COUNTY OF DELTA, MICHIGAN

BASIC FINANCIAL STATEMENTS
with Supplemental Information

YEAR ENDED SEPTEMBER 30, 2020

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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 aggregate 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, 2020, and the related notes to the financial statements, which collectively comprise the 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, 98% of net position, and 72% 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Delta County, Michigan, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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. 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 March 29, 2021, 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

March 29, 2021

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, 2020. 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 decreased by $176,305 from 2019. The deferred outflow of resources decreased by $1.1 million to a balance of $3.0 million, and deferred inflows of resources increased by $0.7 million to a balance of $1.9 million at September 30, 2020. 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.

- Net position for the County was reported at $30,838,004 for 2020 and $31,951,275 for 2019, which is a decrease of $1,113,271. For 2020, net position for business-type activities was $6,937,490 or 22% of total net position, while net position in our governmental activities was $23,900,514 or 78% of total net position.

- The County's expenses for 2020 totaled $19,834,374, while revenues from all sources totaled $18,721,103, leaving a decrease of $1,113,271. In 2019, expenses totaled $18,732,920 while revenues totaled $18,981,527, leaving an increase of $248,607.

- The General Fund reported an increase in fund balance of $122,732 in 2020 and an increase of $432,145 in 2019, representing a change in fund balance of +2% and +7%, respectively. The General Fund reported revenues of $11,356,415 in 2020 compared to $10,925,069 in 2019, and expenditures of $10,262,721 in 2020 compared to $9,656,921 in 2019. Net transfers in 2020 were -$970,962 as compared to -$836,003 in 2019.

- The County received approximately $1,123,000 in federal funding specific to Covid-19 during 2020. Approximately, $385,000 was intended for airport operations and $305,000 was intended to replace the August 2020 state revenue sharing payment that was not received. The remainder of the federal funding was related to first responder hazard pay and public safety and public health payroll reimbursements.

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 decreased by $1,113,271 in 2020 and increased by 248,607 in 2019.

Table 1
Net Position

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Current and other assets	$ 18,611,011	$ 17,958,325	$ 6,958,284	$ 6,459,871
Capital assets (net)	35,654,156	36,600,460	14,589	18,395
Total Assets	54,265,167	54,558,785	6,972,873	6,478,266
Deferred outflows	3,024,155	4,170,684	-	-
Long-term debt outstanding	17,020,962	17,467,420	-	-
Other liabilities	14,503,043	14,639,672	35,383	30,167
Total Liabilities	31,524,005	32,107,092	35,383	30,167
Deferred inflows	1,864,803	1,119,201	-	-
Net Position:				
Net investment in capital assets	18,633,194	19,133,040	14,589	18,395
Restricted assets:				
Expendable	3,514,471	3,038,164	1,618,879	-
Unrestricted	1,752,849	3,331,972	5,304,022	6,429,704
Total net position	$ 23,900,514	$ 25,503,176	$ 6,937,490	$ 6,448,099

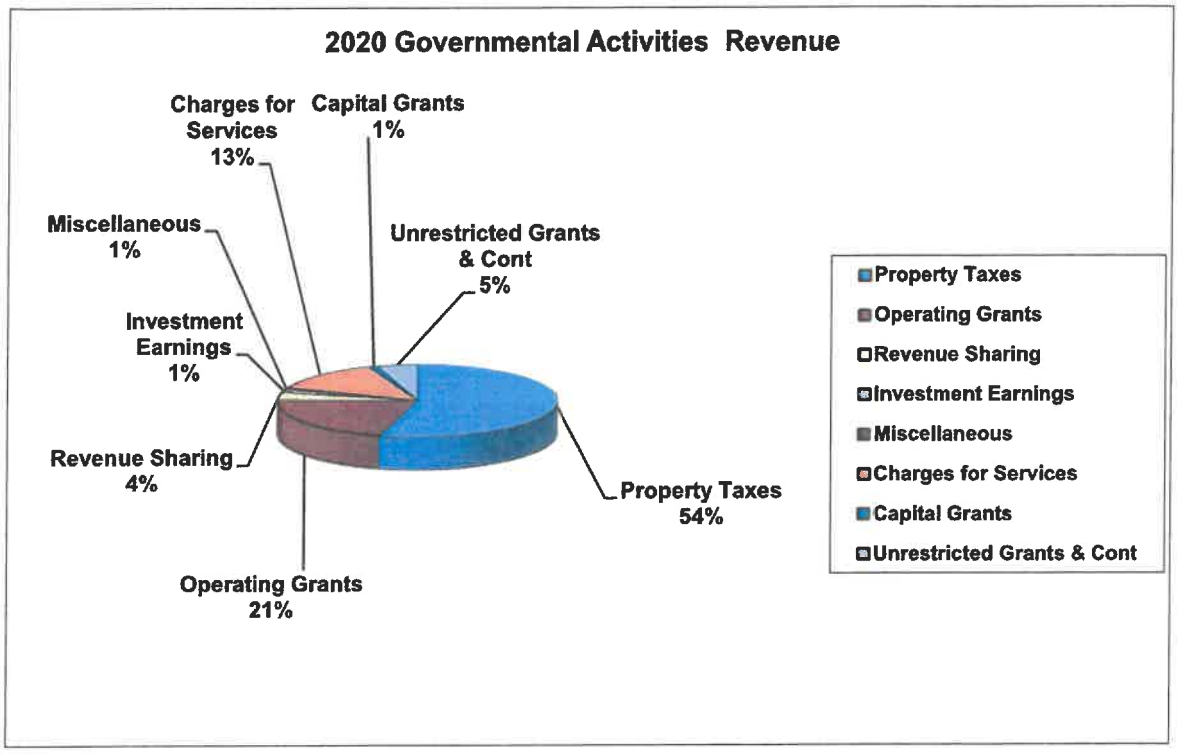
Net position of the County's governmental activities stood at $23,900,514, down from $25,503,176 in 2019. Unrestricted net position, the part of net position that could be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements stood at $1,752,849 and $3,331,972 for 2020 and 2019, respectively.

