COUNTY OF DELTA, MICHIGAN

BASIC FINANCIAL STATEMENTS
with Supplemental Information

YEAR ENDED SEPTEMBER 30, 2019

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ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

"A Regional Firm Within the Upper Peninsula of Michigan"

Kristine P. Berhow, CPA, Principal
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INDEPENDENT AUDITOR'S REPORT

To the Delta County Board
of Commissioners and Management
Escanaba, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Delta County, Michigan, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Delta County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Delta County Road Commission, which represents 94% of the assets, 97% of net position, and 76% of revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Delta County Road Commission, are based on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Delta County Central Dispatch Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Delta County, Michigan, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of net pension liability and related ratios, and schedules of employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2020, on our consideration of Delta County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delta County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delta County's internal control over financial reporting and compliance.

Anderson, Tackman & Company P.L.C.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Escanaba, Michigan

April 15, 2020

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Delta County's financial performance provides an overview of the County's financial activities for the fiscal year ending September 30, 2019. Please read it in conjunction with the County's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- In 2015, the County implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which required the recording of a net pension liability. The impact of GASB Statement 68 depends upon actuarial assumptions. The net pension liability increased by $2,381,317 from 2018. The deferred outflow of resources increased by $1.2 million to a balance of $4.2 million, and deferred inflows of resources decreased by $0.6 million to a balance of $1.1 million at September 30, 2019. All activity related to GASB Statement 68 only affected the Governmental Activities on pages 15 and 17 of the financial statements and has no effect on the fund financial statements. During 2018, the County made an additional contribution of $1,000,000 toward the pension liability.

  In 2018, the County broke ground on the Corrections Facility construction project. The construction was completed in 2019 and the Sheriff's department moved during the summer of 2019. The County had total bonds of $17,900,000 from Rural Development for the project, which it intends to pay back with a dedicated millage. Public Safety expenses include an impairment loss of $825,525 related to the closure of the old jail facility.

- Net position for the County was reported at $31,951,275 for 2019 and $31,702,668 for 2018, an increase of $248,607. For 2019, net position for business-type activities was $6,448,099 or 20% of total net position, while net position in our governmental activities was $25,503,176 or 80% of total net position.

- The County's expenses for 2019 totaled $18,732,920, while revenues from all sources totaled $18,981,527, leaving an increase of $248,607. In 2018, expenses totaled $16,178,329 while revenues totaled $16,951,111, leaving an increase of $772,782.

- The General Fund reported an increase in fund balance of $432,145 in 2019 and an increase of $331,883 in 2018 , representing a change in fund balance of +7% and +6%, respectively. This was after revenues of $10,925,069 in 2019 compared to $10,221,721 in 2018, and expenditures of $9,656,921 in 2019 compared to expenditures of $9,063,539 in 2018. Net transfers in 2019 were -$836,003 as compared to -$826,299 in 2018.

USING THIS REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities (on pages 15, 16 and 17) provide information about the activities of the County as a whole and present a longer term view of the County's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide financial statements by providing information about the County's most significant funds. The remaining statement provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of government.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

Our analysis of the County as a whole begins on page 7. One of the most important questions asked about the county's finances; "Is the County as a whole better off or in worse condition as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current years revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the County's *net position* and changes in them. You can think of the County's net position as the difference between assets and liabilities as one way to measure the County's financial health, or *financial position.* Over time, *increases or decreases* in the County's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base to assess the *overall financial health* of the County.

In the Statement of Net Position and the Statement of Activities, we divide the County into two categories of activities:

- Governmental activities – Most of the County's basic services are reported here including public safety, judicial system, parks and recreation, the County Airport, and general administration. Property taxes, charges for services, and state and federal funding make up the majority of revenue for these activities.

- Business-type activities – The County charges a fee to customers to help cover all or most of the costs of certain services it provides. The collection of delinquent property taxes primarily make up the County's business activities.

The County is also required to present three legally separate component units; Public Health Department, Central Dispatch Authority, and the County Road Commission which should be reported separately from the financial information of the County. A separate financial statement is available for the Public Health Department, Central Dispatch Authority, and the County Road Commission and is available at their administrative offices.

Reporting the County's Most Significant Funds

Fund Financial Statements

Our analysis of the County's Major Funds begins on page 10. The fund financial statements begin on page 18 and provide detailed information on the most significant funds – not the County as a whole. Some funds are required to be established by State law, and by bond covenants. However, the County Board of Commissioners establishes many other funds to help it control and manage money for particular purposes or to show that the Board is meeting legal requirements for certain taxes, grants and other money. The County's two kinds of funds *governmental* and *proprietary* – use different accounting methods.

- *Governmental funds* – Most of the County's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the County's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance County programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

- *Proprietary funds* - When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities that we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for other County programs and activities.

The County as a Trustee

The County is the trustee, *or fiduciary,* of tax receipts and other collections, that are collected for other agencies and held for periodic payment to those agencies. The County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 27. We exclude these funds from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The County as a Whole

The County's combined net position increased by $248,607 in 2019 and by $772,782 in 2018.

Table 1
Net Position

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Current and other assets	$ 17,958,325	$ 18,342,697	$ 6,459,871	$ 5,875,720
Capital assets (net)	36,600,460	33,213,755	18,395	22,201
Total Assets	54,558,785	51,556,452	6,478,266	5,897,921
Deferred outflows	4,170,684	2,945,684	-	-
Long-term debt outstanding	17,467,420	14,261,926	-	-
Other liabilities	14,639,672	12,693,844	30,167	9,778
Total Liabilities	32,107,092	26,955,770	30,167	9,778
Deferred inflows	1,119,201	1,731,841	-	-
Net Position:				
Net investment in capital assets	19,133,040	18,951,829	18,395	22,201
Restricted assets:				
Expendable	3,038,164	2,885,868	-	-
Unrestricted	3,331,972	3,976,828	6,429,704	5,865,942
Total net position	$ 25,503,176	$ 25,814,525	$ 6,448,099	$ 5,888,143

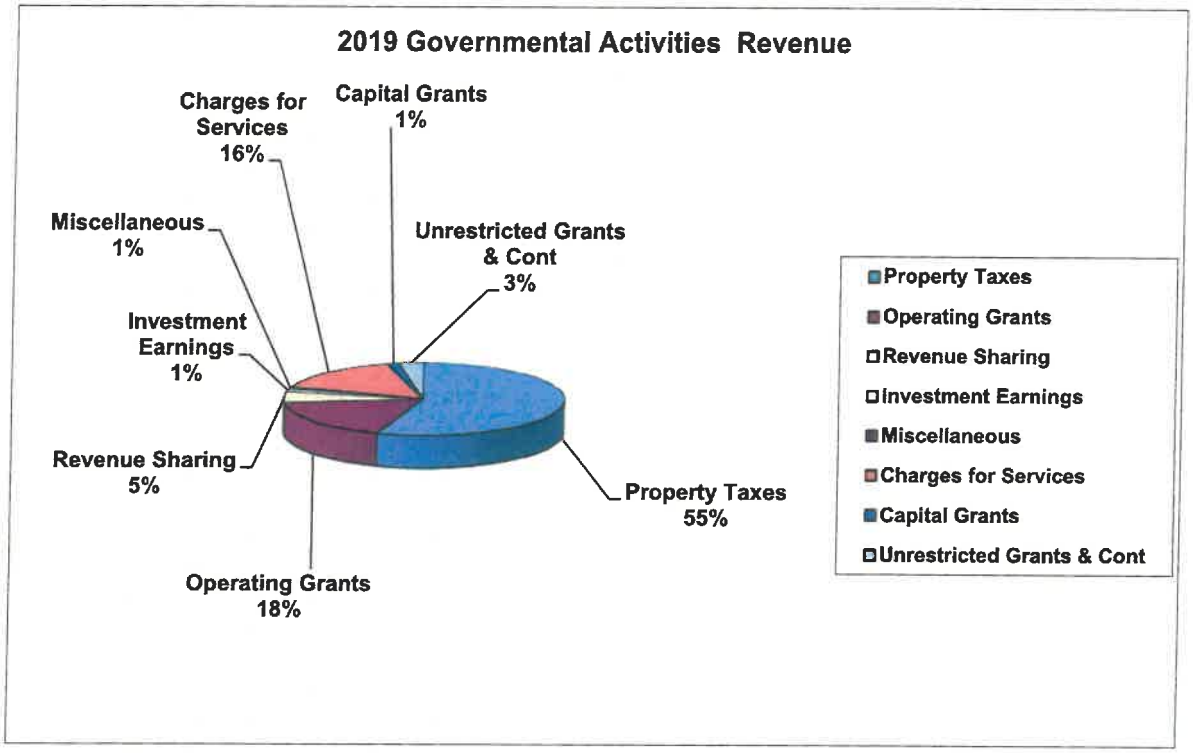
Net position of the County's governmental activities stood at $25,503,176, down from $25,814,525 in 2018. Unrestricted net position, the part of net position that could be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements stood at $3,331,972 and $3,976,828 for 2019 and 2018, respectively.

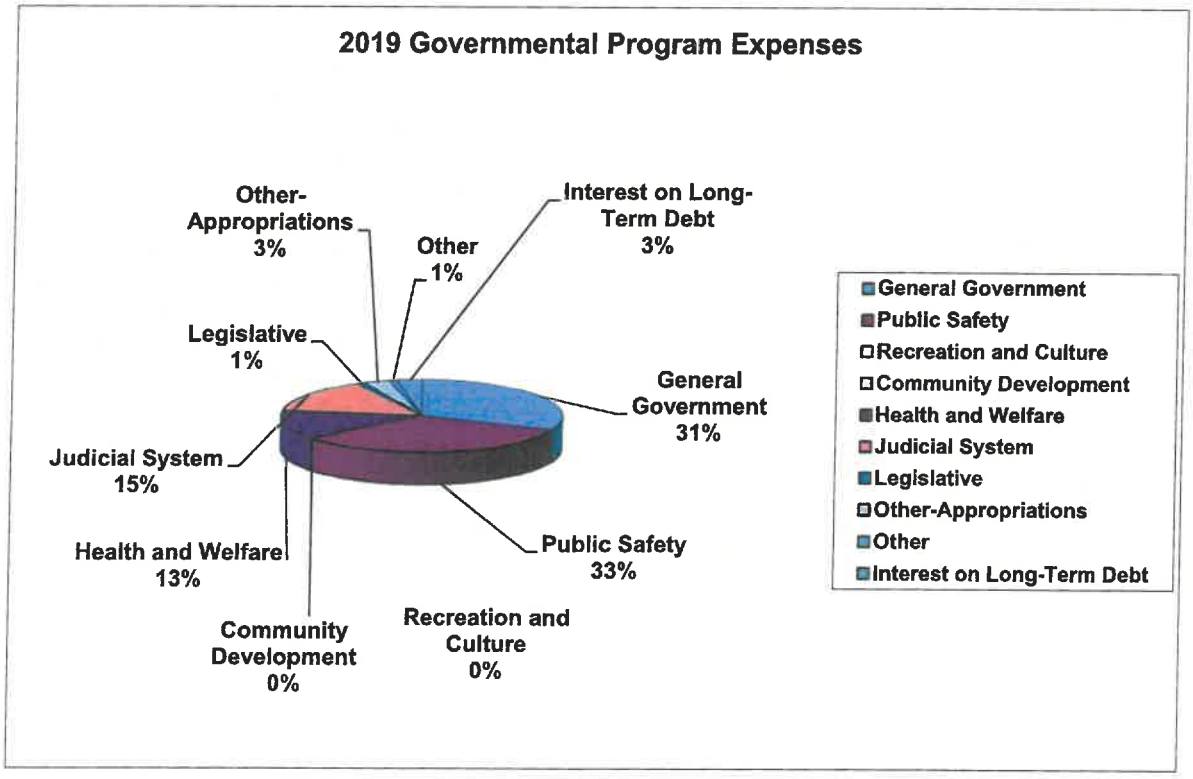
Net position in our business-type activities stood at $6,448,099, up from $5,888,143 in 2018. Unrestricted net position for business-type activities was $6,429,704 and $5,865,942 for 2019 and 2018, respectively.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2019	2018	2019	2018
Revenues:				
Program Revenues:				
Charges for services	$ 2,811,470	$ 2,892,464	$ 836,257	$ 717,735
Operating grants	3,283,421	1,869,782	-	-
Capital grants	260,086	159,599	-	-
General Revenues:				
Property taxes	10,014,985	9,713,942	-	-
State revenue sharing	821,856	818,031	-	-
Grants and contributions not restricted to specific programs	514,788	547,545	-	-
Unrestricted investment earnings	218,204	100,702	51,894	20,664
Miscellaneous	168,566	110,647	-	-
Total Revenues	18,093,376	16,212,712	888,151	738,399
Program Expenses:				
Legislative	156,311	136,376	-	-
Judicial system	2,801,443	2,091,421	-	-
General government	5,758,486	5,738,939	-	-
Public safety	6,081,738	4,024,636	-	-
Health and welfare	2,376,098	2,451,782	-	-
Recreation and culture	26,523	47,574	-	-
Community development	-	454,363	-	-
Other-appropriations	564,289	591,845	-	-
Other	153,259	186,150	-	-
Interest on long-term debt	540,344	208,235	-	-
Delinquent tax revolving	-	-	163,816	153,658
Jail commissary	-	-	110,613	93,350
Total Expenses	18,458,491	15,931,321	274,429	247,008
Excess (deficiency) before transfers and contributions	(365,115)	281,391	613,722	491,391
Transfers	53,766	83,637	(53,766)	(83,637)
Increase (decrease) in net position	(311,349)	365,028	559,956	407,754
Net position - beginning	25,814,525	25,449,497	5,888,143	5,480,389
Net position - ending	$ 25,503,176	$ 25,814,525	$ 6,448,099	$ 5,888,143

Governmental Activities





Governmental Activities

Revenues (including net transfers) for the County's governmental activities totaled $18.1 million, up 11% from $16.3 million in 2018. Expenses totaled $18.5 million in 2019, up 16% from $15.9 million in 2018.

Table three below reflects the cost of each of the County's five largest activities; Public Safety, Judicial System, General Government, Health and Welfare, and Other – Appropriations, - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each function placed on the taxpayers.

Table 3
Government Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Public safety	$ 6,081,738	$ 4,024,636	$ 5,006,186	$ 3,397,712
Judicial system	2,801,443	2,091,421	931,868	430,225
General government	5,758,486	5,738,939	3,152,870	3,687,921
Health and welfare	2,376,098	2,451,782	1,571,864	1,869,075
Other - appropriation	564,289	591,845	564,289	591,845
Totals	$ 17,582,054	$ 14,898,623	$ 11,227,077	$ 9,976,778

Business-Type Activities

The County's business-type activities net position totaled $6,448,099 as compared to $5,888,143 in 2018.

THE COUNTY'S FUNDS

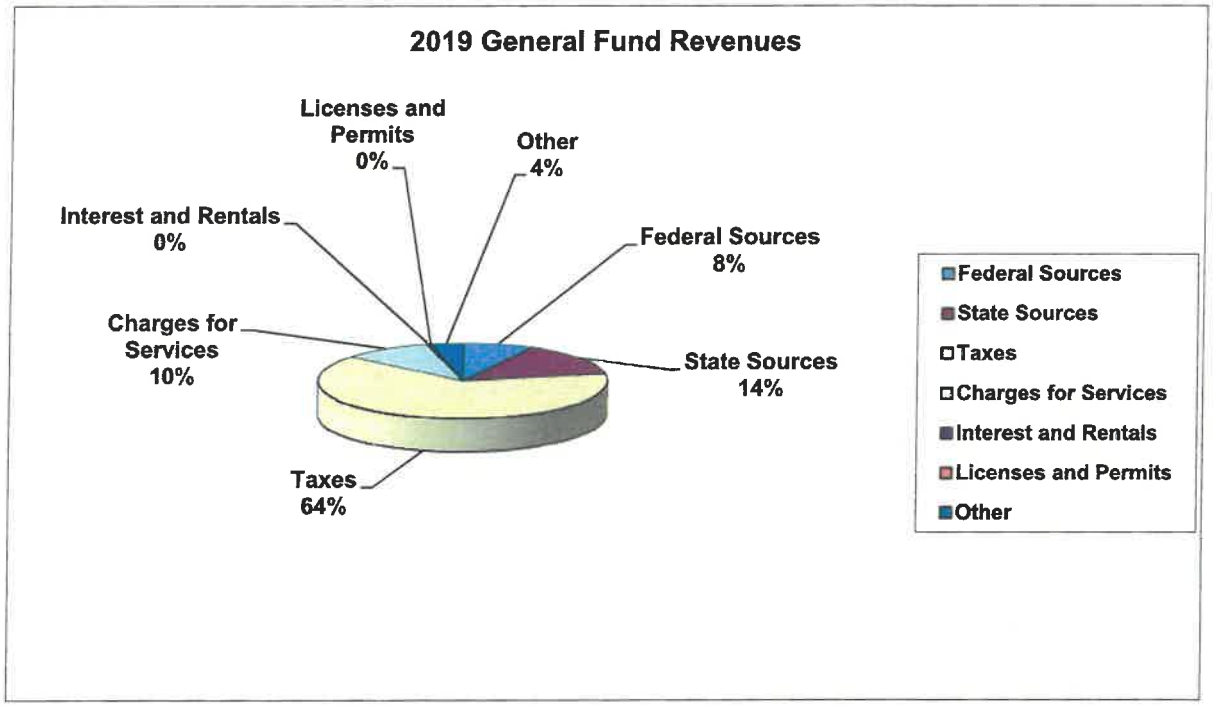
The focus of the governmental funds of the County is to provide information on near-term inflows, outflows and balances in spendable resources. The fund information is useful to determine short-term financing requirements and can be used to measure the County's net resources available for spending at the end of the fiscal year.

