

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

June 16, 2022

County of Shiawassee, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021

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	202MI013W5003	\$ 18,664
Women, Infants and Children - Breastfeeding	10.557	212MI013W5003	2,799
Women, Infants and Children - Breastfeeding	10.557	212MI003W1003	40,129
Women, Infants and Children - Resident Services	10.557	212MI003W1003	297,622
			359,214
Total U.S. Department of Agriculture			
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	50,857
U.S. DEPARTMENT OF JUSTICE:			
Pass-through from the Michigan State Police			
Byrne Justice Assistance Grant	16.738	JAG-72282-4-19	43,786
Ballistic Vest Grant	16.607	N/A	1,032
21371-Fiscal Year 2021 Federal: Edward Byrne Memorial Justice Assistance Grant	16.738	72159-SCAO-2021	102,683
			147,501
Total U.S. Department of Justice			
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	38,192
CRF Local Health Department Testing	21.019	SLT0040	63,812
CRF Local Health Department Contact Tracing	21.019	SLT0040	49,400
			151,404
Subtotal - MDHHS			
Direct Award			
ARPA State and Local Fiscal Recovery Funds	21.027	N/A	2,799,008
			2,950,412
Total U.S. Department of Treasury			
U.S. ENVIRONMENTAL PROTECTION AGENCY:			
Pass-through from the State of Michigan Department of Environment			
Great Lakes, and Energy (EGLE):			
Drinking Water Revolving Fund Cluster			
Public Drinking Water-Operating Assistance	66.468	FS97548719	1,192
Public Drinking Water-Supply Supervision	66.468	FS97548719	2,590
			3,782
Total - U.S. Environmental Protection Agency			
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
Pass-through from the State of Michigan			
Department of Health and Human Services			
Public Health Emergency - Preparedness FY 19-20	93.069	NU90TP922062	87,765
Public Health Emergency - Preparedness FY 20-21	93.069	NU90TP922062	25,962
Tuberculosis Control	93.116	NU52PS910173	24
Tuberculosis Control	93.116	NU52PS910173	76
Immunization Program IAP	93.268	NH23IP922635	14,763
COVID Immunization	93.268	NH23IP922635	85,409
COVID-19 Vaccination Supplement	93.268	NH23IP922635	36,231
ELC COVID-19 Infection Prevention	93.323	NU50CK000510	37,500
ELC COVID-19 Infection Prevention	93.323	NU50CK000510	1,751
ELC COVID-19 Contact Tracing Testing Coordination	93.323	NU50CK000510	173,871
PHEP COVID-19 Response	93.354	NU90TP922074	210,290
Friend of the Court-before consolidation	93.563	CS/FOC-17-78001	168,439
Friend of the Court-after consolidation	93.563	CS/FOC-17-78003	539,782
Cooperative Reimbursement GF/GP-before consolidation	93.563	CS/FOC-17-78001	14,835
Cooperative Reimbursement GF/GP-after consolidation	93.563	CS/COM-17-78003	50,375
Prosecuting Attorney	93.563	CS-PA-17-78002	28,212
Title IV-D Incentive Payments FY 2021-before consolidation	93.563	CSFOC-17-78001	49,715
Title IV-D Incentive Payments FY 2021-after consolidation	93.563	CSCOM-17-78003	49,094
			1,574,094
Subtotal - MDHHS			

See accompanying notes to scheduled of expenditures of federal awards.

County of Shiawassee, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES: (Continued)			
<i>Medicaid Cluster</i>			
Medicaid Outreach - Children's Special Health	93.778	2105MI5ADM	53
Medicaid Elevated Blood Lead Case Management - Children's Special Health	93.778	2105MI5ADM	327
Medicaid Outreach & Advocacy - Children's Special Health	93.778	2205MI5ADM	20,660
Subtotal Medicaid Cluster			21,040
Maternal & Child Health Services - Direct Services Children	93.994	B0440141	12,334
Maternal & Child Health Services - All Other	93.994	B0440141	28,777
Total U.S. Department of Health and Human Services			1,636,245
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Pass-through from the Michigan State Police			
Emergency Management Performance Grant	97.042	EMC-2021-EP-00006	43,660
HSGP - Planning	97.067	EMW-2020-SS-00044-S01	7,657
Total U.S. Department of Homeland Security			51,317
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,199,328

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County 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 Treasury which provided the greatest amount of direct federal funding to the County during 2021.

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, 2021, the Federal aid received and expended by the Road Commission was \$967,101 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 Road 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>
21.027	ARPA
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 2021-001

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 2021 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, 2021, 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, 2021, 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>
Public Works:					
Drains at Large	\$ 96,739	\$	198,257	\$	(101,518)

Effect: The County has not complied with State Statutes.

Cause: The General 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 III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.



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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To Chairman Brodeau
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, 2021, and have issued our report thereon dated June 16, 2022. 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, *Government Auditing Standard* and the Uniform Guidance

As stated in our engagement letter dated April 4, 2022 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 April 4, 2022.

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 June 16, 2022.

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

GASB 87 – 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, 2022.

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.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

Effective for fiscal years beginning after December 15, 2021 (County's fiscal year 2022).

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

Such interest cost includes all interest that was previously accounted for in accordance with the requirements of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus.

GASB Statement No. 96, Subscription-based Information Technology Arrangements

In May 2020, the GASB issued Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The statement:

1. Defines a SBITA
2. Establishes that a SBITA results in a right-to-use subscription asset/liability
3. Provides capitalization criteria for outlays other than subscription payments/implementation costs
4. Requires note disclosures

The standards for SBITAs are based on similar standards established in GASB Statement No. 87, Leases. The County should evaluate the impact of this standard will have on its operations. The adoption date will be during the fiscal 2022 year.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

This standard has certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately. It also clarifies when a Section 457 plan should be considered a pension plan or another employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of the statement that relate to 457 plans are effective for the County's financial statements for the year ending March 31, 2023.

Uniform Chart of Accounts

Effective for fiscal years ending October 21, 2022

In April 2017, the State released an updated Uniform Chart of Accounts. On April 20, 2020, the Michigan Department of Treasury issued a memo that established an implementation date for fiscal years ending on October 31, 2022 and thereafter. A final release of the chart of accounts was issued in November 2020 and is available at this link: http://www.michigan.gov/documents/uniformchart_24524_7.pdf. This final version follows statutory changes and reformats the document to make it more user-friendly. Treasury will provide alerts for any guidance and resources, and local units can sign up for alerts at this link:

https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp+MITREAS_1.

Other Matters

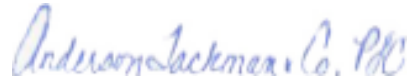
We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing 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 inquires 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.

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC". The signature is written in a cursive, flowing style.

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

June 16, 2022