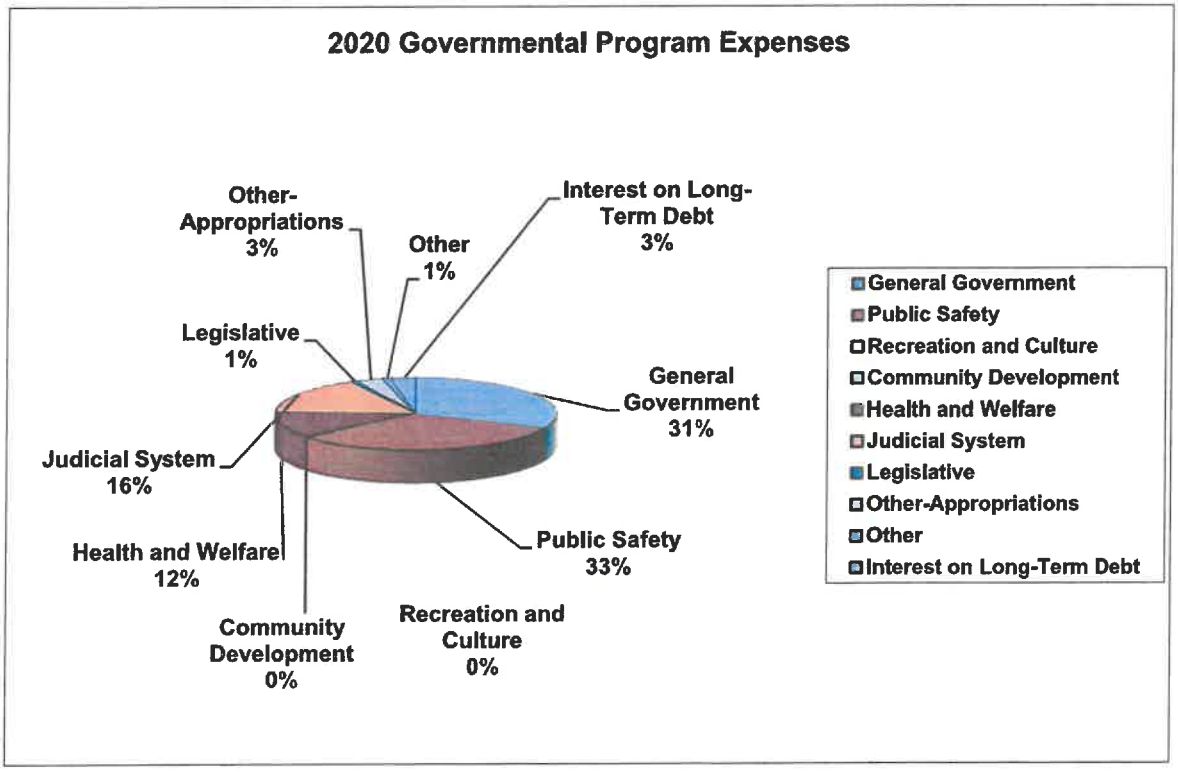
Net position in our business-type activities stood at $6,937,490, up from $6,448,099 in 2019.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Revenues:				
Program Revenues:				
Charges for services	$ 2,411,569	$ 2,811,470	$ 631,829	$ 836,257
Operating grants	3,806,439	3,283,421	12,551	-
Capital grants	177,424	260,086	-	-
General Revenues:				
Property taxes	9,794,877	10,014,985	-	-
State revenue sharing	642,385	821,856	-	-
Grants and contributions not restricted to specific programs	836,816	514,788	-	-
Unrestricted investment earnings	196,203	218,204	60,539	51,894
Miscellaneous	150,471	168,566	-	-
Total Revenues	18,016,184	18,093,376	704,919	888,151
Program Expenses:				
Legislative	163,597	156,311	-	-
Judicial system	3,223,241	2,801,443	-	-
General government	6,159,490	5,758,486	-	-
Public safety	6,401,772	6,081,738	-	-
Health and welfare	2,310,016	2,376,098	-	-
Recreation and culture	36,326	26,523	-	-
Other-appropriations	574,641	564,289	-	-
Other	192,045	153,259	-	-
Interest on long-term debt	557,718	540,344	-	-
Delinquent tax revolving	-	-	110,823	163,816
Jail commissary	-	-	104,705	110,613
Total Expenses	19,618,846	18,458,491	215,528	274,429
Excess (deficiency) before transfers and contributions	(1,602,662)	(365,115)	489,391	613,722
Transfers	-	53,766	-	(53,766)
Increase (decrease) in net position	(1,602,662)	(311,349)	489,391	559,956
Net position - beginning	25,503,176	25,814,525	6,448,099	5,888,143
Net position - ending	$ 23,900,514	$ 25,503,176	$ 6,937,490	$ 6,448,099

Governmental Activities





Governmental Activities

Revenues (including net transfers) for the County's governmental activities totaled $18.0 million, down 0.7% from $18.1 million in 2019. Expenses totaled $19.6 million in 2020, up 6.3% from $18.5 million in 2019.

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	
	2020	2019	2020	2019
Public safety	$ 6,401,772	$ 6,081,738	$ 4,740,232	$ 5,006,186
Judicial system	3,223,241	2,801,443	1,342,656	931,868
General government	6,159,490	5,758,486	3,905,367	3,152,870
Health and welfare	2,310,016	2,376,098	1,710,832	1,571,864
Other - appropriation	574,641	564,289	574,641	564,289
Totals	$ 18,669,160	$ 17,582,054	$ 12,273,728	$ 11,227,077

Business-Type Activities

The County's business-type activities net position totaled $6,937,490 as compared to $6,448,099 in 2019. The increase is due to profits from foreclosures, jail commissary sales, and collection of interest on delinquent taxes.