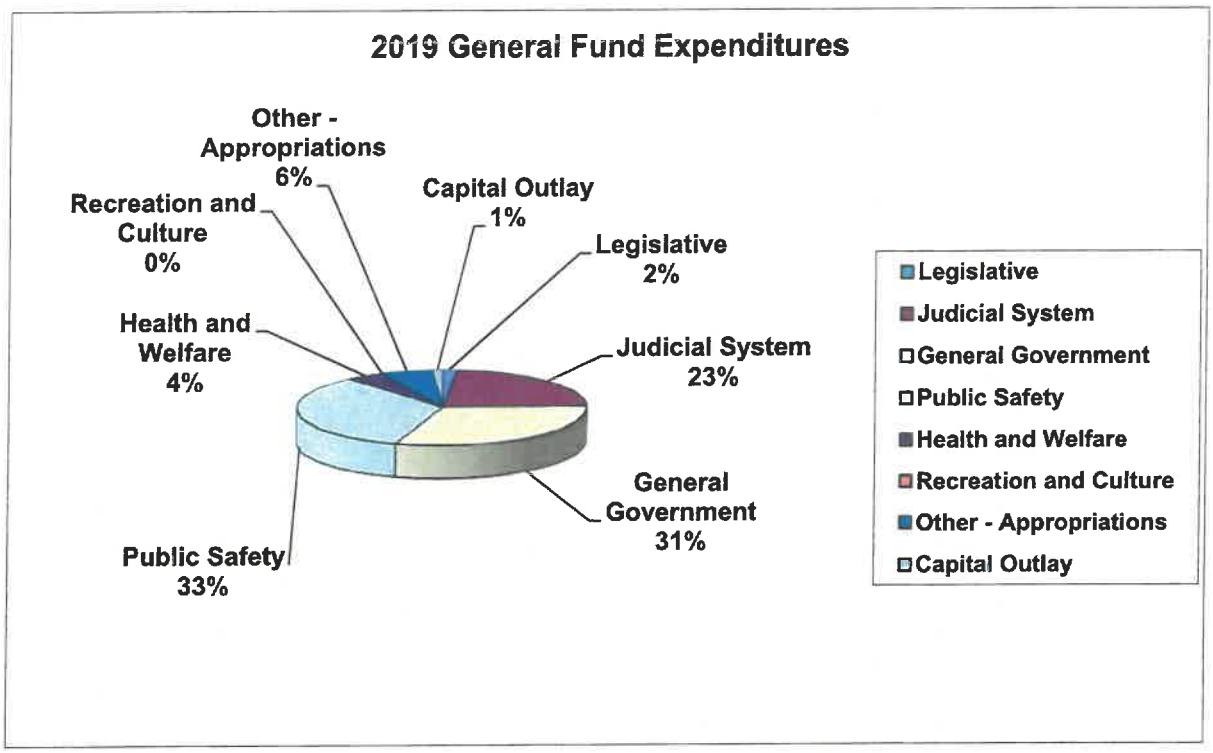
For the current fiscal year the County's governmental funds reported total fund balance of $10,506,158. The General Fund unassigned fund balance amounted to $4,199,074 and $1,983,854 was committed for pension stabilization. The General Fund had an increase in fund balance of $432,145, representing an increase of 7% over the prior year total fund balance. The increase was primarily due to the personal property tax loss reimbursement from the state and continued fiscal responsibility.

General Fund Budgetary Highlights

Over the course of the year, the budget was amended several times to recognize anticipated changes in the county's financial forecast. The expenditure authority of the final fiscal year 2019 Amended Budget increased by $370,505 over the original fiscal year 2019 Approved Budget, which represents an increase of 4.0%. However, final expenditures were actually $469,373, or 5.1% more than the original approved expenditure authority as a result of administration costs, corrections costs, and capital outlay that was unexpected at the time of the original budget. The original budget was projected to add $294 to fund balance, however $432,145 was added to General Fund Balance due to fiscal year 2019 activities and savings.

General Fund





CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2019, the County had $36,618,855, net of accumulated depreciation, invested in a variety of capital assets including machinery and equipment, buildings and improvements, parks, airport infrastructure and land. (See table 4 below and footnote E)

Table 4
Capital Assets at Year-End
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Capital assets	$ 55,492,497	$ 52,121,287	$ 26,641	$ 26,641	$ 55,519,138	$ 52,147,928
Accumulated depreciation	(18,892,037)	(18,907,532)	(8,246)	(4,440)	(18,900,283)	(18,911,972)
Total	$ 36,600,460	$ 33,213,755	$ 18,395	$ 22,201	$ 36,618,855	$ 33,235,956

There was a significant increase in governmental activities capital assets in 2018 and again in 2019 due to the new correctional facility. The other additions to capital assets in 2019 were related to projects at the airport, vehicles, and other improvements.

DEBT

At year-end, the County had $17,309,000 in bonds outstanding and $158,420 in notes outstanding as explain in footnote G.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2019	2018
General Obligation Unlimited Tax Bonds:		
Series 2017A	$ 8,702,000	$ 9,000,000
Series 2017B	8,607,000	5,029,400
Notes Payable:		
Energy Project	158,420	232,526
Totals	$ 17,467,420	$ 14,261,926

The State of Michigan limits the amount of general obligation debt that local units of government can issue to 10% of the current equalized valuation, including TIF valuations. The County's outstanding general obligation debt is below statutory limits.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Delta County received higher than anticipated revenue due to a manufacturing personal property exemption formula that is being phased out over the next ten years. The financial picture remains strong due to recent growth in Delta County taxable value. Taxable value in the fiscal year 2020 budget is expected to increase by between 2 and 4 percent.

Aside from strong taxable value growth, the county has prepared itself financially for its two biggest financial concerns. The first is the unfunded pension liability that it will pay over an accelerated time period due to closing the plan to new entrants a decade ago. The County created a pension stabilization fund in FY 2015 and has set aside over $2 million over the last two years to help pay for future General Fund cost increases. At this rate, the Stabilization Fund could support every pension increase above current levels for 5 years. This will take Delta County very close to its peak annual contribution.

The second financial concern that Fiscal Year 2019 saw was the opening of the new Correctional Facility. This facility is much larger than the prior facility, which brought with it more expenses. Some of these expenses were planned for and included in the 2019 budget, such as new Corrections Officer positions to staff the jail; but other expenses were and continue to be unforeseen, which require ongoing financial conservancy.

While the county's strong debt profile, strong financial reserves, and management of General Fund cost expenditures in recent years, have all helped to make the County's financial picture very strong, due to COVID-19, the revenue picture is hard to predict and is being projected to have a negative effect on all counties and their budgets. Delta County is committed to ensure all

grant funding that they qualify for is being tapped into and utilized to help bridge the gap of the revenue shortfalls. The County is also entering into the final stages of their master planning and is documenting a plan for capital improvements. This will allow for better fiscal planning and hopefully create less long-term debate on prioritization of spending during these uncertain times.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and customers, as well as investors and creditors with a general overview of the County's finances and to show the County's accountability for the revenues it receives. If you have questions about this report or need additional information, contact the County Administrator at the Delta County Courthouse, 310 Ludington Street, Escanaba, Michigan, 49829.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 10,876,225	$ 3,859,271	$ 14,735,496
Investments	4,479,080	1,080,113	5,559,193
Receivables:			
Accounts	130,282	74,235	204,517
Current taxes	915,136	-	915,136
Notes	28,418	-	28,418
Delinquent taxes	-	1,045,416	1,045,416
Interest & admin fee	-	172,560	172,560
Due from other governmental units	2,880	-	2,880
Due from State of Michigan	1,176,165	-	1,176,165
Prepaids	23,131	-	23,131
Inventory	53,415	-	53,415
Total current assets	17,684,732	6,231,595	23,916,327
Noncurrent assets:			
Notes receivable	273,593	-	273,593
Delinquent taxes receivable	-	228,276	228,276
Capital assets not depreciating	2,313,001	-	2,313,001
Capital assets, net of accumulated depreciation	34,287,459	18,395	34,305,854
Total noncurrent assets	36,874,053	246,671	37,120,724
Total assets	$ 54,558,785	$ 6,478,266	$ 61,037,051
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension plan	$ 4,170,684	$ -	$ 4,170,684
LIABILITIES			
Current liabilities:			
Accounts payable	538,539	27,857	566,396
Accrued payroll	345,317	2,310	347,627
Accrued interest	286,645	-	286,645
Due to other governmental units	5,091	-	5,091
Unearned revenue	-	-	-
Long-term liabilities due within one year:			
Compensated absences	143,051	-	143,051
Notes payable	77,458	-	77,458
Bonds payable	369,000	-	369,000
Total current liabilities	1,765,101	30,167	1,795,268
Long-term liabilities:			
Compensated absences	429,151	-	429,151
Advance from State	-	-	-
Unearned revenue	-	-	-
Notes payable	80,962	-	80,962
Bonds payable	16,940,000	-	16,940,000
Net pension liability	12,891,878	-	12,891,878
Total long-term liabilities	30,341,991	-	30,341,991
Total liabilities	$ 32,107,092	$ 30,167	$ 32,137,259
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension plan	1,119,201	-	1,119,201
Total liabilities	$ 1,119,201	$ -	$ 1,119,201
NET POSITION			
Net investment in capital assets	19,133,040	18,395	19,151,435
Restricted for:			
Expendable:			
Special revenue	1,933,867	-	1,933,867
Debt service	1,025,638	-	1,025,638
Capital projects	78,659	-	78,659
Unrestricted	3,331,972	6,429,704	9,761,676
Total net position	$ 25,503,176	$ 6,448,099	$ 31,951,275

See accompanying notes to financial statements.

Component Units		
Public Health Department	Central Dispatch Authority	Road Commission
$ 1,483,979	$ 165,114	$ 3,019,791
-	-	-
55,279	73,138	3,967
-	-	-
-	-	-
-	-	-
-	-	-
-	19,726	169,668
98,698	-	840,961
22,431	-	57,080
-	-	1,649,378
1,660,387	257,978	5,740,845
-	-	2,000
-	-	-
-	-	7,892,607
71,629	764,114	33,195,236
71,629	764,114	41,089,843
$ 1,732,016	$ 1,022,092	$ 46,830,688
$ 1,416,588	$ -	$ 1,035,015
60,984	188,777	77,574
78,600	-	79,871
-	-	-
-	-	239,847
288,294	-	-
39,546	-	107,300
-	-	-
-	-	-
467,424	188,777	504,592
118,639	-	107,443
-	-	781,806
-	-	507,543
-	-	-
-	-	2,765,000
1,901,738	-	5,863,460
2,020,377	-	10,025,252
$ 2,487,801	$ 188,777	$ 10,529,844
444,675	-	20,148
$ 444,675	$ -	$ 20,148
71,629	764,114	38,322,843
814,787	11,769	-
-	-	-
-	-	-
(670,288)	57,432	(1,007,132)
$ 216,128	$ 833,315	$ 37,315,711

See accompanying notes to financial statements.

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COUNTY OF DELTA, MICHIGAN
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenue: Fees, Fines and Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government:								
Governmental activities:								
Legislative	$ 156,311	$ -	$ -	$ -	$ (156,311)	$ -	$ (156,311)	$ -
Judicial system	2,801,443	573,577	1,295,998	-	(931,868)	-	(931,868)	-
General government	5,758,486	1,752,764	648,286	204,566	(3,152,870)	-	(3,152,870)	-
Public safety	6,081,738	466,708	553,324	55,520	(5,006,186)	-	(5,006,186)	-
Health and welfare	2,376,098	18,421	785,813	-	(1,571,864)	-	(1,571,864)	-
Recreation and culture	26,523	-	-	-	(26,523)	-	(26,523)	-
Community development	-	-	-	-	-	-	-	-
Other - appropriation	564,289	-	-	-	(564,289)	-	(564,289)	-
Other	153,259	-	-	-	(153,259)	-	(153,259)	-
Interest on long-term debt	540,344	-	-	-	(540,344)	-	(540,344)	-
Total governmental activities	18,458,491	2,811,470	3,283,421	260,086	(12,103,514)	-	(12,103,514)	-
Business-type activities:								
Delinquent tax revolving & foreclosure	163,816	727,577	-	-	-	563,761	563,761	-
Jail commissary	110,613	108,680	-	-	-	(1,933)	(1,933)	-
Total business-type activities	274,429	836,257	-	-	-	561,828	561,828	-
Total primary government	18,732,920	3,647,727	3,283,421	260,086	(12,103,514)	561,828	(11,541,686)	-
Component units:								
Public Health Department	3,368,446	537,617	2,497,189	-	-	-	-	(333,640)
Central Dispatch Authority	1,084,100	298,570	181,516	-	-	-	-	(604,014)
Road Commission	9,661,976	1,891,545	6,263,291	4,989,865	-	-	-	3,482,725
Total component units	$ 14,114,522	$ 2,727,732	$ 8,941,996	$ 4,989,865	-	-	-	2,545,071
General revenues:								
Property taxes					10,014,985	-	10,014,985	555,852
State revenue sharing					821,856	-	821,856	-
Grants and contributions not restricted to specific programs					514,788	-	514,788	-
Unrestricted investment earnings					218,204	51,894	270,098	8,533
Miscellaneous					168,566	-	168,566	46,883
Transfers					53,766	(53,766)	-	-
Total general revenues and transfers					11,792,165	(1,872)	11,790,293	611,268
Change in net position					(311,349)	559,956	248,607	3,156,339
Net position, beginning					25,814,525	5,888,143	31,702,668	35,208,815
Net position, ending					$ 25,503,176	$ 6,448,099	$ 31,951,275	$ 38,365,154

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General Fund	Road Patrol	Airport	Sanitary Landfill
ASSETS				
Cash and equivalents:				
Unrestricted	$ 4,091,912	$ 276,353	$ -	$ 258,537
Restricted	-	-	-	-
Investments	706,943	-	-	-
Receivables:				
Accounts	38,195	-	68,707	-
Property taxes	915,136	-	-	-
Due from other funds	103,944	-	-	-
Due from other units of government	-	2,880	-	-
Due from State of Michigan	721,367	16,342	363,368	-
Inventory	-	-	53,415	-
Prepaid items	23,131	-	-	-
Total assets	$ 6,600,628	$ 295,575	$ 485,490	$ 258,537
LIABILITIES				
Accounts payable	$ 150,125	$ 19,861	$ 35,599	$ 256,479
Due to other funds	-	-	103,944	-
Advances from other funds	-	-	-	-
Due to other governmental units	-	-	5,091	-
Accrued payroll and related liabilities	244,444	52,335	20,361	-
Total liabilities	394,569	72,196	164,995	256,479
FUND BALANCES				
Nonspendable:				
Prepaid items	23,131	-	-	-
Inventory	-	-	53,415	-
Restricted	-	-	154,100	1,110
Committed	1,983,854	-	-	-
Assigned	-	223,379	112,980	948
Unassigned	4,199,074	-	-	-
Total fund balances	6,206,059	223,379	320,495	2,058
Total liabilities and fund balances	$ 6,600,628	$ 295,575	$ 485,490	$ 258,537

See accompanying notes to financial statements.

Jail Building	Nonmajor Governmental Funds	Total Governmental Funds
$ 44,207	$ 2,779,712	$ 7,450,721
2,052	924,745	926,797
-	-	706,943
-	12,790	119,692
-	-	915,136
-	-	103,944
-	-	2,880
-	75,088	1,176,165
-	-	53,415
-	-	23,131
$ 46,259	$ 3,792,335	$ 11,478,824
$ 22,067	$ 34,965	$ 519,096
-	-	103,944
-	-	-
-	-	5,091
-	27,395	344,535
22,067	62,360	972,666
-	-	23,131
-	-	53,415
24,192	2,858,762	3,038,164
-	-	1,983,854
-	871,213	1,208,520
-	-	4,199,074
24,192	3,729,975	10,506,158
$ 46,259	$ 3,792,335	$ 11,478,824

See accompanying notes to financial statements.

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COUNTY OF DELTA, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2019

Total fund balances for governmental funds		$ 10,506,158
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Capital assets	55,492,497	
Accumulated depreciation	(18,892,037)	
Total capital assets		36,600,460
Deferred outflow of resources related to recording the net pension liability.		4,170,684
Deferred inflow of resources related to recording the net pension liability.		(1,119,201)
The County uses internal service funds for the purpose of internally financing various County projects and for activities related to the Service Center. The assets and liabilities of these internal service funds are included in the governmental activities in the statement of net position.		6,563,220
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.		
Accrued interest on long-term debt	(286,645)	
Notes payable	(158,420)	
Bonds payable	(17,309,000)	
Compensated absences	(572,202)	
Net pension liability	(12,891,878)	(31,218,145)
Total net position of governmental activities		$ 25,503,176

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	General Fund	Road Patrol	Airport	Sanitary Landfill
REVENUES:				
Taxes	$ 6,976,567	$ 1,038,655	$ -	$ 345,274
Licenses and permits	1,285	-	-	-
Federal sources	860,344	-	-	-
State sources	1,568,594	193,714	385,474	50,336
Local sources	-	110,402	-	-
Charges for services	1,074,216	23,140	766,171	-
Interest and rentals	52,753	-	160,111	-
Other	391,310	90,359	84,557	-
Total revenues	10,925,069	1,456,270	1,396,313	395,610
EXPENDITURES:				
Legislative	150,874	-	-	-
Judicial system	2,232,058	-	-	-
General government	2,961,022	-	1,253,664	-
Public safety	3,239,380	1,323,234	-	-
Health and welfare	400,001	-	-	394,662
Recreation and culture	-	-	-	-
Community development	-	-	-	-
Others - appropriations	564,289	-	-	-
Capital outlay	109,297	147,064	372,748	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	9,656,921	1,470,298	1,626,412	394,662
Excess revenues (expenditures)	1,268,148	(14,028)	(230,099)	948
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfer in	57,729	-	310,000	-
Transfer out	(893,732)	(99,000)	-	-
Total other financing sources (uses)	(836,003)	(99,000)	310,000	-
Net change in fund balance	432,145	(113,028)	79,901	948
Fund balances - beginning of year	5,773,914	336,407	240,594	1,110
Fund balances - end of year	$ 6,206,059	$ 223,379	$ 320,495	$ 2,058

See accompanying notes to financial statements.