THE COUNTY'S FUNDS

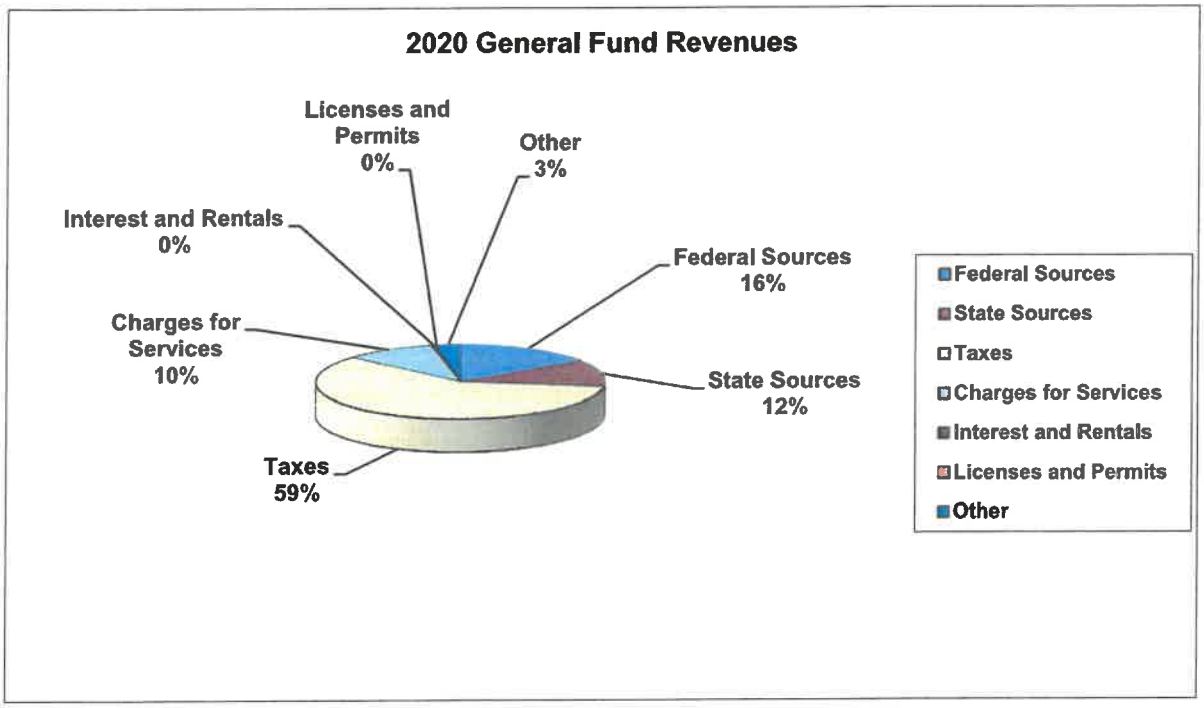
The focus of the governmental funds of the County is to provide information on near-term inflows, outflows and balances in spendable resources. The fund information is useful to determine short-term financing requirements and can be used to measure the County's net resources available for spending at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

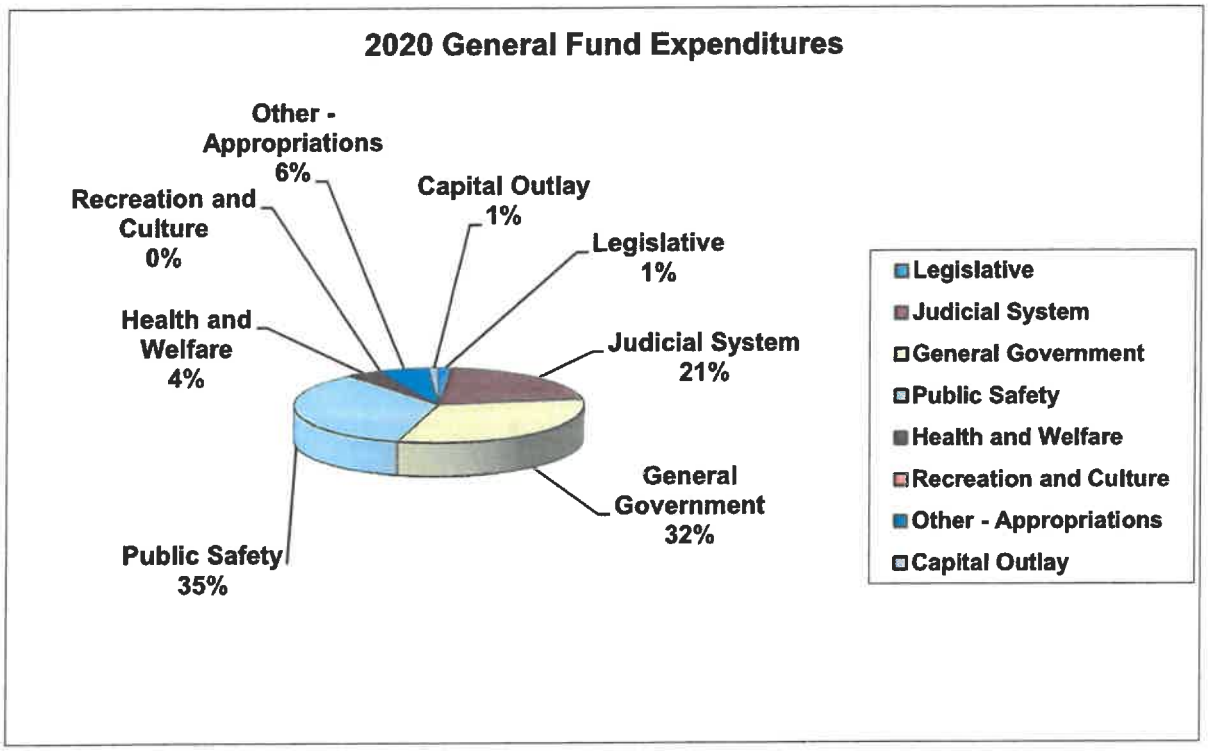
For the current fiscal year, the County's governmental funds reported total fund balance of $10,716,658. The General Fund unassigned fund balance amounted to $4,166,552 and $2,049,000 was committed for pension stabilization. The General Fund had an increase in fund balance of $122,732, representing an increase of 2% over the prior year total fund balance. The increase was primarily due to additional federal funding 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 2020 Amended Budget increased by $825,723 over the original fiscal year 2020 Approved Budget, which represents an increase of 8.6%. However, final expenditures were actually $623,853, or 6.5% more than the original approved expenditure authority as a result of election costs, corrections costs, and capital outlay that was unexpected at the time of the original budget. The original budget was projected to add $309 to fund balance, however $122,732 was added to General Fund Balance due to fiscal year 2020 activities and savings.

General Fund





CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2020, the County had $35,668,745, 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	
	2020	2019	2020	2019	2020	2019
Capital assets	$ 55,949,198	$ 55,492,497	$ 26,641	$ 26,641	$ 55,975,839	$ 55,519,138
Accumulated depreciation	(20,295,042)	(18,892,037)	(12,052)	(8,246)	(20,307,094)	(18,900,283)
Total	$ 35,654,156	$ 36,600,460	$ 14,589	$ 18,395	$ 35,668,745	$ 36,618,855

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. There were similar additions related to vehicles and other improvements in 2020.

DEBT

At year-end, the County had $16,940,000 in bonds outstanding and $80,962 in notes outstanding as explain in footnote G.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2020	2019
General Obligation Unlimited Tax Bonds:		
Series 2017A	$ 8,517,000	$ 8,702,000
Series 2017B	8,423,000	8,607,000
Notes Payable:		
Energy Project	80,962	158,420
Totals	$ 17,020,962	$ 17,467,420

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

The financial picture remains strong due to recent growth in Delta County taxable value. Taxable value in the fiscal year 2021 budget is expected to increase by between 1 and 3 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 several 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 2020 was the pandemic of Coronavirus Disease of 2020. The pandemic caused loss of revenues from numerous departments throughout the County, along with unexpected expenses. Some of the loss of revenues and expenses will be reimbursed with federal and state grants which will be included in 2021 budget. We are continuing to monitor the impact of the coronavirus (COVID-19) pandemic and the related government mandates. Currently, the County is unable to quantify the potential effects.

The county has a strong debt profile, strong financial reserves, and has had sound management of General Fund cost expenditures in recent years with the exception of fiscal year 2020, which have all helped to make the County's financial picture very strong. 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 completed their master planning and documented 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.

The County is currently completing capital projects at the airport, which will be grant funded.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 10,403,794	$ 4,304,663	$ 14,708,457
Investments	5,580,024	1,327,526	6,907,550
Receivables:			
Accounts	216,866	103,137	320,003
Current taxes	883,625	-	883,625
Notes	20,394	-	20,394
Delinquent taxes	-	890,955	890,955
Interest & admin fee	-	151,509	151,509
Due from other governmental units	2,185	-	2,185
Due from State of Michigan	873,655	-	873,655
Prepaids	134,594	80	134,674
Inventory	23,735	-	23,735
Total current assets	18,138,872	6,777,870	24,916,742
Noncurrent assets:			
Notes receivable	472,139	-	472,139
Delinquent taxes receivable	-	180,414	180,414
Capital assets not depreciating	2,527,921	-	2,527,921
Capital assets, net of accumulated depreciation	33,126,235	14,589	33,140,824
Total noncurrent assets	36,126,295	195,003	36,321,298
Total assets	$ 54,265,167	$ 6,972,873	$ 61,238,040
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension plan	$ 3,024,155	$ -	$ 3,024,155
LIABILITIES			
Current liabilities:			
Accounts payable	310,969	23,266	334,235
Accrued payroll	509,368	12,117	521,485
Accrued interest	280,650	-	280,650
Due to other governmental units	-	-	-
Unearned revenue	3,875	-	3,875
Long-term liabilities due within one year:			
Compensated absences	170,652	-	170,652
Notes payable	80,962	-	80,962
Bonds payable	380,000	-	380,000
Total current liabilities	1,736,476	35,383	1,771,859
Long-term liabilities:			
Compensated absences	511,956	-	511,956
Advance from State	-	-	-
Unearned revenue	-	-	-
Notes payable	-	-	-
Bonds payable	16,560,000	-	16,560,000
Net pension liability	12,715,573	-	12,715,573
Total long-term liabilities	29,787,529	-	29,787,529
Total liabilities	$ 31,524,005	$ 35,383	$ 31,559,388
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension plan	$ 1,864,803	$ -	$ 1,864,803
NET POSITION			
Net investment in capital assets	18,633,194	14,589	18,647,783
Restricted for:			
Expendable:			
Special revenue	1,865,889	-	1,865,889
Foreclosures	-	1,618,879	1,618,879
Debt service	1,273,956	-	1,273,956
Capital projects	374,626	-	374,626
Unrestricted	1,752,849	5,304,022	7,056,871
Total net position	$ 23,900,514	$ 6,937,490	$ 30,838,004

See accompanying notes to financial statements.

Component Units		
Public Health Department	Central Dispatch Authority	Road Commission
$ 1,878,309	$ 209,471	$ 4,444,608
-	-	-
129,934	73,115	16,784
-	-	-
-	-	-
-	-	-
-	-	-
-	22,358	127,071
80,792	-	769,219
10,920	13,670	68,855
-	-	1,890,312
2,099,955	318,614	7,316,849
-	-	-
-	-	-
-	-	7,986,516
53,328	730,965	32,467,421
53,328	730,965	40,453,937
$ 2,153,283	$ 1,049,579	$ 47,770,786
$ 1,232,116	$ -	$ 1,194,128
153,955	199,466	52,166
96,381	-	112,345
-	-	-
-	-	674
567,620	-	-
43,765	-	81,400
-	-	-
-	-	285,000
861,721	199,466	531,585
131,294	-	122,431
-	-	853,208
-	-	695,019
-	-	-
-	-	2,480,000
1,621,955	-	5,983,445
1,753,249	-	10,134,103
$ 2,614,970	$ 199,466	$ 10,665,688
$ 770,148	$ -	$ -
53,328	730,965	37,688,937
814,787	13,071	-
-	-	-
-	-	-
-	-	-
(867,834)	106,077	610,289
$ 281	$ 850,113	$ 38,299,226

See accompanying notes to financial statements.

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COUNTY OF DELTA, MICHIGAN
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

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	$ 163,597	$ -	$ -	$ -	$ (163,597)	$ -	$ (163,597)	$ -
Judicial system	3,223,241	467,264	1,413,321	-	(1,342,656)	-	(1,342,656)	-
General government	6,159,490	1,473,832	686,483	93,808	(3,905,367)	-	(3,905,367)	-
Public safety	6,401,772	459,314	1,118,610	83,616	(4,740,232)	-	(4,740,232)	-
Health and welfare	2,310,016	11,159	588,025	-	(1,710,832)	-	(1,710,832)	-
Recreation and culture	36,326	-	-	-	(36,326)	-	(36,326)	-
Other - appropriation	574,641	-	-	-	(574,641)	-	(574,641)	-
Other	192,045	-	-	-	(192,045)	-	(192,045)	-
Interest on long-term debt	557,718	-	-	-	(557,718)	-	(557,718)	-
Total governmental activities	19,618,846	2,411,569	3,806,439	177,424	(13,223,414)	-	(13,223,414)	-
Business-type activities:								
Delinquent tax revolving & foreclosure	110,823	434,459	12,551	-	-	336,187	336,187	-
Jail commissary	104,705	197,370	-	-	-	92,665	92,665	-
Total business-type activities	215,528	631,829	12,551	-	-	428,852	428,852	-
Total primary government	19,834,374	3,043,398	3,818,990	177,424	(13,223,414)	428,852	(12,794,562)	-
Component units:								
Public Health Department	3,157,476	385,493	2,551,429	-	-	-	-	(220,554)
Central Dispatch Authority	1,057,229	300,402	180,302	-	-	-	-	(576,525)
Road Commission	9,334,369	2,280,227	6,361,230	1,523,535	-	-	-	830,623
Total component units	$ 13,549,074	$ 2,966,122	$ 9,092,961	$ 1,523,535	-	-	-	33,544
General revenues:								
Property taxes					9,794,877	-	9,794,877	590,885
State revenue sharing					642,385	-	642,385	-
Grants and contributions not restricted to specific programs					836,816	-	836,816	-
Unrestricted investment earnings					196,203	60,539	256,742	4,893
Miscellaneous					150,471	-	150,471	155,144
Transfers					-	-	-	-
Total general revenues and transfers					11,620,752	60,539	11,681,291	750,922
Change in net position					(1,602,662)	489,391	(1,113,271)	784,466
Net position, beginning					25,503,176	6,448,099	31,951,275	38,365,154
Net position, ending					$ 23,900,514	$ 6,937,490	$ 30,838,004	$ 39,149,620