Jail Building	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 1,654,489	$ 10,014,985
-	210,799	212,084
-	168,028	1,028,372
-	1,094,616	3,292,734
-	518,902	629,304
-	80,311	1,943,838
917	3,680	217,461
3,014	16,379	585,619
3,931	3,747,204	17,924,397
-	-	150,874
-	306,710	2,538,768
-	484,424	4,699,110
-	201,762	4,764,376
-	1,581,435	2,376,098
-	-	-
-	-	-
-	-	564,289
4,427,848	329,706	5,386,663
-	665,106	665,106
-	414,413	414,413
-	153,259	153,259
4,427,848	4,136,815	21,712,956
(4,423,917)	(389,611)	(3,788,559)
3,870,600	-	3,870,600
323,766	970,857	1,662,352
-	(142,354)	(1,135,086)
4,194,366	828,503	4,397,866
(229,551)	438,892	609,307
253,743	3,291,083	9,896,851
$ 24,192	$ 3,729,975	$ 10,506,158

See accompanying notes to financial statements.

DELTA COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Net changes in fund balances - total governmental funds		$ 609,307
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($1,221,761) was exceeded by capital outlays ($5,438,879).		4,217,118
Governmental funds do not record contributions of capital assets. However, in the Statement of Activities the fair value of those assets are reported as capital contributions.		12,359
Internal service funds are used by management to account for activities related to accumulating resources to pay for sick leave upon termination, the accumulation of residual equity from delinquent tax collections and the operation of the service center building. The net revenue (expense) of the internal service funds is reported with governmental activities.		
Net operating income (loss) from governmental activities in internal service funds		(84,772)
Interest earnings from governmental internal service funds		156,620
Transfers made from governmental internal service funds		(473,500)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Principal repayments:		
Bond principal		665,106
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position.		
Proceeds from issuance of long-term debt		(3,870,600)
Gain/(loss) on capital asset disposal		(17,247)
Impairment loss on old correctional facility		(825,525)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:		
Compensated absences	(30,608)	
Accrued interest on bonds	(125,931)	
Pension expense	(543,676)	(700,215)
Changes in net position of governmental activities		$ (311,349)

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 1,563,071	$ 2,260,795	$ 35,405	$ 3,859,271	$ 2,498,707
Investments	-	1,080,113	-	1,080,113	3,772,137
Receivables:					
Accounts	1,363	69,642	3,230	74,235	-
Notes	-	-	-	-	28,418
Current taxes	-	1,045,416	-	1,045,416	-
Interest & admin fee	-	172,560	-	172,560	10,590
Due from other funds	-	-	-	-	-
Total current assets	1,564,434	4,628,526	38,635	6,231,595	6,309,852
Noncurrent assets:					
Delinquent taxes receivable	-	228,276	-	228,276	-
Notes receivable	-	-	-	-	273,593
Capital assets, net	-	-	18,395	18,395	-
Total noncurrent assets	-	228,276	18,395	246,671	273,593
Total assets	$ 1,564,434	$ 4,856,802	$ 57,030	$ 6,478,266	$ 6,583,445
LIABILITIES					
Current liabilities:					
Accounts payable	$ 14,399	$ 2,837	$ 10,621	$ 27,857	$ 19,443
Accrued payroll	-	2,310	-	2,310	782
Total liabilities	14,399	5,147	10,621	30,167	20,225
NET POSITION					
Net investment in capital assets	-	-	18,395	18,395	-
Restricted - expendable	-	-	-	-	150,000
Unrestricted	1,550,035	4,851,655	28,014	6,429,704	6,413,220
Total net position	1,550,035	4,851,655	46,409	6,448,099	6,563,220
TOTAL LIABILITIES AND NET POSITION	$ 1,564,434	$ 4,856,802	$ 57,030	$ 6,478,266	$ 6,583,445

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Charges for services	$ 121,274	$ 96,289	$ 108,680	$ 326,243	$ -
State sources	-	-	-	-	-
Local sources	283,875	-	-	283,875	-
Rental and interest income	9,168	216,665	-	225,833	58,988
Miscellaneous	-	306	-	306	467
Total operating revenue	414,317	313,260	108,680	836,257	59,455
OPERATING EXPENSES:					
Salaries and fringes	-	51,143	-	51,143	34,217
Supplies	12,214	372	106,807	119,393	6,337
Contracted services	43,872	-	-	43,872	52,215
Repairs and maintenance	-	-	-	-	25,796
Postage	-	2,571	-	2,571	-
Utilities	-	-	-	-	8,997
Recording fees	22,740	-	-	22,740	-
Depreciation	-	-	3,806	3,806	-
Miscellaneous	225	30,679	-	30,904	16,665
Total operating expenses	79,051	84,765	110,613	274,429	144,227
Operating income (loss)	335,266	228,495	(1,933)	561,828	(84,772)
NONOPERATING REVENUES (EXPENSES):					
Interest income	-	51,894	-	51,894	156,620
Total nonoperating revenue (expense)	-	51,894	-	51,894	156,620
Income (loss) before transfers and contributions	335,266	280,389	(1,933)	613,722	71,848
Transfer in	-	-	-	-	-
Transfer out	-	-	(53,766)	(53,766)	(473,500)
Change in net position	335,266	280,389	(55,699)	559,956	(401,652)
Total net position - beginning	1,214,769	4,571,266	102,108	5,888,143	6,964,872
Total net position - ending	$ 1,550,035	$ 4,851,655	$ 46,409	$ 6,448,099	$ 6,563,220

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 404,642	$ 115,787	$ 130,481	$ 650,910	$ -
Receipts from interest and rents	9,168	244,415	-	253,583	316,338
Cash received for collection of taxes	-	2,544,999	-	2,544,999	-
Payments to suppliers	(64,652)	(33,622)	(103,258)	(201,532)	(103,041)
Payments for wages and related benefits	-	(48,833)	-	(48,833)	(34,326)
Cash payments for taxes	-	(2,519,421)	-	(2,519,421)	-
Receipts (payments) to other funds	-	-	-	-	350,000
Other receipts (payments)	-	437	-	437	467
Net cash provided (used) by operating activities	349,158	303,762	27,223	680,143	529,438
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfer in	-	-	-	-	-
Operating transfer out	-	-	(53,766)	(53,766)	(473,500)
Net cash provided (used) by noncapital financing activities	-	-	(53,766)	(53,766)	(473,500)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net transfer of investments	-	(54,044)	-	(54,044)	(193,013)
Interest earnings	-	51,894	-	51,894	156,620
Net cash provided (used) by investing activities	-	(2,150)	-	(2,150)	(36,393)
Net increase (decrease) in cash and equivalents	349,158	301,612	(26,543)	624,227	19,545
Cash and equivalents, beginning of year	1,213,913	1,959,183	61,948	3,235,044	2,479,162
Cash and equivalents, end of year	$ 1,563,071	$ 2,260,795	$ 35,405	$ 3,859,271	$ 2,498,707
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 335,266	$ 228,495	$ (1,933)	$ 561,828	$ (84,772)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	-	-	3,806	3,806	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	(507)	72,826	21,801	94,120	257,350
(Increase) decrease in due from other funds	-	-	-	-	-
Increase (decrease) in accounts payable	14,399	131	3,549	18,079	6,969
Increase (decrease) in due to other funds	-	-	-	-	350,000
Increase (decrease) in accrued payroll	-	2,310	-	2,310	(109)
Total adjustments	13,892	75,267	29,156	118,315	614,210
Net cash provided (used) by operating activities	$ 349,158	$ 303,762	$ 27,223	$ 680,143	$ 529,438

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents:	
Unrestricted	$ 593,052
Due from local units	-
Total assets	$ 593,052
LIABILITIES	
Due to other governmental units	41,837
Undistributed taxes	226,293
Other liabilities	324,923
Total liabilities	$ 593,053

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background - The County of Delta was organized under the provisions of the Michigan Constitution. The County is operated under a Commission/Administrator form of government and provides services in the following functional areas: legislative, courts, public records, public roads, management, building operation and expense, human service, resource management and development, law enforcement, and health services. The County is governed by an elected five member Board of Commissioners, with the county seat located in the City of Escanaba.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis*. GASB 34 significantly changes financial reporting for governmental agencies by adding government-wide financial statements, management's discussion and analysis and reporting on infrastructure.

Reporting Entity - The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The concept underlying the definition of the reporting entity is that elected officials are accountable. In addition, State of Michigan - Department of Treasury pronouncements were considered in the determination process. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Component Units - In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Units - The County has two component units for which the financial data has been blended with the primary government financial statements.

Airport - The members of the governing board of the Delta County Airport are appointed by the County's Board of Commissioners. For financial reporting purposes, the Airport is reported as if it were part of the County's operations because its purpose is to provide the opportunity for air travel for the citizens of the Delta County area.

Delta County Building Authority - The Delta County Building Authority is governed by a board which has been appointed by the County's Board of Commissioners. For financial reporting purposes, the Building Authority is reported as if it were part of the County's operations because its purpose is to finance construction projects for the County and the departments of the County.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely presented component unit - The component unit columns in the combined financial statements include the financial data of the Delta-Menominee District Health, the Delta County Road Commission, and the Delta County Central Dispatch Authority. The component units are reported in a separate column to emphasize that they are legally separate from the County.

Public Health, Delta & Menominee Counties - The members of the governing board of Public Health, Delta & Menominee Counties are jointly appointed by the Delta County Board of Commissioners and Menominee County Board of Commissioners. Two of the three board members appointed by Delta County are County Commissioners. The Health Department's operations and capital budgets must be approved by the County Commissioners. The Counties are obligated by agreement to a funding formula that requires Menominee County to provide 40% and Delta County 60% of the net budget appropriation requirements. The Health Department received $265,731 in appropriations from Delta County. Complete financial statements can be obtained from:

Public Health, Delta & Menominee Counties
2920 College Avenue
Escanaba, Michigan 49829

Delta County Road Commission - The members of the governing board of the Road Commission are elected by the citizenry in a general, popular election. The Road Commission provides the citizens of Delta County road service and maintenance. The Road Commission may not issue debt or levy a tax without the County Board of Commissioners approval. Complete financial statements can be obtained from:

Delta County Road Commission
3000 32nd Avenue North
Escanaba, Michigan 49829

Delta County Central Dispatch Authority - The members of the governing board of the Dispatch Authority are appointed by participating local governments. The Dispatch Authority provides the citizens of Delta County dispatch services for emergency police, fire, ambulance, and wrecker services. The Dispatch Authority may incur debt without the County Board of Commissioners approval, but it cannot commit the County to any liability. The Dispatch Authority does not possess the power to levy any type of tax or issue any type of bond in its own name. Complete financial statements can be obtained from:

Delta County Central Dispatch Authority
310 Ludington Street
Escanaba, Michigan 49829

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related Organization - The Delta Area Transit Authority is an authority for which the Delta County Board of Commissioners appoints a member to the governing board but the Authority is not financially accountable to the County Board. The Delta Area Transit Authority provides low-cost transportation to the citizens of Delta County. Complete financial statements of the Authority can be obtained directly from their administrative office.

Delta Area Transit Authority
2901 27th Avenue North
Escanaba, Michigan 49829

Joint Ventures - Based on the foregoing criteria, the following organizations are not included in the financial report of the County of Delta:

Delta Solid Waste Management Authority - The Authority is formed under separate statutes and ordinances which provide for operation as a joint venture of the participating governmental units. Certain information applicable to the Authority is disclosed in Note Q to the financial statements.

Pinecrest Medical Care Facility - Delta County is a participant with Dickinson and Menominee Counties in a joint venture to operate the Pinecrest Medical Care Facility. The Pinecrest Medical Care Facility was established under PA 178 of 1929 (MCL 404.1) permitting the establishment, operation and control of county medical care facility by two or more counties of less than 1,000,000 population. The Pinecrest Medical Care Board was created for that purpose. The nine-member board is composed of three representatives from each County's Social Services Board. The Counties are obligated by agreement to share equally in providing the local funds necessary for operations and improvements. The County did not make any financial contributions to the Facility in the current year. Pinecrest Medical Care Facility is custodian of their funds and the financial statements are not reported in any one of the three counties. For the year ended December 31, 2017 the Facility had $18.8 million in assets, $1.3 million in liabilities and $17.5 million in net position. Complete Financial Statements for the Pinecrest Medical Care Facility can be obtained from Pinecrest's Office at N 15995 Main Street, Powers, Michigan 49874.

Jointly Governed Organization

Pathways - On January 1, 1998 the Delta County Community Mental Health Center merged its operations with Superior Behavioral Health which operates under the name of Pathways.

Pathways was established pursuant to the Michigan Constitution of 1963, Article 7, Section 28, the Mental Health Code, 1974 PA 258, as amended, and the Urban Cooperation Act, 1967 PA 7. The County does not have an ongoing financial interest or an ongoing financial responsibility in Pathways but did make an appropriation in the amount of $275,608.

Complete financial statements for Pathways can be obtained from their office located at 200 West Spring Street, Marquette, MI 49855.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies - The accounting policies of the County of Delta conform to accounting principles generally accepted in the United States of America as applicable to state and local governments. The following is a summary of the more significant policies:

Fund Accounting - The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows/inflows, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide and fund financial statements - The government-wide financial statements include a Statement of Net Position and a Statement of Activities which report the information on all non-fiduciary activities of the primary government and its component units. Most of the effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely primarily on user fees and charges for service. Likewise, the primary government is reported separately from certain legally separate 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 identified with a specific function or segment. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a specific function or segment and 2) operating grants and contributions that are restricted to meeting the operating or capital requirements of a particular function or segment and 3) other revenues that are by definition related to the cost of providing a specific function or segment. Taxes and other items not specific to particular functions or segments are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major 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 use the economic resources measurement focus and full accrual basis of accounting which also include 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 the related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current fiscal 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 the payment is due.

Property taxes, licenses, interest revenue and charges for services are considered susceptible to accrual and have been recognized as revenues in the current fiscal period. Grant revenues are considered to be available when all eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following as major governmental funds:

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

Road Patrol – The Road Patrol fund accounts for millage revenues used to provide twenty-four hour road patrol services to the residents of Delta County.

Airport – The Airport fund accounts for activities relating to the operations of the county airport, which is utilized by commercial and private air carriers.

Sanitary Landfill Fund – The Sanitary Landfill fund accounts for the tax collections and related disbursements to the millage revenues used by Delta Solid Waste Management Authority to provide recycling services to the residents of Delta County.

Jail Building Fund – The Jail Building fund accounts for the activities related to capital expenditures and bond proceeds for the construction of a new county jail.

The County reports the following as major proprietary funds:

P.A. 123 Foreclosure – This fund accounts for the fees, sales proceeds and expenses related to the foreclosure process of real property in the county for which the taxes are delinquent beyond the statutory redemption period.

Delinquent Tax Revolving – This fund accounts for the purchase and subsequent collection of delinquent real property taxes from the various taxing units throughout the county.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the County reports the following fund types:

Governmental Funds:

Special revenue funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt service funds – 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 project funds – Capital project 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.

Proprietary Funds:

Enterprise funds – Enterprise funds may be used to, "report any activity for which a fee is charged to external users for goods and services." GASB Statement 34 states that enterprise funds must be used to account for an activity if any of the following three criteria is satisfied:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- The pricing policy of the activity establishes fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Internal service funds - These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental entities, on a cost reimbursement basis.

Fiduciary Funds:

Agency funds – Agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

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 P.A. 123 Foreclosure fund are charges, fees and interest applied to delinquent property taxes and property sales proceeds and the principal operating revenues of the Delinquent Tax Revolving fund are interest and fees collected on delinquent property taxes. The County's internal service funds primarily recognize rental income as operating revenue related to renting space in county owned buildings to other governmental entities. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting - The County utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

a. In mid-year a proposed operating budget for the fiscal year commencing the following October 1st is submitted to the County Board of Commissioners. The operating budget includes proposed expenditures and the means of financing them.

b. Numerous opportunities exist for public comment during the budget process including at least one formal public hearing conducted at the Courthouse to obtain taxpayer comment.

c. Pursuant to statute, prior to commencement of a year, the budget for the ensuing year is legally enacted through adoption by the County Board of Commissioners.

d. The general statute governing County budgetary activity is the Uniform Budgeting and Accounting Act.

e. The County of Delta adopts its Annual Budget on a line item basis. The budget structure consists of levels of detail as follows:

    Resources (revenues)
    General appropriations and functional groups
    Departmental appropriations

f. At each level of detail, governmental operations are summarized into revenue or expenditure account groups. Budgetary control exists at the level adopted by the Board of Commissioners. Accounting, i. e. classification control, resides at the line item detail level.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Budgets are adopted on a basis consistent with the accounting principles followed in the recording of transactions. Budgeted amounts reflected in the financial statements are as originally adopted and subsequently amended by the County Board of Commissioners.

h. Budgets of certain funds reflect utilization of a portion of beginning fund balance. Only the appropriated beginning fund balance amount is reflected in the budgets under the caption "Fund balance, beginning of year."

i. Budgets have been amended during 2019. All budget amendments are presented to the Finance Committee or the County Administrator by the department heads for approval. In September, the Board of Commissioners approved all amendments to the annual budget.

Cash Equivalents and Investments – Cash and investments are segregated on the statement of net position. Cash deposits consist of demand and time deposits with financial institutions and are reported at carrying amount which is fair value. Investments are stated at cost or amortized cost which approximates market value. For the purpose of the statement of cash flows, the County considers all highly liquid investments with maturities of less than three months or where there is no loss of principal upon early withdrawal, as cash equivalents.

Receivables – All receivables are presented, when considered necessary, net of an allowance for doubtful accounts. The County has not recorded an allowance for doubtful accounts, as the County does not anticipate the uncollectible amount to be material.

Interfund Receivables and Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet.

Inventory - Inventory is valued and recorded as an asset at cost on the first-in first-out method for the Airport fund. Inventories of all other funds are accounted for as expenditures when purchased.

Inventory – Road Commission – Inventories are recorded at cost as determined on the average cost method. Inventory items are charged to road construction and equipment maintenance and repairs and operations as used.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes - Assessed property values are established annually (the first Monday in March) by the local units of government and equalized by the State at an estimated 50% of current market value. Property taxable value is determined in accordance with (MCL 211.34d). The property taxes are levied based on taxable value on December 1, and are payable without penalty through the following February 28.