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020

	General Fund	Road Patrol	Airport
ASSETS			
Cash and equivalents:			
Unrestricted	$ 4,574,314	$ 51,312	$ 63,976
Restricted	-	-	178,175
Investments	699,383	-	-
Receivables:			
Accounts	14,504	1,570	42,541
Miscellaneous	37,777	10,532	2,238
Property taxes	883,625	-	-
Due from other funds	108,786	-	-
Due from other units of government	-	2,185	-
Due from State of Michigan	376,956	24,352	387,421
Inventory	-	-	23,735
Prepaid items	113,239	9,851	946
Total assets	$ 6,808,584	$ 99,802	$ 699,032
LIABILITIES			
Accounts payable	$ 133,875	$ 9,164	$ 65,963
Due to other funds	-	-	-
Accrued payroll and related liabilities	345,918	76,671	33,536
Unearned revenue	-	-	3,875
Total liabilities	479,793	85,835	103,374
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	$ -	$ -	$ 384,875
FUND BALANCES			
Nonspendable:			
Prepaid items	113,239	9,851	946
Inventory	-	-	23,735
Restricted	-	-	178,175
Committed	2,049,000	-	-
Assigned	-	4,116	7,927
Unassigned	4,166,552	-	-
Total fund balances	6,328,791	13,967	210,783
Total liabilities, deferred inflows of resources, and fund balances	$ 6,808,584	$ 99,802	$ 699,032

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 3,234,970	$ 7,924,572
996,664	1,174,839
-	699,383
91,960	150,575
5,090	55,637
-	883,625
-	108,786
-	2,185
84,926	873,655
-	23,735
10,525	134,561
$ 4,424,135	$ 12,031,553
$ 99,960	$ 308,962
108,786	108,786
52,272	508,397
-	3,875
261,018	930,020
$ -	$ 384,875
10,525	134,561
-	23,735
3,336,296	3,514,471
-	2,049,000
816,296	828,339
-	4,166,552
4,163,117	10,716,658
$ 4,424,135	$ 12,031,553

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, 2020

Total fund balances for governmental funds		$ 10,716,658
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	55,949,198	
Accumulated depreciation	(20,295,042)	
Total capital assets		35,654,156
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.		
Deferred inflows for unavailable grants receivable		384,875
Certain pension-related amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in in the funds.		
Deferred outflow of resources related to recording the net pension liability.		3,024,155
Deferred inflow of resources related to recording the net pension liability.		(1,864,803)
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.		6,685,266
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	(280,650)	
Notes payable	(80,962)	
Bonds payable	(16,940,000)	
Compensated absences	(682,608)	
Net pension liability	(12,715,573)	(30,699,793)
Total net position of governmental activities		$ 23,900,514

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, 2020

	General Fund	Road Patrol	Airport
REVENUES:			
Taxes	$ 6,717,767	$ 1,052,101	$ -
Licenses and permits	1,200	-	-
Federal sources	1,780,983	-	-
State sources	1,340,459	188,562	6,750
Local sources	-	65,658	39
Charges for services	1,142,578	13,238	575,592
Interest and rentals	68,274	-	152,403
Other	305,154	59,847	270
Total revenues	11,356,415	1,379,406	735,054
EXPENDITURES:			
Legislative	148,155	-	-
Judicial system	2,198,609	-	-
General government	3,251,938	-	1,068,617
Public safety	3,571,597	1,492,532	-
Health and welfare	413,268	-	-
Others - appropriations	574,641	-	-
Capital outlay	104,513	92,297	86,149
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Total expenditures	10,262,721	1,584,829	1,154,766
Excess revenues (expenditures)	1,093,694	(205,423)	(419,712)
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	-	14,330	-
Transfer in	-	-	310,000
Transfer out	(970,962)	(18,319)	-
Total other financing sources (uses)	(970,962)	(3,989)	310,000
Net change in fund balance	122,732	(209,412)	(109,712)
Fund balances - beginning of year	6,206,059	223,379	320,495
Fund balances - end of year	$ 6,328,791	$ 13,967	$ 210,783

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,025,009	$ 9,794,877
142,133	143,333
267,312	2,048,295
1,072,844	2,608,615
419,635	485,332
83,012	1,814,420
3,412	224,089
11,431	376,702
4,024,788	17,495,663
-	148,155
386,383	2,584,992
381,275	4,701,830
200,078	5,264,207
1,896,748	2,310,016
-	574,641
230,477	513,436
446,458	446,458
563,713	563,713
192,045	192,045
4,297,177	17,299,493
(272,389)	196,170
-	14,330
763,906	1,073,906
(84,625)	(1,073,906)
679,281	14,330
406,892	210,500
3,756,225	10,506,158
$ 4,163,117	$ 10,716,658

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, 2020

Net changes in fund balances - total governmental funds		$ 210,500
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 ($1,459,739) exceeded capital outlays ($513,436).		(946,303)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.		
Change in unavailable grant receivable		384,875
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		730
Interest earnings from governmental internal service funds		121,316
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Principal repayments:		
Bond and note principal		446,458
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	(110,406)	
Accrued interest on bonds	5,995	
Pension expense	(1,715,827)	(1,820,238)
Changes in net position of governmental activities		$ (1,602,662)

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2020

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 1,620,299	$ 2,548,565	$ 135,799	$ 4,304,663	$ 1,304,383
Investments	-	1,327,526	-	1,327,526	4,880,641
Receivables:					
Accounts	-	92,859	10,278	103,137	64
Notes	-	-	-	-	20,394
Current taxes	-	890,955	-	890,955	-
Interest & admin fee	-	151,509	-	151,509	10,590
Prepaid items	-	80	-	80	33
Total current assets	1,620,299	5,011,494	146,077	6,777,870	6,216,105
Noncurrent assets:					
Delinquent taxes receivable	-	180,414	-	180,414	-
Notes receivable	-	-	-	-	472,139
Capital assets, net	-	-	14,589	14,589	-
Total noncurrent assets	-	180,414	14,589	195,003	472,139
Total assets	$ 1,620,299	$ 5,191,908	$ 160,666	$ 6,972,873	$ 6,688,244
LIABILITIES					
Current liabilities:					
Accounts payable	$ 1,420	$ 254	$ 21,592	$ 23,266	$ 2,007
Accrued payroll	-	12,117	-	12,117	971
Total liabilities	1,420	12,371	21,592	35,383	2,978
NET POSITION					
Net investment in capital assets	-	-	14,589	14,589	-
Restricted - expendable	1,618,879	-	-	1,618,879	150,000
Unrestricted	-	5,179,537	124,485	5,304,022	6,535,266
Total net position	1,618,879	5,179,537	139,074	6,937,490	6,685,266
TOTAL LIABILITIES AND NET POSITION	$ 1,620,299	$ 5,191,908	$ 160,666	$ 6,972,873	$ 6,688,244

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, 2020

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Charges for services	$ 106,299	$ 83,809	$ 197,370	$ 387,478	$ -
Local sources	12,551	-	-	12,551	-
Rental and interest income	6,773	237,548	-	244,321	49,225
Miscellaneous	-	30	-	30	9,212
Total operating revenue	125,623	321,387	197,370	644,380	58,437
OPERATING EXPENSES:					
Salaries and fringes	-	46,948	-	46,948	10,261
Supplies	10,010	652	100,899	111,561	5,178
Contracted services	27,459	-	-	27,459	375
Repairs and maintenance	-	-	-	-	32,142
Postage	-	2,788	-	2,788	-
Utilities	-	-	-	-	4,421
Recording fees	19,170	-	-	19,170	-
Depreciation	-	-	3,806	3,806	-
Miscellaneous	140	3,656	-	3,796	5,330
Total operating expenses	56,779	54,044	104,705	215,528	57,707
Operating income (loss)	68,844	267,343	92,665	428,852	730
NONOPERATING REVENUES (EXPENSES):					
Interest income	-	60,539	-	60,539	121,316
Total nonoperating revenue (expense)	-	60,539	-	60,539	121,316
Income (loss) before transfers and contributions	68,844	327,882	92,665	489,391	122,046
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
Change in net position	68,844	327,882	92,665	489,391	122,046
Total net position - beginning	1,550,035	4,851,655	46,409	6,448,099	6,563,220
Total net position - ending	$ 1,618,879	$ 5,179,537	$ 139,074	$ 6,937,490	$ 6,685,266

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 120,213	$ 60,592	$ 190,322	$ 371,127	$ -
Receipts from interest and rents	6,773	258,599	-	265,372	58,639
Cash received for collection of taxes	-	2,832,463	-	2,832,463	-
Payments to suppliers	(69,758)	(7,176)	(89,928)	(166,862)	(64,915)
Payments for wages and related benefits	-	(37,141)	-	(37,141)	(10,072)
Cash payments for taxes	-	(2,630,140)	-	(2,630,140)	-
Receipts (payments) to other funds	-	-	-	-	-
Other receipts (payments)	-	(2,553)	-	(2,553)	(190,788)
Net cash provided (used) by operating activities	57,228	474,644	100,394	632,266	(207,136)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfer in	-	-	-	-	-
Operating transfer out	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Net transfer of investments	-	(247,413)	-	(247,413)	(1,108,504)
Interest earnings	-	60,539	-	60,539	121,316
Net cash provided (used) by investing activities	-	(186,874)	-	(186,874)	(987,188)
Net increase (decrease) in cash and equivalents	57,228	287,770	100,394	445,392	(1,194,324)
Cash and equivalents, beginning of year	1,563,071	2,260,795	35,405	3,859,271	2,498,707
Cash and equivalents, end of year	$ 1,620,299	$ 2,548,565	$ 135,799	$ 4,304,663	$ 1,304,383
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 68,844	$ 267,343	$ 92,665	$ 428,852	$ 730
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	1,363	200,157	(7,048)	194,472	(190,586)
(Increase) decrease in prepaid items	-	(80)	-	(80)	(33)
Increase (decrease) in accounts payable	(12,979)	(2,583)	10,971	(4,591)	(17,436)
Increase (decrease) in accrued payroll	-	9,807	-	9,807	189
Total adjustments	(11,616)	207,301	7,729	203,414	(207,866)
Net cash provided (used) by operating activities	$ 57,228	$ 474,644	$ 100,394	$ 632,266	$ (207,136)

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents:	
Unrestricted	$ 385,895
Due from local units	-
Total assets	$ 385,895
LIABILITIES	
Due to other governmental units	54,677
Undistributed taxes	-
Other liabilities	331,218
Total liabilities	$ 385,895

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 and Zoning Authority - The Delta County Building and Zoning 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, 2019 the Facility had $17.8 million in assets, $1.3 million in liabilities and $16.5 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.

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 2020. 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.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

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 2019 taxable valuation of Delta County amounted to $1,181,371,028 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 2019 tax levy raised approximately $1,044,000 for road patrol, $696,000 for senior citizens programs, $521,000 for emergency dispatch services, $349,000 for recycling programs, and $968,000 for debt payments related to jail construction. The 2020 taxable valuation of Delta County amounted to $1,202,466,865 on which ad valorem taxes of 5.0317 mills were levied for County general fund operations in July 2020, which should raise approximately $5,930,000.

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.

Net Position – 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, 2020, budget stabilization funds in the amount of $2,049,000 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 in the statement of net position and unavailable revenues in the governmental funds.

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			
Judicial System:			
Friend of Court	$ 627,356	$ 627,911	$ (555)
Jury Commission	1,766	1,869	(103)
Probate Court	362,482	369,003	(6,521)
Probate Court juvenile	122,928	123,622	(694)
General Government:			
Elections	102,780	104,097	(1,317)
Clerk	195,583	196,247	(664)
Administrator	334,453	341,844	(7,391)
Health insurance & benefits	578,058	578,199	(141)
Public Safety:			
Sheriff	495,673	498,740	(3,067)
Corrections	2,947,963	2,967,248	(19,285)
Health & Welfare:			
Soldier Burial	10,675	11,575	(900)
Capital Outlay	-	104,513	(104,513)
Transfers Out	899,592	970,962	(71,370)
Community Action Fund	739,844	834,410	(94,566)
Sanitary Landfill Fund	391,842	391,848	(6)
Building and Zoning Fund	174,180	183,243	(9,063)
Drug Law Enforcement Fund	128,844	133,910	(5,066)
County Probation Fund	110,041	126,072	(16,031)

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.