Real property taxes not paid by February 28 are purchased by the County as part of the March tax settlement. County property taxes are recognized as revenue in the current fiscal year when services financed by the levy are being provided.

The 2018 taxable valuation of Delta County amounted to $1,163,052,026 on which ad valorem taxes of .9000 mills for county road patrol, .6000 mills for senior citizens programs, .4500 mills for Delta County Central Dispatch Authority, .3000 mills for Delta Solid Waste Management Authority recycling, and .8350 for county jail construction were levied. The December 2018 tax levy raised approximately $1,011,000 for road patrol, $674,000 for senior citizens programs, $509,000 for emergency dispatch services, $337,000 for recycling programs, and $938,000 for debt payments related to jail construction. The 2019 taxable valuation of Delta County amounted to $1,181,371,028 on which ad valorem taxes of 5.0317 mills were levied for County general fund operations in July 2019, which should raise approximately $5,940,000.

Because County operating mills will be levied on July 1st for each fiscal year ended September 30, it is the County of Delta's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing operations. Available means collected within the current period or expected to be paid from the delinquent tax revolving fund within one year.

Capital Assets – Capital assets, which include property, buildings, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than $5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life 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 is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the County, as well as its component units, are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	15 - 30
Buildings and improvements	10 - 50
Machinery and equipment	3 - 30
Infrastructure	15 - 30

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets – Road Commission – Capital assets are defined as assets with an initial individual cost of more than $200 and an estimated useful life in excess of two years. Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets.

Compensated Absences – County employees are granted vacation and sick leave in varying amounts based upon employment classification and length of service. Upon termination, employees are paid for accumulated vacation and sick time, based upon current rate of pay subject to certain limitations. Vacation and sick leave pay is fully accrued in the government-wide financial statements and the proprietary financial statements.

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.

Fund Equity – Equity Classifications for Government-wide and Fund Financial Statements are as follows:

Government-wide Financial Statements – Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – This component consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets

b. Restricted net position – This component consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance Classifications – The governmental fund financial statements present fund balance based 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 inventory, prepaid items, and certain long-term receivables as nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, 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 Board. These amounts cannot be used for any other purpose unless the County Board removes or changes the specified use.

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. The intent can be expressed by the County through the budgetary process or the County Administrator and this classification also includes the remaining positive fund balance for all governmental funds.

Unassigned – This classification includes the residual fund balance of 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 appropriated opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Budget Stabilization Funds – With the implementation of GASB 54, budget stabilization funds are required to be reported within the General Fund, and beginning and ending fund balances are reflected within the fund balances of the General Fund as of year-end. As of September 30, 2019, budget stabilization funds in the amount of $1,983,854 are categorized as committed fund balance in the General Fund for the purpose of future General Fund pension costs and can only be used if authorized by the County Board, used to offset payments to MERS in excess of $1,100,000 and is intended to be used over at least a three year period. Annual General Fund surpluses will be added to the stabilization amount up to a limit of 20% or 20% of the five year average (whichever is lower) of the General Fund budget as allowed by State of Michigan Act 30 of 1978, as amended.

Unearned Revenue - The County reports unearned revenue on its statement of net position and governmental funds balance sheet. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability of unearned revenue is removed from the balance sheet and revenue is recognized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources - In addition to assets, the statement of net position and/or balance sheet 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 plan items that qualify for reporting in this category.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position and/or 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/fund balance 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 plan items that qualify for reporting in this category.

Other Financing Sources (Uses) - The transfers of cash between the various County funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing and borrowing funds, respectively.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – BUDGET/FUND BALANCE NON-COMPLIANCE

Public Act 2 of 1968, as amended, requires budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. Expenditures exceeded the appropriations in the following funds:

	Budget	Actual	Variance
General Fund-Total	$ 10,451,785	$ 10,550,653	$ (98,868)
General Government:			
District Court	708,224	744,890	(36,666)
Probate Court	336,099	355,058	(18,959)
Clerk	185,797	186,736	(939)
Administrator	315,850	369,222	(53,372)
Register of Deeds	117,471	120,200	(2,729)
Miscellaneous	181,535	189,801	(8,266)
Public Safety:			
Marine Safety	25,100	26,707	(1,607)
Sheriff	442,055	451,036	(8,981)
Corrections	2,559,862	2,680,024	(120,162)
Emergency Management	75,452	81,613	(6,161)
Health & Welfare:			
Soldier Burial	11,500	11,875	(375)
Capital Outlay	52,000	109,297	(57,297)
Sanitary Landfill Fund	332,800	394,662	(61,862)
Survey & Remonumentation Fund	86,800	96,453	(9,653)
P.A. 124 Training Fund	6,000	6,048	(48)
Drug Law Enforcement Fund	110,836	145,717	(34,881)

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Michigan Compiled Laws, Section 129.91 authorizes the County to deposit and invest in 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, deposit accounts, or depository receipts of a financial institution.

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

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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, title I of chapter 686, 54 sat. 789,15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the 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 securities loaned.

    iii. The limited ability to borrow and pledge a like portion of the portfolios' 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, MCL 124.501 to 124.512.

i. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118.

j. The investment pools organized under the Local Government Investment Pool Act, MCL 129.141 to 129.150.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The balance sheet caption "Cash" includes imprest cash of $7,593. Total imprest cash, deposits, investments and the Governmental Accounting Standards Board (GASB) Statement No. 40, risk disclosures for deposits and investments are as follows:

	Primary Government	
	Carrying Amount	Bank Balance
Cash and equivalents:		
Imprest	$ 7,593	$ -
Deposits:		
Insured (FDIC)	1,988,605	2,006,686
Uninsured	13,332,350	15,346,393
Total cash	$ 15,328,548	$ 17,353,079
Government-Wide Statement of Net Position Presentation:		
Cash and equivalents - Unrestricted & restricted:	$ 14,735,496	
Statement of Fiduciary Net Position:		
Cash and equivalents - Unrestricted:	593,052	
Total cash and equivalents	$ 15,328,548	

	Fair Value	Moody Credit Rating	S&P Credit Rating	Maturity Date
Investments:				
Municipal Bonds:				
Belding Michigan Area Schools	$ 357,260	-	AA	5/1/2021
Cedar Springs Michigan Public Schools	354,423	-	AA	5/1/2022
Chippewa Valley Michigan Schools	337,621	AA1	AA	5/1/2022
U.S. Government Securities:				
Federal Farm Credit Bank Securities	998,699	AAA	AA+	7/13/2020
Federal Farm Credit Bank Securities	996,727	AAA	AA+	1/12/2021
United States Treasury Note	992,893	AAA	-	6/30/2021
Federal Farm Credit Bank Securities	283,836	AAA	AA+	12/9/2022
United States Treasury Note	1,004,960	AAA	-	9/30/2022
Investment Pool at Net Asset Value	232,774	-	-	-
Total Investments	$ 5,559,193			

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Cash has been restricted in the Jail Building Fund in the amount of $2,052 for jail construction. Cash has been restricted in the Jail Building Debt Fund in the amount of $755,989 for debt payments on the jail. Cash has been restricted in the Airport Improvement Fund in the amount of $141,511 for select capital projects at the airport per FAA regulations. Cash has been restricted in the Michigan Indigent Defense Counsel (MIDC) Grant Fund in the amount of $27,245 for attorney fees and other costs related to indigent defense per grant guidelines.

The County's cash and investments are subject to several types of risk, which are examined below in more detail.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a policy for custodial credit risk. As noted in the preceding table, the County has $15,346,393 of bank deposits that were uninsured and uncollateralized. The County holds an additional $4,596,000 of bank deposits for component units that are not included in the preceding table. There is no additional insurance coverage for these deposits.

Custodial Credit Risk of Investments

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 collateral securities that are in the possession of an outside party. The County does not have a policy for custodial credit risk. The County's investments, in the table above are held in the name of the agent and not in the name of the County.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Investment balances and maturities as of September 30, 2019 are listed in the table above.

Credit Risk

State law and the County's investment policy limit the investment in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations with a maximum maturity of 270 days. Investment balances and credit quality ratings are listed in the table above.

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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 its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances whereby inputs used to measure fair value fall into different levels in the 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 requires judgment and considers factors specific to each asset or liability. The County had the following recurring fair value measurements as of September 30, 2019:

- Fixed income U.S. Government Securities are considered Level 1.
- Municipal bonds are considered Level 2.

Investments in Entities that Calculate Net Asset Value per Share

The County shares in investment pools where the fair value of the investments are measured on a recurring basis using the net asset value per share of the investment pool as a practical expedient.

As of September 30, 2019, the fair value of Michigan CLASS pooled account investments was $232,774. There were no unfunded commitments or redemption rules.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Public Health Department:

The Public Health Department has a book balance of cash of $1,483,979 which were deposited in checking and savings accounts. Of this amount, $1,409,128 is held by the County Treasurer and pooled with County Cash. The remaining bank balance of these deposits amounted to $107,359, of which the entire amount was covered by federal depository insurance.

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Central Dispatch Authority:

The Central Dispatch Authority has a book balance of cash of $165,114 which were deposited in checking and savings accounts. This entire amount is held by the County Treasurer in an account designated for the Central Dispatch Authority, which had a bank balance of $165,040 of which $162,310 was insured and the remaining $2,730 is pooled with the County's depository coverage.

County Road Commission:

The County Road Commission has a book balance of cash of $3,019,591 which were deposited in checking and savings accounts and certificates of deposit. The bank balance of these deposits amounted to $3,910,791, of which $250,000 was covered by federal depository insurance.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2019 represent short-term borrowings between funds. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made and are summarized as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
Governmental Funds:			
General Fund	$ 103,944	Non-major Governmental	$ 103,944
Total Governmental Funds	$ 103,944		$ 103,944

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance at 10/01/18	Additions	Disposals	Transfers	Balance at 09/30/19
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 2,313,001	$ -	$ -	$ -	$ 2,313,001
Construction in progress	14,172,018	-	-	(14,172,018)	-
Total non-depreciable capital assets	16,485,019	-	-	(14,172,018)	2,313,001
Capital assets being depreciated:					
Land improvements	602,592	-	-	-	602,592
Buildings and improvements	21,039,159	4,683,563	1,964,403	14,055,809	37,814,128
Infrastructure	9,636,251	372,748	-	116,209	10,125,208
Machinery and equipment	4,358,266	394,927	115,625	-	4,637,568
Total depreciable capital assets	35,636,268	5,451,238	2,080,028	14,172,018	53,179,496
Total capital assets	52,121,287	5,451,238	2,080,028	-	55,492,497
Less accumulated depreciation:					
Land improvements	509,902	22,627	-	-	532,529
Buildings and improvements	9,783,602	632,998	1,138,877	-	9,277,723
Infrastructure	5,757,248	279,397	-	-	6,036,645
Machinery and equipment	2,856,780	286,739	98,379	-	3,045,140
Total accumulated depreciation	18,907,532	1,221,761	1,237,256	-	18,892,037
Net depreciable capital assets	16,728,736	4,229,477	842,772	14,172,018	34,287,459
Governmental activities capital assets, net	$ 33,213,755	$ 4,229,477	$ 842,772	$ -	$ 36,600,460
Business-type activities:					
Capital assets being depreciated:					
Machinery and equipment	$ 26,641	$ -	$ -	$ -	$ 26,641
Less accumulated depreciation:					
Machinery and equipment	4,440	3,806	-	-	8,246
Business-type activities capital assets, net	$ 22,201	$ (3,806)	$ -	$ -	$ 18,395

Public Safety expenses include an impairment loss of $825,525 due to the closure of the old correctional facility and sheriff's office upon moving to the newly constructed facility.

NOTE E – CAPITAL ASSETS (continued)

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

Governmental activities:		Business-type activities:	
Judicial system	$ 78,496	Jail Commissary	$ 3,806
General government	826,331		
Public safety	295,848		
Recreation and culture	21,086		
Total governmental activities depreciation expense	$ 1,221,761	Total business-type activities depreciation expense	$ 3,806

NOTE F – COMPONENT UNIT CAPITAL ASSETS

The following is a summary of changes in capital assets of the Road Commission:

	Balance at 10/01/18	Additions	Disposals	Balance at 09/30/19
Capital assets not being depreciated:				
Land	$ 1,453,374	$ -	$ -	$ 1,453,374
Construction in progress	85,359	69,305	76,959	77,705
Infrastructure land improvements	5,156,681	1,204,847	-	6,361,528
Total non-depreciable capital assets	6,695,414	1,274,152	76,959	7,892,607
Capital assets being depreciated:				
Buildings and improvements	7,141,561	61,022	-	7,202,583
Machinery and equipment	10,143,703	492,870	255,441	10,381,132
Infrastructure - roads	28,872,407	4,058,715	-	32,931,122
Infrastructure - bridges	10,717,724	201,372	-	10,919,096
Total depreciable capital assets	56,875,395	4,813,979	255,441	61,433,933
Total capital assets	63,570,809	6,088,131	332,400	69,326,540
Less accumulated depreciation:				
Buildings and improvements	3,788,131	222,820	-	4,010,951
Machinery and equipment	8,042,696	839,954	228,230	8,654,420
Infrastructure - roads	13,081,094	1,362,582	-	14,443,676
Infrastructure - bridges	917,803	211,847	-	1,129,650
Total accumulated depreciation	25,829,724	2,637,203	228,230	28,238,697
Net depreciable capital assets	31,045,671	2,176,776	27,211	33,195,236
Capital assets, net	$ 37,741,085	$ 3,450,928	$ 104,170	$ 41,087,843

NOTE F – COMPONENT UNIT CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets of the Public Health Department:

	Balance at 10/01/18	Additions	Disposals	Balance at 09/30/19
Capital assets being depreciated:				
Machinery and equipment	$ 744,387	$ 45,247	$ 160,507	$ 629,127
Less accumulated depreciation:				
Machinery and equipment	658,115	59,890	160,507	557,498
Capital assets, net	$ 86,272	$ (14,643)	$ -	$ 71,629

The following is a summary of changes in capital assets of the Central Dispatch Authority:

	Balance at 10/01/18	Additions	Disposals	Balance at 09/30/19
Capital assets being depreciated:				
Buildings and improvements	$ 15,562	$ -	$ -	$ 15,562
Machinery and equipment	895,538	449,326	-	1,344,864
Total capital assets	911,100	449,326	-	1,360,426
Less accumulated depreciation:				
Buildings and improvements	65	778	-	843
Machinery and equipment	519,676	75,793	-	595,469
Total accumulated depreciation	519,741	76,571	-	596,312
Capital assets, net	$ 391,359	$ 372,755	$ -	$ 764,114

NOTE G – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2019:

Type of Debt	Balance 10/1/2018	Additions	Deductions	Balance 9/30/2019	Amounts Due Within One Year
Governmental activities:					
2017 Jail Construction					
G.O. Unlimited Tax Bond 2017A	$ 9,000,000	$ -	$ 298,000	$ 8,702,000	$ 185,000
G.O. Unlimited Tax Bond 2017B	5,029,400	3,870,600	293,000	8,607,000	184,000
Energy project note	232,526	-	74,106	158,420	77,458
Compensated absences	541,594	30,608	-	572,202	143,051
Total governmental activities long-term debt	$ 14,803,520	$ 3,901,208	$ 665,106	$ 18,039,622	$ 589,509

The changes in compensated absences payables are shown as a net addition.

Debt service requirements on long-term debt at September 30, 2019 are as follows:

For the Year Ending September 30,	Governmental Activities			
	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2020	$ 369,000	$ 556,546	$ 77,458	$ 7,166
2021	380,000	544,375	80,962	3,663
2022	392,000	531,830	-	-
2023	405,000	518,879	-	-
2024	418,000	505,505		
2025-2029	2,305,000	2,311,059	-	-
2030-2034	2,706,000	1,904,793	-	-
2035-2039	3,172,000	1,428,180	-	-
2040-2044	3,725,000	869,001	-	-
2045-2047	3,437,000	227,516	-	-
Total	$ 17,309,000	$ 9,397,684	$ 158,420	$ 10,829

NOTE G – LONG-TERM DEBT (continued)

Governmental Activities:

In 2017, the County obtained a note in the amount of $388,049 for the purpose of performing energy upgrades at the Courthouse and Airport. The note is payable in five annual installments of $84,625 through January 2021 at an interest rate of 2.892%.

On October 24, 2017 the County issued General Obligation Unlimited Tax Bond Series 2017A in the amount of $9,000,000 and General Obligation Unlimited Tax Bond Series 2017B in the amount of $8,900,000 for the purpose of constructing and equipping a new Sheriff's Office and Corrections Center. The bonds were sold to the United States Department of Agriculture-Rural Development Office. The County has issued a separate tax levy for the purpose of making the future debt payments. The bonds call for annual principal payments beginning October 1, 2018 and semi-annual interest payments which began April 1, 2018. The bonds mature in 2047 and have an interest rate of 3.25%.

Compensated Absences:

Substantially all County employees are entitled to certain vacation and sick pay benefits that accrue and vest under various parameters, dependent upon which labor contract the employee is subject to or upon which department or fund the employee is within. Compensated absences in the amount of $572,202 are reported under the governmental activities in the Statement of Net Position. For governmental activities, compensated absences are liquidated by the fund the employee's regular payroll is charged to, and any claims or judgments are typically liquated by the general fund.

NOTE H - ROAD COMMISSION LONG-TERM DEBT

The general long-term debt of the Road Commission may be summarized as follows:

Debt service requirements on long-term debt at September 30, 2019 are as follows:

Type of Debt	Balance 10/1/2018	Additions	Deductions	Balance 9/30/2019	Amounts Due Within One Year
2016 MTF Refunding Bonds	$ 3,315,000	$ -	$ 550,000	$ 2,765,000	$ -
Compensated Absences	184,251	139,380	108,888	214,743	107,300
Total long-term debt	$ 3,499,251	$ 139,380	$ 658,888	$ 2,979,743	$ 107,300

For the Year Ending September 30,	County Road Commission 2016 Refunding Bond Series Principal	Interest	Total
2020	$ -	$ -	$ -
2021	285,000	45,999	330,999
2022	290,000	40,955	330,955
2023	295,000	35,825	330,825
2024	305,000	30,563	335,563
2025-2029	1,590,000	67,792	1,657,792
Total	$ 2,765,000	$ 221,134	$ 2,986,134

Bonds Payable:

2016 Refunded Bond - On September 22, 2016, the County of Delta approved a $3,580,000 Michigan Transportation Fund Refunding Bond issue, Series 2016, to refund the 2007 bond issue that was for the purpose of constructing Road Commission buildings. An advance refunding bond issue occurs when a new debt is issued to refinance an existing debt (old debt), but the proceeds must be placed in escrow pending call date or maturity. The difference between the cash flow required to service the old debt and the new debt and complete the refunding is $569,805. The economic gain from the transaction (difference between the present value of the old debt service requirement and present value of new debt service requirement, discounted at the effective interest rate on the new debt and adjusted for any additional cash) is $514,496. The total bond issuance cost including issuance cost, underwriter's discount, insurance fee, and additional proceeds, was $42,116. The refunding bonds are payable over the period of 2017 to 2029 at an interest rate of 1.754%.

NOTE H – ROAD COMMISSION LONG-TERM DEBT (continued)

Compensated Absences:

The Road Commission employment policies provide for vacation and sick leave benefits to be earned in varying amounts depending on the number of years of service of the employee. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements and amounted to $214,743 for the year ended September 30, 2019.

NOTE I – PUBLIC HEALTH COMPENSATED ABSENCES

The Health Department's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements and amounted to $158,185 for the year ended September 30, 2019.

NOTE J - OPERATING TRANSFERS IN AND OUT

Transfers between governmental and proprietary funds are made to fund various County programs operational and capital expenditures and are summarized as follows for the year ended September 30, 2019:

	Transfers Out					
Transfers In	General Fund	Road Patrol	Nonmajor Govt'l Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ -	$ -	$ 57,729	$ -	$ -	$ 57,729
Airport	310,000	-	-	-	-	310,000
Jail Building	-	-	-	53,766	270,000	323,766
Nonmajor govt'l funds	583,732	99,000	84,625	-	203,500	970,857
						1,662,352
	$ 893,732	$ 99,000	$ 142,354	$ 53,766	$ 473,500	$ 1,662,352

NOTE K - RETIREMENT PLANS

General County – Defined Benefit

Description of Plan and Plan Assets

The County participates in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). 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 MERS of Michigan plan 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 as fair value.

The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.50% times the final compensation (FAC) for all divisions. The most recent period of which actuarial data was available was for year ended December 31, 2018.

General Information about the Pension Plan

Plan Description: The County participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under PA 135 of 1945 and administered by a nine member Retirement Board. MERS is a nonprofit organization that was granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS Website at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided--Defined Benefit: The County's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984 established and amends the benefit provisions of the participants in MERS.

NOTE K – RETIREMENT PLANS (continued)

	Divisions - For the 2018 Valuation			
	01-Circuit Court Closed	02-Sheriff Closed	10-Gen AFSCME Closed	11-Elected Dept Closed
Benefit Multiplier:	2.5%-80% max	2.5%-80% max	2.5%-80% max	2.5%-80% max
Normal Retirement Age:	60	60	60	60
Vesting:	10 years	10 years	10 years	10 years
Early Retirement (unreduced):	55/25	25 & out	55/15	55/15
Early Retirement (reduced):	50/25 or 55/15	55/15	50/25	50/25
Final Average Compensation:	3 years	5 years	3 years	3 years
COLA for Future Retirees:	2.50%	2.50%	2.50%	2.50%
Employee Contributions:	0.5%	0.5%	0.5%	0.00%
DC Plan for New Hires:	1/1/2007	4/1/2008	1/1/2010	1/1/2007
Act 88:	Yes	Yes	Yes	Yes

	Divisions - For the 2018 Valuation			
	12-Dist Court Employee Closed	13-Probate Crt Closed	14-Non Union Closed	20-Road Patrol Closed
Benefit Multiplier:	2.5%-80% max	2.5%-80% max	2.5%-80% max	2.5%-80% max
Normal Retirement Age:	60	60	60	60
Vesting:	10 years	10 years	10 years	10 years
Early Retirement (unreduced):	55/20	55/20 or 50/25	55/15 or 25 out	50/25
Early Retirement (reduced):	50/25 or 55/15	55/15	-	55/15
Final Average Compensation:	3 years	3 years	3 years	3 years
COLA for Future Retirees:	2.50%	2.50%	2.50%	2.50%
Employee Contributions:	0.5%	0.5%	0%	1.00%
DC Plan for New Hires:	1/1/2007	7/1/2010	3/1/2015	7/1/2012
Act 88:	Yes	Yes	No	Yes

Employees Covered by Benefit Terms

At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	117
Inactive employees entitled to but not yet receiving benefits	17
Active employees	38
	172

NOTE K – RETIREMENT PLANS (continued)

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate. 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 monthly contribution rates for the County divisions are as follows:

		Employer Contribution Percentage			Member Contribution Percentage		
Valuation Division		10/1/20 *	10/1/19 *	10/1/18 *	10/1/20 *	10/1/19 *	10/1/18 *
Circuit Court Employees	@	$ 11,687	$ 10,643	$ 9,957	0.50%	0.50%	0.50%
Sheriff	@	$ 12,348	$ 11,947	$ 11,626	0.50%	0.50%	0.50%
General AFSCME	@	$ 24,550	$ 17,098	$ 15,786	0.50%	0.50%	0.50%
Elected Department Heads	@	$ 44,829	$ 36,620	$ 33,762	0.00%	0.00%	0.00%
District Court Employees	@	$ 8,191	$ 6,557	$ 4,867	0.50%	0.50%	0.50%
Probate Court Employees	@	$ 16,746	$ 13,789	$ 11,906	0.50%	0.50%	0.50%
Non-Union Contract Employees	@	$ 5,473	$ 4,298	$ 3,552	0.00%	0.00%	0.00%
Road Patrol Deputies	@	$ 17,807	$ 15,889	$ 13,972	1.00%	1.00%	1.00%

* Represents the actuarial required contibution for the beginning of the fiscal year.

@ This division is closed to new hires. Contributions, if any, are determined by MERS based on a dollar amount.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent, average, including inflation in the long-term
Investment rate of return	7.75 percent, net of investment and administrative expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

NOTE K – RETIREMENT PLANS (continued)

Mortality rates used were based on the RP-2014 Healthy Annuitant Mortality Table (with rates multiplied by 105%), the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables using a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	55.5%	8.65%	3.41%
Global Fixed Income	18.5%	3.76%	0.23%
Real Assets	13.5%	9.72%	0.97%
Diversifying Strategies	12.5%	7.50%	0.63%

Discount Rate: The discount rate used to measure the total pension liability is 8.0% for 2018. 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 K – RETIREMENT PLANS (continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	$ 38,085,030	$ 27,574,470	$ 10,510,560
Service cost	273,612	-	273,612
Interest on total pension liability	2,962,631	-	2,962,631
Changes in benefits	-	-	-
Difference between expected and actual experience	200,904	-	200,904
Changes in assumptions	-	-	-
Employer contributions	-	2,193,388	(2,193,388)
Employee contributions	-	12,400	(12,400)
Net investment income	-	(1,096,297)	1,096,297
Benefit payments, including employee refunds	(2,377,900)	(2,377,900)	-
Administrative expense	-	(53,662)	53,662
Other changes	-	-	-
Net changes	1,059,247	(1,322,071)	2,381,318
Balances as of December 31, 2018	$ 39,144,277	$ 26,252,399	$ 12,891,878

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability at 12/31/18	$ 12,891,878	$ 12,891,878	$ 12,891,878
County's change in net pension liability at 12/31/18	4,282,912	-	(3,623,344)
	$ 17,174,790	$ 12,891,878	$ 9,268,534

NOTE K – RETIREMENT PLANS (continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended September 30, 2019, the County recognized pension expense of $1,806,626. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 100,452	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,123,567	1,119,201
Contributions subsequent to the measurement date *	946,665	-
Total	$ 4,170,684	$ 1,119,201

* 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 September 30, 2020.

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

Plan Year Ended December 31:	
2019	$ 820,952
2020	231,514
2021	393,707
2022	658,645
	$ 2,104,818

At September 30, 2019, the County did not have any outstanding contributions to the pension plan.

NOTE K – RETIREMENT PLANS (continued)

General County – Defined Contribution

The County offers its employees a defined contribution plan provided by Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220. There are two separate plans, one covers Elected Officials and Department Heads and the other plan covers essentially all other County employees. The first plan had 30 active participants and 10 terminated participants. The second plan had 48 active participants and 6 terminated participants. The Plan is available to all new full time employees and are eligible to participate immediately, permitting them to defer a portion of their salary until future years. The deferred compensation will not be available to employees until termination, retirement, death or disability. Loans are permitted under both plans. Eligible employees under the Elected Officials/Department Head plan may make contributions ranging from 0 – 5%, subject to limits allowed under IRS regulation. The County will contribute 10% of employee compensation into the plan and will match up to an additional 5% if the employee contributes to the plan. Eligible employees under the Other Employee plan may make contributions ranging from 0 – 2%, subject to limits allowed under IRS regulation. The County will contribute 6% of employee compensation into the plan and will match up to an additional 2% if the employee contributes to the plan.

County contributions in the amount of $326,968 were expensed and accrued in fiscal year ended September 30, 2019. Employee contributions totaled $96,203 in fiscal year 2019. Any amendments to the plan would be subject to the approval of the County Board of Commissioners.

Both Plans calls for cliff vesting, which allows the employee to be vested in the employer contributions after 3 years of service.

Forfeiture of non-vested amounts is used to reduce future employer contributions. There were forfeitures of $6,131 in 2019, the County used forfeitures of $27,109 in 2019, and there were forfeiture balances available for use by the County in the amount of $8,197 at September 30, 2019.

NOTE K - RETIREMENT PLANS (continued)

County Road Commission (component unit)

The Delta County Road Commission offers its employees a defined benefit pension plan and participates in the same agent multiple-employer defined benefit pension plan with Michigan Employees' Retirement System as Delta County for its full-time employees.

MERS Defined Benefit Plan

	Divisions - For the 2018 Valuation		
	01-Teamsters Closed	10-Non-Union Closed	12-Supervisor Closed
Benefit Multiplier:	2%-no max	2.5%-80% max	2.25%-80% max
Normal Retirement Age:	60	60	60
Vesting:	10 years	6 years	10 years
Early Retirement (unreduced):	N/A	55/25	N/A
Early Retirement (reduced):	50/25 or 55/15	50/25 or 55/15	50/25 or 55/15
Final Average Compensation:	5 years	5 years	5 years
COLA for Future Retirees:	0.00%	2.50%	2.50%
Employee Contributions:	0%	0%	0%
Act 88:	Yes	Yes	Yes

	13-Teamsters hired after 4/1/12 Open	14-Non-Union hired after 9/1/12 Open
Benefit Multiplier:	1.7%-no max	2.25%-80% max
Normal Retirement Age:	60	60
Vesting:	10 years	6 years
Early Retirement (unreduced):	N/A	55/25
Early Retirement (reduced):	50/25 or 55/15	50/25 or 55/15
Final Average Compensation:	5 years	5 years
COLA for Future Retirees:	0.00%	2.50%
Employee Contributions:	3%	0%
Act 88:	Yes	Yes

Employees Covered by Benefit Terms

At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	4
Active employees	33
	84

NOTE K - RETIREMENT PLANS (continued)

Contributions: Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended September 30, 2019, the Road Commission's contribution rate was 137.28% for supervisory employees, 5.43% for Teamsters and 16.63% for the non-union employees based on annual payroll for all employees.

Net Pension Liability

The Road Commission's net pension liability reported at September 30, 2019, was determined using a measure of the total pension liability and the pension net pension position as of December 31, 2018. The December 31, 2018 total pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.00 percent, average, including inflation in the long-term
Investment rate of return	7.75 percent, net of investment and administrative expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Healthy Annuitant Mortality Table (with rates multiplied by 105%), the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables using a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

NOTE K – RETIREMENT PLANS (continued)

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	Target Allocation Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	55.5%	8.65%	3.41%
Global Fixed Income	18.5%	3.76%	0.23%
Real Assets	13.5%	9.72%	0.97%
Diversifying Strategies	12.5%	7.50%	0.63%

Discount Rate: The discount rate used to measure the total pension liability 8.0% for 2018. 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 K – RETIREMENT PLANS (continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	$ 12,304,147	$ 6,905,138	$ 5,399,009
Service cost	140,799	-	140,799
Interest on total pension liability	955,343	-	955,343
Changes in benefits	-	-	-
Difference between expected and actual experience	175,235	-	175,235
Changes in assumptions	-	-	-
Employer contributions	-	1,084,965	(1,084,965)
Employee contributions	-	22,241	(22,241)
Net investment income	-	(286,674)	286,674
Benefit payments, including employee refunds	(865,525)	(865,525)	-
Administrative expense	-	(13,606)	13,606
Other changes	-	-	-
Net changes	405,852	(58,599)	464,451
Balances as of December 31, 2018	$ 12,709,999	$ 6,846,539	$ 5,863,460

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability at 12/31/18	$ 5,863,460	$ 5,863,460	$ 5,863,460
Commission's change in net pension liability at 12/31/18	1,259,390	-	(1,079,730)
	$ 7,122,850	$ 5,863,460	$ 4,783,730

NOTE K – RETIREMENT PLANS (continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended September 30, 2019, the Road Commission recognized pension expense of $821,128. At September 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 116,823	$ 20,148
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	511,600	-
Contributions subsequent to the measurement date *	406,592	-
Total	$ 1,035,015	$ 20,148

* 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 September 30, 2020.

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

Plan Year Ended December 31:	
2019	$ 213,589
2020	122,601
2021	102,444
2022	169,641
	$ 608,275

NOTE K - RETIREMENT PLANS (continued)

Public Health Department (component unit)

Description of Plan and Plan Assets

The Department is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.50% times the three year final compensation (FAC) for all divisions. The most recent period of which actuarial data was available was for year ended December 31, 2018.

General Information about the Pension Plan

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

	Divisions - For the 2018 Valuation		
	01 - General Closed	10 - Non Union Closed	11 - General Open
Benefit Multiplier:	2.5%-80% max	2.5%-80% max	2.0%-no max
Normal Retirement Age:	60	60	62
Vesting:	10 years	6 years	10 years
Early Retirement (unreduced):	-	-	-
Early Retirement (reduced):	50/25 or 55/15	50/25 or 55/15	55/25 or 57/15
Final Average Compensation:	3 years	3 years	5 years
COLA for Future Retirees:	2.50%	2.50%	1.50%
Employee Contributions:	2%	2%	2%
Act 88:	Yes	Yes	Yes

NOTE K – RETIREMENT PLANS (continued)

Employees Covered by Benefit Terms

At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	29
Active employees	39
	104

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Department's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Department is required to contribute at an actuarially determined rate.

The contribution rates for the Department divisions are as follows:

		Employer Contribution Percentage			Member Contribution Percentage		
Valuation Division		10/1/19 *	10/1/19 *	10/1/18 *	10/1/19 *	10/1/19 *	10/1/18 *
General	@	$ 6,761	$ 7,698	13.83%	2.00%	2.00%	2.00%
Non Union	@	$ 14,713	$ 11,772	12.90%	2.00%	2.00%	2.00%
General -open		6.50%	0.00%	n/a	2.00%	2.00%	2.00%

* Represents the actuarial required contibution for the beginning of the fiscal year.

@ This division is closed to new hires. Contributions, if any, are determined by MERS based on a dollar amount.

Net Pension Liability

The Department's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent, average, including inflation in the long-term
Investment rate of return	7.75 percent, net of investment and administrative expense, including inflation

NOTE K – RETIREMENT PLANS (continued)

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Healthy Annuitant Mortality Table (with rates multiplied by 105%), the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables using a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	55.5%	8.65%	3.41%
Global Fixed Income	18.5%	3.76%	0.23%
Real Assets	13.5%	9.72%	0.97%
Diversifying Strategies	12.5%	7.50%	0.63%

Discount Rate: The discount rate used to measure the total pension liability is 8.0% for 2018. 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 K – RETIREMENT PLANS (continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	$ 10,764,189	$ 9,878,989	$ 885,200
Service cost	180,125	-	180,125
Interest on total pension liability	848,848	-	848,848
Changes in benefits	-	-	-
Difference between expected and actual experience	(54,317)	-	(54,317)
Changes in assumptions	-	-	-
Employer contributions	-	334,134	(334,134)
Employee contributions	-	32,920	(32,920)
Net investment income	-	(389,696)	389,696
Benefit payments, including employee refunds	(487,299)	(487,299)	-
Administrative expense	-	(19,240)	19,240
Other changes	-	-	-
Net changes	487,357	(529,181)	1,016,538
Balances as of December 31, 2018	$ 11,251,546	$ 9,349,808	$ 1,901,738

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Department, calculated using the discount rate of 8.00%, as well as what the Department's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability at 12/31/18	$ 1,901,738	$ 1,901,738	$ 1,901,738
Departments' change in net pension liability at 12/31/18	1,394,175	-	(1,173,444)
	$ 3,295,913	$ 1,901,738	$ 728,294

NOTE K – RETIREMENT PLANS (continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended September 30, 2019, the Department recognized pension expense of $677,455. At September 30, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 85,549	$ 49,680
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,102,620	394,995
Contributions subsequent to the measurement date *	228,419	-
Total	$ 1,416,588	$ 444,675

* 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 September 30, 2020.