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

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.

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)	1,265,116	1,265,116
Uninsured	13,821,643	16,195,253
Total cash	$ 15,094,352	$ 17,460,369
Government-Wide Statement of Net Position Presentation:		
Cash and equivalents - Unrestricted & restricted:	$ 14,708,457	
Statement of Fiduciary Net Position:		
Cash and equivalents - Unrestricted:	385,895	
Total cash and equivalents	$ 15,094,352	

	Fair Value	Moody Credit Rating	S&P Credit Rating	Maturity Date
Investments:				
Municipal Bonds:				
Belding Michigan Area Schools	$ 354,886	-	AA	5/1/2021
Wayne State University	150,825	AA3	A+	11/15/2021
Cedar Springs Michigan Public Schools	360,535	-	AA	5/1/2022
Chippewa Valley Michigan Schools	338,848	AA1	AA	5/1/2022
Chippewa Valley Michigan Schools	65,014	A2	-	5/1/2024
Chippewa Valley Michigan Schools	50,057	AA1	-	5/1/2026
Genesee Michigan Schools	251,508	-	AA	5/1/2026
Grand Rapids Community College	135,336	-	AA	5/1/2030
U.S. Government Securities:				
United States Treasury Note	1,007,500	AAA	-	6/30/2021
Federal Farm Credit Bank Securities	1,312,766	AAA	AA+	8/17/2021
United States Treasury Note	1,032,340	AAA	AA+	9/30/2022
Federal Farm Credit Bank Securities	1,037,340	AAA	AA+	11/7/2022
Federal Home Loan Bank Securities	290,186	AAA	AA+	12/9/2022
Federal National Mortgage Association	285,011	AAA	AA+	9/29/2023
Investment Pool at Net Asset Value	235,398	-	-	-
Total Investments	$ 6,907,550			

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

Cash has been restricted in the Airport Fund in the amount of $178,175 for lease payments received from the Renaissance Zone which are only allowed to be used on selected capital projects at the Airport, per FAA requirements. Cash has been restricted in the Jail Building Fund in the amount of $2,063 for jail construction. Cash has been restricted in the Jail Building Debt Fund in the amount of $667,591 for debt payments on the jail. Cash has been restricted in the Airport Improvement Fund in the amount of $190,310 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 $33,356 for attorney fees and other costs related to indigent defense per grant guidelines. Cash has been restricted in the Drug Enforcement Fund in the amount of $103,344 for Department of Justice equitable sharing forfeitures 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 $16,195,253 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, 2020 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, 2020:

- 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, 2020, the fair value of Michigan CLASS pooled account investments was $235,398. 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 $1,878,309 which was deposited in checking and savings accounts. Of this amount, $1,803,472 is held by the County Treasurer and pooled with County cash. The remaining bank balance of these deposits amounted to $152,088, 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 $209,471 which was deposited in checking and savings accounts. Of this amount, $195,365 is held by the County Treasurer and polled with County cash. The remaining bank balance of these deposits amounted to $14,105, of which the entire amount was covered by federal depository insurance.

County Road Commission:

The County Road Commission has a book balance of cash of $4,444,608 with $200 on hand and $4,444,408 which was deposited in checking and savings accounts and certificates of deposit. The bank balance of these deposits amounted to $4,495,625, of which $250,000 was covered by federal depository insurance and the remaining amount of $4,245,625 was uninsured and uncollateralized.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2020 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	$ 108,786	Non-major Governmental	$ 108,786
Total Governmental Funds	$ 108,786		$ 108,786

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance at 10/01/19	Additions	Disposals	Transfers	Balance at 09/30/20
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 2,313,001	$ -	$ -	$ -	$ 2,313,001
Construction in progress	-	214,920	-	-	214,920
Total non-depreciable capital assets	2,313,001	214,920	-	-	2,527,921
Capital assets being depreciated:					
Land improvements	602,592	-	-	-	602,592
Buildings and improvements	37,814,128	19,018	-	-	37,833,146
Infrastructure	10,125,208	42,183	-	-	10,167,391
Machinery and equipment	4,637,568	237,315	56,735	-	4,818,148
Total depreciable capital assets	53,179,496	298,516	56,735	-	53,421,277
Total capital assets	55,492,497	513,436	56,735	-	55,949,198
Less accumulated depreciation:					
Land improvements	532,529	22,627	-	-	555,156
Buildings and improvements	9,277,723	854,790	-	-	10,132,513
Infrastructure	6,036,645	281,224	-	-	6,317,869
Machinery and equipment	3,045,140	301,099	56,735	-	3,289,504
Total accumulated depreciation	18,892,037	1,459,740	56,735	-	20,295,042
Net depreciable capital assets	34,287,459	(1,161,224)	-	-	33,126,235
Governmental activities capital assets, net	$ 36,600,460	$ (946,304)	$ -	$ -	$ 35,654,156
Business-type activities:					
Capital assets being depreciated:					
Machinery and equipment	$ 26,641	$ -	$ -	$ -	$ 26,641
Less accumulated depreciation:					
Machinery and equipment	8,246	3,806	-	-	12,052
Business-type activities capital assets, net	$ 18,395	$ (3,806)	$ -	$ -	$ 14,589

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	$ 90,130	Jail Commissary	$ 3,806
General government	833,061		
Public safety	519,097		
Recreation and culture	17,452		
Total governmental activities depreciation expense	$ 1,459,740	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 10/01/19	Additions	Disposals	Balance at 09/30/20
Capital assets not being depreciated:				
Land	$ 1,453,374	$ -	$ -	$ 1,453,374
Construction in progress	77,705	23,412	57,761	43,356
Infrastructure land improvements	6,361,528	128,258	-	6,489,786
Total non-depreciable capital assets	7,892,607	151,670	57,761	7,986,516
Capital assets being depreciated:				
Buildings and improvements	7,202,583	-	-	7,202,583
Machinery and equipment	10,381,132	1,022,854	445,187	10,958,799
Infrastructure - roads	32,931,122	1,017,109	-	33,948,231
Infrastructure - bridges	10,919,096	25,404	-	10,944,500
Total depreciable capital assets	61,433,933	2,065,367	445,187	63,054,113
Total capital assets	69,326,540	2,217,037	502,948	71,040,629
Less accumulated depreciation:				
Buildings and improvements	4,010,951	226,389	-	4,237,340
Machinery and equipment	8,654,420	751,435	429,142	8,976,713
Infrastructure - roads	14,443,676	1,576,331	-	16,020,007
Infrastructure - bridges	1,129,650	222,982	-	1,352,632
Total accumulated depreciation	28,238,697	2,777,137	429,142	30,586,692
Net depreciable capital assets	33,195,236	(711,770)	16,045	32,467,421
Capital assets, net	$ 41,087,843	$ (560,100)	$ 73,806	$ 40,453,937