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

Plan Year Ended December 31:	
2019	$ 258,820
2020	109,217
2021	140,570
2022	234,887
	$ 743,494

NOTE K – RETIREMENT PLANS (continued)

MERS Defined Benefit Plan Subsequent Event

Beginning with the 2019 pension actuarial reports, the MERS Retirement Board approved adjustments to key economic assumptions. According to MERS, "these assumptions, in particular the investment return assumption, have a significant effect on a plan's required contribution and funding level. Historically low interest rates, along with high equity market valuations, have led to reductions in projected returns for most asset classes. This has resulted in a Board adopted reduction in the investment rate of return assumption to 7.35%, effective with the December 31, 2019 valuation first impacting 2021 contributions. The Board also changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date." Exact amounts and changes in the unfunded liability will not be known until the 2019 pension actuarial reports are issued.

NOTE L – FUND BALANCE CLASSIFICATIONS

Fund balance has been classified in the funds as follows:

	Restricted	Committed	Assigned
General Fund:			
Budget Stabilization-Pension	$ -	$ 1,983,854	$ -
Road Patrol Fund:			
Public Safety	-	-	223,379
Airport Fund:			
Renaissance Zone Capital Projects	154,100	-	-
Operations	-	-	112,980
Sanitary Landfill Fund:			
Operations	1,110	-	948
Jail Building Fund:			
Bond Proceeds for Jail Construction	2,052	-	-
Jail Construction	22,140	-	-
Nonmajor Funds:			
Restricted based on fund purpose	1,648,105	-	-
Wells Township-Potential Water/Sewer Project	185,000	-	-
Capital Projects	-	-	279,049
Future Debt Payments	1,025,657	-	-
Assigned based on fund purpose	-	-	591,294
Animal Shelter	-	-	870
	$ 3,038,164	$ 1,983,854	$ 1,208,520

Amounts for nonspendable, restricted, committed and assigned as reported in the financial statements that are not disclosed above, are disclosed on the financial statements based upon the fund description.

NOTE M – RESTRICTED NET POSITION

Total net position which is restricted by enabling legislation amounted to $3,038,164 for governmental activities.

NOTE N – AIRPORT HANGAR

A hangar was constructed at the Delta County Airport and is being jointly financed by Delta County, the cities of Escanaba and Gladstone, and the Escanaba Foundation. The hangar financing is in the form of a lease, with the County assuming ownership of the facility upon completion of the terms of the lease. The lease arrangements for the hangar specify a month-to-month lease with lease payments commencing the second year of the lease in the sum of $1,761.99 per month plus $.10 per square foot per annum rental for the land. The County receives the rental payments from the lessee and divides the proceeds with 44 percent to the County and 28 percent to each of the cities. The agreement calls for repayment only if the hangar is occupied. For the last several years the hangar has been unoccupied.

NOTE O – CONTINGENT LIABILITIES

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County participates in a number of Federal and State assisted grant programs, principal of which are the Friend of Court and Prosecuting Attorney Cooperative Reimbursement programs, which are subject to financial and compliance audits. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts if any, to be immaterial.

NOTE P – RISK MANAGEMENT

The County of Delta participates as a member in the Michigan Municipal Risk Management Authority (the Authority). The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is $75,000. The limits on auto physical damage are $15,000 per unit and $30,000 per occurrence. The retention limits for property coverage are subject to a $1,000 deductible with 10 percent of the first $100,000 to be paid by the member. Some members have individual retention levels different than the ones previously stated.

NOTE P – RISK MANAGEMENT (continued)

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance Fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

At September 30, 2019, the County had no outstanding claims which exceeded the plan's limits and there has been no significant reduction in insurance coverage over the past three years.

NOTE Q – JOINT VENTURE - DELTA SOLID WASTE LANDFILL

The Delta Solid Waste Management Authority was incorporated in 1984, pursuant to Act 233, Public Acts of Michigan, 1955, by the County of Delta and the local units of government within the County. It was established in order to provide for a new landfill since the current countywide site, owned by the City of Gladstone, was approaching saturation.

The Authority is governed by a seven-person Board of Directors, composed of three representatives of the participating townships, three representatives of the participating cities and one member of the Delta County Board of Commissioners. The three members of the Authority Board from the villages and townships will be selected by and from a body composed of one representative from each such township or village; the three board members from the cities shall be selected by and from a body composed of two representatives from each such city; and a member of the Delta County Board of Commissioners shall be chosen by said Board of Commissioners after review of recommendations by the Townships, Villages and City representatives. The Authority as described herein has no taxing power.

The landfill is constructed on land owned by the City of Escanaba and leased, through the County, to the Authority. The County does not capitalize its interest in the landfill as the County has no legal title to any assets of the landfill.

The following local governmental units are participants in the Authority; shown with their respective percentage shares in the Authority.

Local Governmental Unit	Percentage Share
Delta County	51.80%
City of Escanaba	18.60%
City of Gladstone	5.90%
Local Townships	23.70%
	100.00%

NOTE Q – JOINT VENTURE - DELTA SOLID WASTE LANDFILL (continued)

Operation and maintenance costs are paid out of tipping fees assessed against users of the landfill. Parties that use the landfill include the municipal sanitation systems of the cities of Escanaba and Gladstone, and private solid waste companies serving the other local units. The landfill began operation in December 1985. Financial information of the Delta Solid Waste Management Authority and Recycling Program is available at their administrative offices located at 5701 19th Avenue North, Escanaba, MI 49829.

The Delta Solid Waste Management Authority has one outstanding note payable and one outstanding bond issue: 1.) 2018 note payable secured for a Bomag Trash Compactor in the amount of $484,014 and has an outstanding balance as of December 31, 2018 of $430,604. 2.) 2014 general obligation limited tax refunding bonds issued in the amount of $4,540,000 for the purpose of refinancing the 2010 general obligation limited tax refunding bonds which were used for constructing additional landfill capacity and the 2014 refunding bonds have an outstanding balance as of December 31, 2018 of $4,245,000. The County is secondarily liable for the bonds and has pledged its limited tax full faith and credit for the payment of its contractual payments, and the County is obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable statutory and constitutional tax rate limitations. The estimated total current cost of the landfill closure and postclosure care is $2,648,458 and is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of December 31, 2018. The County has signed a $1,100,000 open letter of credit for the landfill which will expire December 31, 2019. There was no outstanding balance on this letter of credit as of December 31, 2018. Beginning in 2017, the residents of Delta County began paying 0.3 mils in property taxes for 10 years to help fund the recycling, composting, and household hazardous waste disposal services. The December 2018 tax levy raised approximately $337,000 for recycling programs.

NOTE R – NOTES RECEIVABLE

The following are recorded as notes receivable in the Residual Equity Fund, an internal service fund of the County.

On September 1st, 2012 the U.P State Fair Authority entered into a capital lease with Delta County. The Authority is leasing a building from Delta County for the Miracle of Life exhibit. This building was constructed by the County for the purpose of the lease. The lease is scheduled to consist of 15 annual principal and interest payments, with the first payment being due September 1st, 2013 and the last payment due by September 1st, 2027. During the term of the lease the Authority will pay 3% interest totaling $110,192.

In September 2012, the County approved a loan to the Delta Soil Conservation District in the amount of $150,000 for the purpose of making improvements at the County Parks. The note calls for 10 annual payments due on November 1st and bears a 3% interest rate.

On October 26, 2017, the County signed a promissory note with Belgium Equipment, Inc. for the sale of land commonly known as the fish dam for $198,000. The note is secured by a mortgage on the land and is due in full on October 26, 2018. The receivable was paid in full during the current year.

NOTE R – NOTES RECEIVABLE (continued)

Future note payments are as follows:

September 30,	Principal	Interest
2020	$ 28,418	$ 7,568
2021	45,363	8,208
2022	46,724	6,847
2023	48,124	5,445
2024	31,985	4,001
2025-2027	101,396	6,131
Total	$ 302,010	$ 38,200

The Delta Soil Conservation District made the payment due November 1, 2019 prior to September 30, 2019. As such, $17,585 has been excluded from principal and interest due for year end September 30, 2019.

NOTE S – FUTURE CHANGES IN ACCOUNTING PRINCIPLE

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities,* which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the 2019-2020 fiscal year.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the 2020-2021 fiscal year.

NOTE T – SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in the temporary reduction of operating hours for many local units of government as well as temporary local government closures that were mandated. Michigan's Governor, Gretchen Whitmer, issued an executive order to temporarily suspend activities that are not necessary to sustain or protect life. At the current time, the County is unable to quantify the potential effects of this pandemic on future financial statements.

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REQUIRED SUPPLEMENTAL INFORMATION

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 6,409,135	$ 6,409,135	$ 6,976,567	$ 567,432
License and permits	1,400	1,400	1,285	(115)
Federal sources	829,003	851,003	860,344	9,341
State sources	1,550,686	1,589,861	1,568,594	(21,267)
Charges for services	967,700	1,019,052	1,074,216	55,164
Interest and rentals	20,300	25,300	52,753	27,453
Other	225,350	448,328	391,310	(57,018)
Total revenues	10,003,574	10,344,079	10,925,069	580,990
EXPENDITURES:				
Legislative:				
Board of commissioners	151,000	151,000	150,284	716
County memberships	600	600	590	10
Judicial system:				
Circuit court	276,841	296,841	281,217	15,624
District court	678,224	708,224	744,890	(36,666)
Friend of court	648,043	638,043	626,559	11,484
Jury commission	2,200	2,200	1,794	406
Probate court	331,950	336,099	355,058	(18,959)
Probate court juvenile	229,393	223,244	222,540	704
General government:				
Elections	84,454	70,200	66,010	4,190
Clerk	185,797	185,797	186,736	(939)
Administration	315,350	315,850	369,222	(53,372)
I.T. Department	178,964	206,614	182,636	23,978
Equalization	165,925	165,925	162,459	3,466
Prosecuting attorney	596,740	586,182	557,689	28,493
Register of deeds	117,471	117,471	120,200	(2,729)
Treasurer	167,000	167,000	152,482	14,518
Building maintenance	435,376	495,376	447,768	47,608
Drain commissioner	55	55	54	1
Record copying	11,200	11,200	11,597	(397)
Health insurance and other benefits	464,457	464,457	463,485	972
Insurance and bonds	140,000	140,000	141,511	(1,511)
Professional fees	76,650	61,150	59,498	1,652
Equipment repair and equipment	16,200	7,700	2,982	4,718
Labor relations	10,000	500	-	500
Miscellaneous	55,000	30,335	36,693	(6,358)
Public safety:				
Sheriff administration	404,855	442,055	451,036	(8,981)
Sheriff marine	25,100	25,100	26,707	(1,607)
Sheriff corrections	2,330,982	2,559,862	2,680,024	(120,162)
Emergency management	67,700	75,452	81,613	(6,161)
Health and welfare:				
Medical examiner	63,000	63,000	57,636	5,364
Soldier burial	12,500	11,500	11,875	(375)
Veterans affair	62,200	63,200	62,579	621
Health department	265,731	265,731	265,731	-
Other	13,500	12,500	2,180	10,320
Capital outlay	-	52,000	109,297	(57,297)
Other - appropriations	603,090	605,590	564,289	41,301
Total expenditures	9,187,548	9,558,053	9,656,921	(98,868)
Excess revenues (expenditures)	816,026	786,026	1,268,148	482,122
OTHER FINANCING SOURCES (USES)				
Transfer in	108,000	108,000	57,729	(50,271)
Transfer out	(923,732)	(893,732)	(893,732)	-
Total other financing sources (uses)	(815,732)	(785,732)	(836,003)	(50,271)
Net changes in fund balances	294	294	432,145	431,851
Fund balances - beginning	5,773,914	5,773,914	5,773,914	-
Fund balances - ending	$ 5,774,208	$ 5,774,208	$ 6,206,059	$ 431,851

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD PATROL
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 1,126,800	$ 1,126,800	$ 1,038,655	$ (88,145)
State sources	113,200	142,200	193,714	51,514
Local sources	64,100	91,100	110,402	19,302
Charges for services	18,400	18,400	23,140	4,740
Other	32,500	192,449	90,359	(102,090)
Total revenue	1,355,000	1,570,949	1,456,270	(114,679)
EXPENDITURES:				
Public safety	1,247,993	1,404,942	1,323,234	81,708
Capital outlay	45,000	104,000	147,064	(43,064)
Total expenditures	1,292,993	1,508,942	1,470,298	38,644
Excess revenues (expenditures)	62,007	62,007	(14,028)	(76,035)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	3,000	3,000	-	(3,000)
Transfer out	(65,000)	(65,000)	(99,000)	(34,000)
Total other financing sources (uses)	(62,000)	(62,000)	(99,000)	(37,000)
Net changes in fund balances	7	7	(113,028)	(113,035)
Fund balances - beginning	336,407	336,407	336,407	-
Fund balances - ending	$ 336,414	$ 336,414	$ 223,379	$ (113,035)

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
State sources	$ 100	$ 393,354	$ 385,474	$ (7,880)
Local sources	25,100	57,600	-	(57,600)
Charges for services	662,600	817,600	766,171	(51,429)
Interest and rentals	157,500	157,500	160,111	2,611
Other	4,000	30,000	84,557	54,557
Total revenues	849,300	1,456,054	1,396,313	(59,741)
EXPENDITURES:				
General government	1,146,542	1,718,740	1,253,664	465,076
Capital outlay	10,000	44,556	372,748	(328,192)
Total expenditures	1,156,542	1,763,296	1,626,412	136,884
Excess revenues (expenditures)	(307,242)	(307,242)	(230,099)	(196,625)
OTHER FINANCING SOURCES (USES):				
Transfer in	310,000	310,000	310,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	310,000	310,000	310,000	-
Net changes in fund balances	2,758	2,758	79,901	(196,625)
Fund balances - beginning	240,594	240,594	240,594	-
Fund balances - ending	$ 243,352	$ 243,352	$ 320,495	$ (196,625)

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SANITARY LANDFILL
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 334,950	$ 334,950	$ 345,274	$ 10,324
State Sources	-	-	50,336	50,336
Total revenues	334,950	334,950	395,610	60,660
EXPENDITURES:				
Health and welfare	332,800	332,800	394,662	(61,862)
Capital outlay	-	-	-	-
Total expenditures	332,800	332,800	394,662	(61,862)
Excess revenues (expenditures)	2,150	2,150	948	122,522
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	2,150	2,150	948	122,522
Fund balances - beginning	1,110	1,110	1,110	-
Fund balances - ending	$ 3,260	$ 3,260	$ 2,058	$ 122,522

COUNTY OF DELTA, MICHIGAN
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
For the Plan Years Ended December 31
(Schedule is prepared prospectively upon implementation of GASB 68)

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 370,738	$ 355,421	$ 321,967	$ 308,654	$ 273,612
Interest	2,619,381	2,700,647	2,880,075	2,920,694	2,962,631
Difference between expected and actual experience	-	376,689	(478,274)	(371,018)	200,904
Change in assumptions	-	1,971,406	-	-	-
Benefit payments, including refund of member contributions	(1,915,053)	(2,079,788)	(2,163,446)	(2,255,299)	(2,377,900)
Other	(1)	1	2	-	-
Net change in total pension liability	1,075,065	3,324,376	560,324	603,031	1,059,247
Total pension liability - beginning	32,522,234	33,597,299	36,921,675	37,481,999	38,085,030
Total pension liability - ending	$ 33,597,299	$ 36,921,675	$ 37,481,999	$ 38,085,030	$ 39,144,277
Plan fiduciary net position					
Contributions - employer	$ 1,031,587	$ 1,094,983	$ 758,928	$ 1,064,136	$ 2,193,388
Contributions - employee	35,737	28,599	40,542	13,101	12,400
Net investment income	1,567,230	(374,464)	2,691,573	3,314,698	(1,096,297)
Benefit payments, including refunds of member contributions	(1,915,053)	(2,079,788)	(2,163,446)	(2,255,299)	(2,377,900)
Administrative expense	(57,465)	(55,499)	(53,549)	(52,570)	(53,662)
Net change in plan fiduciary net position	662,036	(1,386,169)	1,274,048	2,084,066	(1,322,071)
Plan fiduciary net position - beginning	24,940,489	25,602,525	24,216,356	25,490,404	27,574,470
Plan fiduciary net position - ending	$ 25,602,525	$ 24,216,356	$ 25,490,404	$ 27,574,470	$ 26,252,399
County's net pension liability - ending	$ 7,994,774	$ 12,705,319	$ 11,991,595	$ 10,510,560	$ 12,891,878
Plan fiduciary net position as a percentage of the total pension liability	76%	66%	68%	72%	67%
Covered - employee payroll	$ 2,508,801	$ 2,410,300	$ 2,123,797	$ 2,051,194	$ 1,829,445
County's net pension liability as a percentage of covered-employee payroll	319%	527%	565%	512%	705%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%

Note: Schedule prepared based on on measurement date of December 31

COUNTY OF DELTA, MICHIGAN
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Years Ended September 30
(Schedule is prepared prospectively upon implementation of GASB 68)

	2015	2016	2017	2018	2019
Actuarially determined contribution	$ 872,928	$ 1,018,896	$ 879,024	$ 1,169,472	$ 1,262,949
Contributions in relation to the actuarially determined contribution	955,842	1,018,896	879,024	2,169,472	1,262,949
Contribution deficiency (excess)	$ (82,914)	$ -	$ -	$ (1,000,000)	$ -
Covered - employee payroll	$ 2,508,801	$ 2,410,300	$ 2,123,797	$ 2,051,194	$ 1,829,445
Contributions as a percentage of covered-employee payroll	38%	42%	41%	106%	69%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.75%, average, including inflation
Investment rate of return	7.75%
Retirement age	Experienced-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Female/50% Male RP-2014 Annulity Mortality Table
Note	Above dates are based on fiscal year and not the measurement date

COUNTY OF DELTA, MICHIGAN
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
For the Plan Years Ended December 31
(Schedule is prepared prospectively upon implementation of GASB 68)

PUBLIC HEALTH DELTA-MENOMINEE - COMPONENT UNIT

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 160,837	$ 180,914	$ 187,284	$ 204,234	$ 180,125
Interest	662,144	697,023	759,262	794,390	848,848
Difference between expected and actual experience	-	88,285	(53,870)	171,098	(54,317)
Changes in assumptions	-	517,032	-	-	-
Benefit payments, including refund of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)
Other	1	-	(1)	-	-
Net change in total pension liability	433,831	1,051,917	435,153	703,147	487,357
Total pension liability - beginning	8,140,141	8,573,972	9,625,889	10,061,042	10,764,189
Total pension liability - ending	$ 8,573,972	$ 9,625,889	$ 10,061,042	$ 10,764,189	$ 11,251,546
Plan fiduciary net position					
Contributions - employer	$ 149,618	$ 186,133	$ 238,951	$ 330,202	$ 334,134
Contributions - employee	27,549	29,564	30,057	31,965	32,920
Net investment income	516,019	(125,857)	921,012	1,172,985	(389,696)
Benefit payments, including refunds of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)
Administrative expense	(18,941)	(18,480)	(18,180)	(18,556)	(19,240)
Other	-	1	-	2	-
Net change in plan fiduciary net position	285,094	(359,976)	714,318	1,050,023	(529,181)
Plan fiduciary net position - beginning	8,189,530	8,474,624	8,114,648	8,828,966	9,878,989
Plan fiduciary net position - ending	$ 8,474,624	$ 8,114,648	$ 8,828,966	$ 9,878,989	$ 9,349,808
Department's net pension liability - ending	$ 99,348	$ 1,511,241	$ 1,232,076	$ 885,200	$ 1,901,738
Plan fiduciary net position as a percentage of the total pension liability	99%	84%	88%	92%	83%
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,574,497
Department's net pension liability as a percentage of covered-employee payroll	8%	102%	83%	55%	121%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%

Note: Schedule prepared based on on measurement date of December 31

COUNTY OF DELTA, MICHIGAN
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Years Ended September 30

PUBLIC HEALTH DELTA-MENOMINEE - COMPONENT UNIT
(Schedule is prepared prospectively upon implementation of GASB 68)

	2015	2016	2017	2018	2019
Actuarially determined contribution	$ 166,235	$ 233,984	$ 319,441	$ 334,557	$ 385,200
Contributions in relation to the actuarially determined contribution	166,235	233,984	319,441	334,557	385,200
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,574,497
Contributions as a percentage of covered-employee payroll	13%	16%	22%	21%	24%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.75%, average, including inflation
Investment rate of return	7.75%
Retirement age	Experienced-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Female/50% Male RP-2014 Annuity Mortality Table
Note	Above dates are based on fiscal year and not the measurement date

COUNTY OF DELTA, MICHIGAN
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
For the Plan Years Ended December 31
(Schedule is prepared prospectively upon implementation of GASB 68)

COUNTY ROAD COMMISSION-COMPONENT UNIT

	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 114,334	$ 119,662	$ 126,660	$ 127,523	$ 140,799
Interest	848,222	872,732	906,491	940,940	955,343
Difference between expected and actual experience	-	(44,201)	180,625	(60,442)	175,235
Change in assumptions	-	534,196	-	-	-
Benefit payments, including refund of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)
Other	-	-	-	-	-
Net change in total pension liability	329,507	779,212	450,297	204,298	405,852
Total pension liability - beginning	10,540,833	10,870,340	11,649,552	12,099,849	12,304,147
Total pension liability - ending	$ 10,870,340	$ 11,649,552	$ 12,099,849	$ 12,304,147	$ 12,709,999
Plan fiduciary net position					
Contributions - employer	$ 660,540	$ 735,719	$ 439,534	$ 640,593	$ 1,084,965
Contributions - employee	7,208	12,958	55,473	19,017	22,241
MERS adjustment	-	-	-	168,880	
Net investment income	339,991	(78,578)	637,694	815,891	(286,674)
Benefit payments, including refunds of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)
Administrative expense	(12,525)	(12,611)	(12,598)	(12,906)	(13,606)
Net change in plan fiduciary net position	362,165	(45,689)	356,624	827,752	(58,599)
Plan fiduciary net position - beginning	5,404,286	5,766,451	5,720,762	6,077,386	6,905,138
Plan fiduciary net position - ending	$ 5,766,451	$ 5,720,762	$ 6,077,386	$ 6,905,138	$ 6,846,539
Commission's net pension liability - ending	$ 5,103,889	$ 5,928,790	$ 6,022,463	$ 5,399,009	$ 5,863,460
Plan fiduciary net position as a percentage of the total pension liability	53%	49%	50%	56%	54%
Covered - employee payroll	$ 1,306,931	$ 1,371,526	$ 1,451,488	$ 1,450,708	$ 1,586,458
Commission's net pension liability as a percentage of covered-employee payr	391%	432%	415%	372%	370%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%

Note: Schedule prepared based on on measurement date of December 31

COUNTY OF DELTA, MICHIGAN
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Years Ended September 30

COUNTY ROAD COMMISSION - COMPONENT UNIT

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 484,965	$ 432,069	$ 439,535	$ 385,719	$ 374,906	$ 360,540	$ 554,186	$ 548,582	$ 524,149	$ 401,915
Contributions in relation to the actuarially determined contribution	1,084,965	640,592	589,535	735,719	874,906	660,540	554,186	548,582	524,149	401,915
Contribution deficiency (excess)	$ (600,000)	$ (208,523)	$ (150,000)	$ (350,000)	$ (500,000)	$ (300,000)	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 1,586,458	$ 1,450,708	$ 1,451,488	$ 1,371,526	$ 1,282,431	$ 1,306,931	$ 1,235,451	$ 1,188,423	$ 1,189,429	$ 1,372,914
Contributions as a percentage of covered-employee payroll	68%	44%	41%	54%	68%	51%	45%	46%	44%	29%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, which is 18 months prior to the beginning of the fiscal year in which contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5-years smoothed
Inflation	2.50%
Salary increases	3.75%, average, including inflation
Investment rate of return	7.75%
Retirement age	Experienced-based tables of rates that are specific to the type of eligibility condition.
Mortality	50% Female/50% Male RP-2014 Annuity Mortality Table
Note	Above dates on based on fiscal year and not the measurement date

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OTHER SUPPLEMENTAL INFORMATION

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Special Revenue Funds			
	Title III Forest Projects	MIDC Grant	Friend of Court	Circuit Court Counseling
ASSETS				
Cash and equivalents:				
Unrestricted	$ 309,411	$ -	$ 165,225	$ 94,125
Restricted	-	27,245	-	-
Receivables:				
Accounts	-	-	-	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 309,411	$ 27,245	$ 165,225	$ 94,125
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 1,377	$ 94	$ -
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	-	-	-	-
Total liabilities	-	1,377	94	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	309,411	25,868	165,131	-
Committed	-	-	-	-
Assigned	-	-	-	94,125
Unassigned	-	-	-	-
Total fund balances	309,411	25,868	165,131	94,125
Total liabilities and fund balances	$ 309,411	$ 27,245	$ 165,225	$ 94,125

See accompanying notes to financial statements.

Special Revenue Funds						
Community Action	Hannahville Funding	Donations	Building and Zoning	Drug Enforcement	County Survey
$ 1,661	$ 62,461	$ 131,865	$ 164,473	$ 7,065	$ 116,368
-	-	-	-	-	-
-	-	4,850	-	-	-
11,297	-	-	-	1,085	-
-	-	-	-	-	-
$ 12,958	$ 62,461	$ 136,715	$ 164,473	$ 8,150	$ 116,368
$ 12,946	$ -	$ 878	$ 4,916	$ 116	$ -
-	-	-	-	-	-
-	-	-	5,261	4,279	-
12,946	-	878	10,177	4,395	-
-	-	-	-	-	-
12	-	-	-	-	-
-	-	-	-	-	-
-	62,461	135,837	154,296	3,755	116,368
-	-	-	-	-	-
12	62,461	135,837	154,296	3,755	116,368
$ 12,958	$ 62,461	$ 136,715	$ 164,473	$ 8,150	$ 116,368

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Special Revenue Funds			
	R.O.D. Automation	Concealed Pistol Licensing	Law Library	Training
ASSETS				
Cash and equivalents:				
Unrestricted	$ 96,114	$ 50,459	$ 25,690	$ 6,360
Restricted	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 96,114	$ 50,459	$ 25,690	$ 6,360
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,487	$ 182	$ 368	$ -
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	258	436	-	-
Total liabilities	1,745	618	368	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	94,369	49,841	-	6,360
Committed	-	-	-	-
Assigned	-	-	25,322	-
Unassigned	-	-	-	-
Total fund balances	94,369	49,841	25,322	6,360
Total liabilities and fund balances	$ 96,114	$ 50,459	$ 25,690	$ 6,360

See accompanying notes to financial statements.

Special Revenue Funds						
Child Care	Soldiers and Sailors	Co-Probation	Sobriety Court	Northcare Sobriety Court	Prosecutors Grant
$ 612,228	$ 11,920	$ 136,690	$ 8,536	$ 26,211	$ 71
-	-	-	-	-	-
-	-	-	-	-	-
49,571	-	6,250	1,207	-	5,678
-	-	-	-	-	-
$ 661,799	$ 11,920	$ 142,940	$ 9,743	$ 26,211	$ 5,749
$ 6,269	$ -	$ -	$ 400	$ 535	$ 5,253
-	-	-	-	-	-
12,963	-	3,932	-	-	266
19,232	-	3,932	400	535	5,519
-	-	-	-	-	-
642,567	11,920	139,008	9,343	25,676	230
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
642,567	11,920	139,008	9,343	25,676	230
$ 661,799	$ 11,920	$ 142,940	$ 9,743	$ 26,211	$ 5,749

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Debt Service Funds		Capital Project Funds	
	Jail Building Debt	Energy Project	Capital Outlay	Airport Improvement
ASSETS				
Cash and equivalents:				
Unrestricted	$ 269,812	$ -	$ 464,049	$ -
Restricted	755,989	-	-	141,511
Receivables:				
Accounts	-	-	-	7,940
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 1,025,801	$ -	$ 464,049	$ 149,451
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 144	$ -	$ -	$ -
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	-	-	-	-
Total liabilities	144	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,025,657	-	185,000	149,451
Committed	-	-	-	-
Assigned	-	-	279,049	-
Unassigned	-	-	-	-
Total fund balances	1,025,657	-	464,049	149,451
Total liabilities and fund balances	$ 1,025,801	$ -	$ 464,049	$ 149,451

See accompanying notes to financial statements.

Capital Project Funds		Total Nonmajor Governmental Funds
Renaissance Zone	Brownfield	
$ 7,916	$ 11,002	$ 2,779,712
-	-	924,745
-	-	12,790
-	-	75,088
-	-	-
$ 7,916	$ 11,002	$ 3,792,335
$ -	$ -	$ 34,965
-	-	-
-	-	27,395
-	-	62,360
-	-	-
7,916	11,002	2,858,762
-	-	-
-	-	871,213
-	-	-
7,916	11,002	3,729,975
$ 7,916	$ 11,002	$ 3,792,335

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2019

	Special Revenue Funds			
	Title III Forest Projects	MIDC Grant	Friend of Court	Circuit Court Counseling
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
License and permits	-	-	-	-
Federal sources	55,520	-	-	-
State sources	-	203,726	1,015	-
Local sources	-	-	9,985	3,100
Charges for services	-	-	-	-
Interest and rentals	-	10	-	-
Other	-	-	105	-
Total revenues	55,520	203,736	11,105	3,100
EXPENDITURES:				
Judicial system	-	285,100	7,708	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	-	285,100	7,708	-
Excess revenues (expenditures)	55,520	(81,364)	3,397	3,100
OTHER FINANCING SOURCES (USES):				
Transfer in	-	107,232	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	107,232	-	-
Net changes in fund balance	55,520	25,868	3,397	3,100
Fund balances - beginning	253,891	-	161,734	91,025
Fund balances - ending	$ 309,411	$ 25,868	$ 165,131	$ 94,125

See accompanying notes to financial statements.

Special Revenue Funds						
Community Action	Hannahville Funding	Donations	Building and Zoning	Drug Enforcement	County Survey	
$ 690,637	$ -	$ -	$ -	$ -	$ -	
-	-	-	210,799	-	-	
-	-	-	-	37,508	-	
144,981	-	15,986	-	-	109,553	
-	153,259	115,295	-	-	-	
-	-	3,600	-	-	-	
-	-	-	-	-	-	
-	-	-	1,600	10,141	-	
835,618	153,259	134,881	212,399	47,649	109,553	
-	-	-	-	-	-	
-	-	-	192,612	-	96,454	
-	-	33,336	-	145,717	-	
835,606	-	-	-	-	-	
-	-	-	-	-	-	
-	-	60,782	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	153,259	-	-	-	-	
835,606	153,259	94,118	192,612	145,717	96,454	
12	-	40,763	19,787	(98,068)	13,099	
-	-	-	20,000	99,000	-	
-	-	-	-	-	-	
-	-	-	20,000	99,000	-	
12	-	40,763	39,787	932	13,099	
-	62,461	95,074	114,509	2,823	103,269	
$ 12	$ 62,461	$ 135,837	$ 154,296	$ 3,755	$ 116,368	

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2019

	Special Revenue Funds			
	R.O.D. Automation	Concealed Pistol Licensing	Law Library	Training
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
License and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	-	7,984
Charges for services	36,325	21,965	-	-
Interest and rentals	-	-	-	-
Other	-	11	4,500	-
Total revenues	36,325	21,976	4,500	7,984
EXPENDITURES:				
Judicial system	-	-	13,902	-
General government	23,447	-	-	-
Public safety	-	16,388	-	6,048
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	23,447	16,388	13,902	6,048
Excess revenues (expenditures)	12,878	5,588	(9,402)	1,936
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	5,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	5,000	-
Net changes in fund balance	12,878	5,588	(4,402)	1,936
Fund balances - beginning	81,491	44,253	29,724	4,424
Fund balances - ending	$ 94,369	$ 49,841	$ 25,322	$ 6,360

See accompanying notes to financial statements.

Special Revenue Funds						
Child Care	Soldiers and Sailors	Co-Probation	Sobriety Court	Northcare Sobriety Court	Prosecutors Grant
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	75,000	-	-	-
386,526	-	-	46,235	-	45,154
1,678	-	-	-	35,394	-
18,421	-	-	-	-	-
-	-	-	-	-	-
-	-	-	22	-	-
406,625	-	75,000	46,257	35,394	45,154
-	-	-	-	-	-
-	-	-	-	-	45,413
-	-	-	-	-	-
576,476	3,057	115,504	36,923	13,869	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
576,476	3,057	115,504	36,923	13,869	45,413
(169,851)	(3,057)	(40,504)	9,334	21,525	(259)
350,000	1,500	-	-	-	-
(57,729)	-	-	-	-	-
292,271	1,500	-	-	-	-
122,420	(1,557)	(40,504)	9,334	21,525	(259)
520,147	13,477	179,512	9	4,151	489
$ 642,567	$ 11,920	$ 139,008	$ 9,343	$ 25,676	$ 230

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2019

	Debt Service Funds		Capital Projects	
	Jail Building Debt	Energy Project	Capital Outlay	Airport Improvement
REVENUES:				
Taxes	$ 963,852	$ -	$ -	$ -
License and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	141,440	-	-	-
Local sources	-	-	34,846	157,361
Charges for services	-	-	-	-
Interest and rentals	2,870	-	-	800
Other	-	-	-	-
Total revenues	1,108,162	-	34,846	158,161
EXPENDITURES:				
Judicial system	-	-	-	-
General government	-	-	71,386	54,687
Public safety	273	-	-	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	210,059	58,865
Debt service:				
Principal	591,000	74,106	-	-
Interest	403,894	10,519	-	-
Other	-	-	-	-
Total expenditures	995,167	84,625	281,445	113,552
Excess revenues (expenditures)	112,995	(84,625)	(246,599)	44,609
OTHER FINANCING SOURCES (USES):				
Transfer in	-	84,625	303,500	-
Transfer out	-	-	(84,625)	-
Total other financing sources (uses)	-	84,625	218,875	-
Net changes in fund balance	112,995	-	(27,724)	44,609
Fund balances - beginning	912,662	-	491,773	104,842
Fund balances - ending	$ 1,025,657	$ -	$ 464,049	$ 149,451

See accompanying notes to financial statements.

Capital Projects		Total Nonmajor Governmental Funds
Renaissance Zone	Brownfield	
$ -	$ -	$ 1,654,489
-	-	210,799
-	-	168,028
-	-	1,094,616
-	-	518,902
-	-	80,311
-	-	3,680
-	-	16,379
-	-	3,747,204
-	-	306,710
425	-	484,424
-	-	201,762
-	-	1,581,435
-	-	-
-	-	329,706
-	-	665,106
-	-	414,413
-	-	153,259
425	-	4,136,815
(425)	-	(389,611)
-	-	970,857
-	-	(142,354)
-	-	828,503
(425)	-	438,892
8,341	11,002	3,291,083
$ 7,916	$ 11,002	$ 3,729,975

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2019

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents				
Unrestricted	$ 392,966	$ 1,632,700	$ 473,041	$ 2,498,707
Investments	-	3,772,137	-	3,772,137
Receivables:				
Accounts	-	-	-	-
Interest	-	10,590	-	10,590
Notes receivable	-	28,418	-	28,418
Total current assets	392,966	5,443,845	473,041	6,309,852
Noncurrent assets:				
Notes receivable	-	273,593	-	273,593
Total noncurrent assets	-	273,593	-	273,593
Total assets	$ 392,966	$ 5,717,438	$ 473,041	$ 6,583,445
LIABILITIES				
Current liabilities:				
Accounts payable	$ -	$ -	$ 19,443	$ 19,443
Accrued payroll	-	-	782	782
Total liabilities	-	-	20,225	20,225
NET POSITION				
Restricted	150,000	-	-	150,000
Unrestricted	242,966	5,717,438	452,816	6,413,220
Total net position	392,966	5,717,438	452,816	6,563,220
TOTAL LIABILITIES AND NET POSITION	$ 392,966	$ 5,717,438	$ 473,041	$ 6,583,445

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
OPERATING REVENUES:				
Rental and interest income	$ -	$ -	$ 58,988	$ 58,988
State sources	-	-	-	-
Miscellaneous	-	-	467	467
Total operating revenue	-	-	59,455	59,455
OPERATING EXPENSES:				
Salaries and fringes	9,368	-	24,849	34,217
Supplies	-	-	6,337	6,337
Contracted services	-	-	52,215	52,215
Repairs and maintenance	-	-	25,796	25,796
Utilities	-	-	8,997	8,997
Miscellaneous	-	-	16,665	16,665
Total operating expenses	9,368	-	134,859	144,227
Operating income (loss)	(9,368)	-	(75,404)	(84,772)
NONOPERATING REVENUES (EXPENSES):				
Interest income	-	156,620	-	156,620
Income (loss) before transfers and contributions	(9,368)	156,620	(75,404)	71,848
Transfer in	-	-	-	-
Transfer out	-	(473,500)	-	(473,500)
Change in net position	(9,368)	(316,880)	(75,404)	(401,652)
Total net position - beginning	402,334	6,034,318	528,220	6,964,872
Total net position - ending	$ 392,966	$ 5,717,438	$ 452,816	$ 6,563,220

See accompanying notes to financial statements.

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COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interest and rents	$ -	$ 241,214	$ 75,124	$ 316,338
Payments to suppliers	-	-	(103,041)	(103,041)
Payments for wages and related benefits	(9,368)	-	(24,958)	(34,326)
Receipts from other funds	-	350,000	-	350,000
Other cash receipts (payments)	-	-	467	467
Net cash provided (used) by operating activities	(9,368)	591,214	(52,408)	529,438
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	-	-	-	-
Transfer out	-	(473,500)	-	(473,500)
Net cash provided (used) by noncapital financing activities	-	(473,500)	-	(473,500)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net transfer of investments	-	(193,013)	-	(193,013)
Interest earnings	-	156,620	-	156,620
Net cash provided (used) by investing activities	-	(36,393)	-	(36,393)
Net increase (decrease) in cash and equivalents	(9,368)	81,321	(52,408)	19,545
Cash and equivalents, beginning of year	402,334	1,551,379	525,449	2,479,162
Cash and equivalents, end of year	$ 392,966	$ 1,632,700	$ 473,041	$ 2,498,707
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (9,368)	$ -	$ (75,404)	$ (84,772)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in receivables	-	241,214	16,136	257,350
(Increase) decrease in due from other funds	-	350,000	-	350,000
Increase (decrease) in accounts payable	-	-	6,969	6,969
Increase (decrease) in accrued payroll	-	-	(109)	(109)
Total adjustments	-	591,214	22,996	614,210
Net cash provided by operating activities	$ (9,368)	$ 591,214	$ (52,408)	$ 529,438

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2019

	General Trust and Agency	Friend of Court Trust	District Court Trust
ASSETS			
Cash and cash equivalents:			
Unrestricted	$ 420,874	$ 691	$ 53,286
Due from local units	-	-	-
Total assets	420,874	691	53,286
LIABILITIES			
Due to other governmental units	41,837	-	-
Undistributed taxes	226,293	-	-
Other liabilities	152,744	691	53,286
Total liabilities	$ 420,874	$ 691	$ 53,286

See accompanying notes to financial statements.

Sheriff Inmate Trust	Library Penal Fines	Totals
$ 79,910	$ 38,291	$ 593,052
-	-	-
79,910	38,291	593,052
-	-	41,837
-	-	226,293
79,910	38,291	324,922
$ 79,910	$ 38,291	$ 593,052

See accompanying notes to financial statements.

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SINGLE AUDIT

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

"A Regional Firm Within the Upper Peninsula of Michigan"

Kristine P. Berhow, CPA, Principal
Brandy M. Olson, CPA, Principal
Kathleen A. Ciantar, CPA, Principal

Alan M. Stotz, CPA

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 the Delta County Board
of Commissioners and Management
Escanaba, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Delta County, Michigan, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Delta County's basic financial statements, and have issued our report thereon dated April 15, 2020. Our report includes a reference to other auditors who audited the financial statements of the Delta County Road Commission, as described in our report on Delta County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Delta County Central Dispatch Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not included reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Delta County Central Dispatch Authority.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a material weakness.

901 LUDINGTON STREET ESCANABA, MICHIGAN 49829 (906)786-3111 FAX (906)786-8940

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-002.

Delta County, Michigan's Response to Findings

Delta County's response to the finding identified in our audit is described above. Delta County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 P.L.C.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Escanaba, Michigan

April 15, 2020

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

"A Regional Firm Within the Upper Peninsula of Michigan"

Kristine P. Berhow, CPA, Principal
Brandy M. Olson, CPA, Principal
Kathleen A. Ciantar, CPA, Principal
Alan M. Stotz, CPA

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

To the Delta County Board
of Commissioners and Management
Escanaba, Michigan

Report on Compliance for Each Major Federal Program

We have audited Delta County, Michigan's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Delta County's major federal programs for the year ended September 30, 2019. Delta County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Delta County's basic financial statements include the operations of the Delta County Road Commission; Public Health, Delta & Menominee Counties; and the Delta County Central Dispatch Authority. The Delta County Road Commission received $172,720 in federal awards, and the Public Health, Delta & Menominee Counties received $875,756 in federal awards which are not included in Delta County's schedule of expenditures of federal awards during the year ended September 30, 2019. Our audit, described below, did not include the operations of the Delta County Road Commission, Public Health, Delta & Menominee Counties, nor Delta County Central Dispatch Authority because these component units issue separately audited financial statements, which include an audit of compliance, if required.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Delta County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delta County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

901 LUDINGTON STREET ESCANABA, MICHIGAN 49829 (906)786-3111 FAX (906)786-8940

Opinion on Each Major Federal Program

In our opinion, Delta County, 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 September 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Anderson, Tackman & Company P.L.C.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Escanaba, Michigan

April 15, 2020

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2019

Federal grantor/pass-through/program title	Federal CFDA Number	Agency or pass-through number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Health and Human Services:				
Passed through State of Michigan Department of Human Services:				
TANF Cluster	93.558	DEL-17-21001	$ 37,500	-
Child Support Enforcement	93.563	CS/COM-17-21003	408,503	-
Friend of Court - Federal Incentives	93.563	unknown	68,247	-
Promoting Safe and Stable Families	93.556	DEL-17-21001	37,500	-
Total U.S. Department of Health and Human Services			551,750	-
U.S. Department of Justice:				
Passed through the Michigan State Police				
Byrne Memorial Formula Grant	16.738	JAG-70768-U.P.S.E.T.-2018	37,508	-
U.S. Department of Agriculture:				
Direct Funding:				
Community Facilities Loan & Grants	10.766	-	3,870,600	-
Passed through Michigan Department of Natural Resources:				
Schools & Roads Grants to States-Title I	10.665	unknown	222,080	-
Schools & Roads Grants to States-Title III	10.665	unknown	55,520	-
Total U.S. Department of Agriculture			4,148,200	-
U.S. Department of Homeland Security:				
Passed through Michigan State Police:				
Emergency Management Performance	97.042	2018 EMPG	19,897	-
Passed through the Michigan Department of Natural Resources:				
Boating Safety Financial Assistance	97.012	MSR-MS18-072	-	-
Passed through Houghton County:				
Homeland Security Grant-2016	97.067	unknown	11,143	-
Homeland Security Grant-2017	97.067	unknown	23,622	-
Homeland Security Grant-2018	97.067	unknown	2,200	-
Total U.S. Department of Homeland Security			56,862	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,794,320	$ -

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF DELTA, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

NOTE A – OVERSIGHT AGENCY

The U.S. Department of Agriculture is the current year's oversight agency for single audit as determined by the agency providing the largest share of direct federal financial assistance.

NOTE B – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Delta County under programs of the federal government for the year ended September 30, 2019. The information in the 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 Delta County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Delta County. The information in the schedules reconciles with the amounts presented in the financial statements as shown in Note F below.

NOTE C – BASIS OF PRESENTATION

1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2) Delta County has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – PASS-THROUGH GRANT MONIES

During 2019, the County did not pass through any grant funds.

NOTE E – PASS-THROUGH GRANTOR'S OR PROGRAM NUMBERS

The pass-through grantor's number represents the County's provider I.D. number. Such other I.D. numbers were not available or provided by the State administering agencies.

COUNTY OF DELTA, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

NOTE F – FEDERAL REVENUE RECONCILIATION

Federal revenue per governmental fund financial statements	$ 1,028,372
Federal expenditures per schedule of expenditures of federal award	4,794,320
Difference	(3,765,948)
Reconciling items:	
Federal revenues for CFDA #10.665-Title III funds were received in the amount of $0 and reported as revenue in the financial statements, with $0 of it being expended and reported in the schedule of expenditures of federal awards.	-
Federal payment in-lieu of taxes reported as federal revenue but not included on the schedule of expenditures of federal awards.	(363,697)
Expenditures reported on the schedule of expenditures of federal in the current year which were not recorded as revenue in the current year.	
CFDA #10.665	222,080
CFDA #10.766	3,870,600
CFDA #97.067	36,965
Reconciled difference	$ -

NOTE G – LOAN PROGRAMS

The balances and transactions relating to the Community Facilities loan are included the County's basic financial statements. Loans made during the current year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at September 30, 2019 for the Community Facilities Loan – CFDA # 10.766 was $17,309,000.

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the County of Delta, Michigan.

2. There was one material weakness disclosed during the audit of the basic financial statements to be reported in the *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*.

3. There was one instance of noncompliance material to the basic financial statements of the County of Delta, Michigan disclosed during the audit.

4. There were no significant deficiencies or material weaknesses disclosed during the audit of the major federal programs to be reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.*

5. The auditor's report on compliance for the major federal programs for the County of Delta, Michigan expresses an unmodified opinion.

6. There were no findings noted relative to the major federal programs for the County of Delta.

7. The programs tested as major programs included:

    - Community Facilities Loan & Grants CFDA #10.766

8. The threshold for distinguishing Type A & B programs was $750,000.

9. The County of Delta, Michigan did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001: Material Weakness – Material Audit Adjustments

Criteria: The County is required to have internal controls in place to properly records, process, and report accounting data.

Condition: Material audit adjustments were required to properly accrue revenues and expenditures to present the financial statements in accordance with generally accepted accounting principles.

Effect: The County lacks internal controls over recording and reporting accounting data. The County's trial balances were not materially correct at year-end.

Cause: Revenues and expenditures were not properly recorded in the County general ledger. This condition was caused by turnover in County personnel and staffing constraints given the turnover.

Recommendation: All revenues and expenditures should be properly accrued in the general ledger of the County prior to final trial balances being produced for preparation of the year-end financial statements.

Management Response: County management will review procedures to properly accrue revenues and expenditures as required to ensure that the financial statements are materially correct. The County did hire an additional accountant to assist with the year end closing process and external audit for the 2019 fiscal year. With the help of the additional accountant, the County was able to significantly decrease the number of material adjusting journal entries identified in the audit.

2019-002: Compliance Finding – Violation of Public Act 2 of 1968, as Amended

Criteria: Expenditures in excess of appropriations is contrary to the provisions of Public Act 2.

Condition: During the fiscal year ended September 30, 2019, expenditures were incurred in excess of amounts appropriated in the amended budgets of certain funds (see footnote B for detail of funds).

Effect: The County is not in compliance with State statutes.

Cause: Budgets were not amended prior to processing disbursements in the affected funds.

Recommendation: Budgets should be amended prior to expenditures being incurred that are in excess of appropriated amounts.

Management Response: Due to the timing of accruals, accurate and honest budgeting projections at the 9/30 date are not feasible. Per state law, budgets were not adjusted following 9/30 despite additional expenditures after this date to be accrued back. Budget are annually reviewed and amended. Budgets are done conservatively. Management will continue to be responsible with projected expenditures and attempt to avoid the appearance of compliance issues.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

DELTA COUNTY BOARD OF COMMISSIONERS
ADMINISTRATION OFFICE
310 LUDINGTON STREET
ESCANABA, MICHIGAN 49829
PHONE: 906-789-5100
FAX: 906-789-5197

April 15, 2020

Federal Audit Clearinghouse
Re: County of Delta, Michigan
Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2019

2018-001: Material Weakness – Material Audit Adjustments

Statement of Condition/Criteria: The County is required to have internal controls in place to properly records, process, and report accounting data. Material audit adjustments were required to properly accrue revenues and expenditures to present the financial statements in accordance with generally accepted accounting principles.

Fiscal Year in Which the Finding Initially Occurred: 2018

Federal Program and CFDA Number: N/A

Status: Partially Corrected

Planned Corrective Action: See finding 2019-001 in Schedule of Findings and Questions Costs.

2018-002: Compliance Finding – Violation of Public Act 2 of 1968, as Amended

Statement of Condition/Criteria: Expenditures in excess of appropriations is contrary to the provisions of Public Act 2.

Fiscal Year in Which the Finding Initially Occurred: 2018

Federal Program and CFDA Number: N/A

Status: Partially Corrected

Planned Corrective Action: See finding 2019-002 in Schedule of Findings and Questions Costs.

Delta County is an equal opportunity provider and employer.

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DELTA COUNTY BOARD OF COMMISSIONERS

ADMINISTRATION OFFICE
310 LUDINGTON STREET
ESCANABA, MICHIGAN 49829
PHONE: 906-789-5100
FAX: 906-789-5197

Municipality Code: 21000
Fiscal Year: 2019

The following corrective action plan shall be submitted to the Federal Audit Clearing House:

1. 2019-001 Material Weakness – Material Audit Adjustments.

   The Delta County Audit required material audit adjustments. The County will focus on having all entries posted to the correct fiscal year prior to the future audits. The County had some recent turnover in key financial positions. These employees will receive training and continuing education in an effort to comply with this corrective action plan.

   Delta County Administration and the Delta County Treasurer will be responsible for implementation of this corrective action. We anticipate the corrective action plan will be completed by 9/30/2020, which is the end of FY20.

2. 2019-002 Compliance Finding – Violation of P.A. 2 of 1968 as amended.

   Budgeting projections can often times be difficult or impossible given the accrual accounting method. We make every effort to have an accurate and honest budget. This fiscal year, due primarily to large scale construction projects for our new jail as well as operational costs for the new jail facility, budgets were not able to be adjusted after the September 30 date to account for recognized expenses. We will continue to budget conservatively. We will continue to be responsible with projected expenditures and attempt to avoid the expenditures exceeding budgeted amounts in certain funds.

   Delta County Administration will be responsible for implementation of this corrective action plan. We anticipate the corrective action plan will be completed by 9/30/2020, which is the end of FY 2020.

   Delta County does not assume liability for responsibilities outside of the County. We will work hard to continue professional development and obtain training to help us obtain compliance in future years. If additional information or documentation is needed to support this corrective action plan, please contact me at edesalvo@deltacountymi.org or (906) 789-5118.

Sincerely,

Emily A. DeSalvo
Delta County Administrator

Delta County is an equal opportunity provider and employer.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

"A Regional Firm Within the Upper Peninsula of Michigan"

Kristine P. Berhow, CPA, Principal
Brandy M. Olson, CPA, Principal
Kathleen A. Ciantar, CPA, Principal
Alan M. Stotz, CPA

REPORT TO MANAGEMENT

To the Delta County Board
of Commissioners and Management
Escanaba, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Delta County, Michigan for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Delta County are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019 except for the adopting of Statement of Governmental Accounting Standards (GASB Statement) No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. We noted no transactions entered into by Delta County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

During 2019, the Delta County Sheriff's Office moved to the new Correctional Facility. As a result, the old jail site was left unoccupied and unused by any County departments. In accordance with *GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the old jail site was impaired and written down to the lower of the carrying value or fair value.

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 County's financial statements were:

> Management's estimate of the useful lives of capital assets is based on intended use of the asset and management's experience with similar assets. Management's estimate of net pension liability is based upon information provided to the County by the retirement system, including actuarial valuations. We evaluated the key factors and assumptions used to develop the useful lives of capital assets and net pension liability in determining that they are reasonable in relation to the financial statements taken as a whole.

901 LUDINGTON STREET ESCANABA, MICHIGAN 49829 (906)786-3111 FAX (906)786-8940

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of the Defined Benefit Retirement Plan – Municipal Employees Retirement System of Michigan (MERS), in the notes to the financial statements, includes significant actuarial assumptions used in calculating the valuation. An actuarial company was hired by MERS to prepare the annual actuarial valuation. The disclosures made in the notes to the financial statements were based on information included in that actuarial valuation.

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. Management has corrected all such misstatements. The material misstatements detected as a result of audit procedures were corrected by management and related to cutoff of revenue and expenditures.

Disagreements 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 April 15, 2020.

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 Delta County'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 Delta County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules, the schedules of net pension liability and related ratios for the pension system, and the schedules of employer contributions for the pension system, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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 nonmajor fund financial statements and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Comments & Recommendations

In planning and performing our audit of the financial statements of Delta County for the year ended September 30, 2019, we considered the County's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. This memorandum does not affect our report dated April 15, 2020, on the financial statements of Delta County.

OTHER MATTERS - COMMENTS & RECOMMENDATIONS

Court Bonds Payable (repeat)

Comment:

The list of court bonds payable could not be reconciled to the bond bank statement. The County does not have procedures in place to ensure this reconciliation is performed on a monthly basis.

Recommendation:

The list of bonds outstanding should be reconciled to the bank statement on a monthly basis.

Inmates' Payables

Comment:

The list of inmates' payables could not be reconciled to the related bank statement or supporting records. The County does not have procedures in place to ensure this reconciliation is performed on a monthly basis.

Recommendation:

The list of payables to inmates should be reconciled to the bank statement and supporting records on a monthly basis.

Purchase Policy

Comment:

At times, the County uses an unwritten purchase policy which makes exceptions to the purchase order requirements for certain expenses including utilities, service contracts, maintenance, and vehicle repairs. The County appears to be consistently following this informal policy

Recommendation:

The formal written purchase policy should be updated to clarify any exclusions to the purchase order requirement and other procedures that are regularly practiced.

Restriction on Use

This information is intended solely for the information and use of the Delta County Board of Commissioners and management of Delta County and is not intended to be, and should not be, used by anyone other than these specified parties.

Anderson, Tackman & Company P.L.C.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Escanaba, Michigan

April 15, 2020