NOTE F – COMPONENT UNIT CAPITAL ASSETS (continued)

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

	Balance at 10/01/19	Additions	Disposals	Balance at 09/30/20
Capital assets being depreciated:				
Machinery and equipment	$ 629,127	$ 36,795	$ 12,239	$ 653,683
Less accumulated depreciation:				
Machinery and equipment	557,498	55,096	12,239	600,355
Capital assets, net	$ 71,629	$ (18,301)	$ -	$ 53,328

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

	Balance at 10/01/19	Additions	Disposals	Balance at 09/30/20
Capital assets being depreciated:				
Buildings and improvements	$ 15,562	$ 49,003	$ -	$ 64,565
Machinery and equipment	1,344,864	-	-	1,344,864
Total capital assets	1,360,426	49,003	-	1,409,429
Less accumulated depreciation:				
Buildings and improvements	843	778	-	1,621
Machinery and equipment	595,469	81,374	-	676,843
Total accumulated depreciation	596,312	82,152	-	678,464
Capital assets, net	$ 764,114	$ (33,149)	$ -	$ 730,965

NOTE G – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

Type of Debt	Balance 10/1/2019	Additions	Deductions	Balance 9/30/2020	Amounts Due Within One Year
Governmental activities:					
2017 Jail Construction					
G.O. Unlimited Tax Bond 2017A	$ 8,702,000	$ -	$ 185,000	$ 8,517,000	$ 191,000
G.O. Unlimited Tax Bond 2017B	8,607,000	-	184,000	8,423,000	189,000
Energy project note	158,420	-	77,458	80,962	80,962
Compensated absences	572,202	110,406	-	682,608	170,652
Total governmental activities long-term debt	$ 18,039,622	$ 110,406	$ 446,458	$ 17,703,570	$ 631,614

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

Debt service requirements on long-term debt at September 30, 2020 are as follows:

For the Year Ending September 30,	Governmental Activities			
	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
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	432,000	491,693	-	-
2026-2030	2,380,000	2,234,928	-	-
2031-2035	2,794,000	1,815,418	-	-
2036-2040	3,275,000	1,323,416	-	-
2041-2045	3,847,000	745,956	-	-
2046-2048	2,617,000	129,139	-	-
Total	$ 16,940,000	$ 8,841,139	$ 80,962	$ 3,663

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 $682,608 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, 2020 are as follows:

Type of Debt	Balance 10/1/2019	Additions	Deductions	Balance 9/30/2020	Amounts Due Within One Year
2016 MTF Refunding Bonds	$ 2,765,000	$ -	$ -	$ 2,765,000	$ 285,000
Compensated Absences	214,743	50,890	61,802	203,831	81,400
Total long-term debt	$ 2,979,743	$ 50,890	$ 61,802	$ 2,968,831	$ 366,400

For the Year Ending September 30,	County Road Commission 2016 Refunding Bond Series Principal	Interest	Total
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 $203,831 for the year ended September 30, 2020.

NOTE I – PUBLIC HEALTH COMPENSATED ABSENCES

The Health Department's policies regarding vacation and sick time permit 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 $175,059 for the year ended September 30, 2020.

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, 2020:

	Transfers Out			
Transfers In	General Fund	Road Patrol	Nonmajor Govt'l Funds	Total
Airport	$ 310,000	$ -	$ -	$ 310,000
Nonmajor govt'l funds	660,962	18,319	84,625	763,906
	$ 970,962	$ 18,319	$ 84,625	$ 1,073,906

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, 2019.

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 2019 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):	55/20	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:	0.50%	1.00%	0.50%	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 2019 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:	1.25%	0.50%	0.00%	1.50%
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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	118
Inactive employees entitled to but not yet receiving benefits	18
Active employees	36
	172

In addition, there were 3 inactive employees with pending refunds.

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. 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 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		10/1/21 *	10/1/20 *	10/1/19 *	10/1/21 *	10/1/20 *	10/1/19 *
Circuit Court Employees	@	$ 13,669	$ 11,687	$ 10,643	0.50%	0.50%	0.50%
Sheriff	@	$ 15,839	$ 12,348	$ 11,947	1.00%	0.50%	0.50%
General AFSCME	@	$ 31,853	$ 24,550	$ 17,098	0.50%	0.50%	0.50%
Elected Department Heads	@	$ 43,924	$ 44,829	$ 36,620	0.00%	0.00%	0.00%
District Court Employees	@	$ 10,215	$ 8,191	$ 6,557	1.25%	0.50%	0.50%
Probate Court Employees	@	$ 19,682	$ 16,746	$ 13,789	0.50%	0.50%	0.50%
Non-Union Contract Employees	@	$ 6,553	$ 5,473	$ 4,298	0.00%	0.00%	0.00%
Road Patrol Deputies	@	$ 25,285	$ 17,807	$ 15,889	1.50%	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, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.00 percent, average, including inflation in the long-term
Investment rate of return	7.35 percent, net of investment and administrative expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.50% long-term wage inflation assumption would be consistent with a price inflation of 3.00%-4.00%.

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.

Beginning with the actuarial valuation as of December 31, 2019, the investment rate of return assumption was reduced from 7.75 percent to 7.35 percent. Additionally, the inflation assumption was reduced from 3.75 percent to 3.00 percent.

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	60.00%	8.65%	6.15%
Global Fixed Income	20.00%	3.76%	1.26%
Private Investments	20.00%	9.06%	6.56%

Discount Rate: The discount rate used to measure the total pension liability is 7.60% for 2019. 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, 2018	$ 39,144,277	$ 26,252,399	$ 12,891,878
Service cost	274,927	-	274,927
Interest on total pension liability	3,044,527	-	3,044,527
Changes in benefits	1,768	-	1,768
Difference between expected and actual experience	(141,847)	-	(141,847)
Changes in assumptions	1,415,866	-	1,415,866
Employer contributions	-	1,297,629	(1,297,629)
Employee contributions	-	16,279	(16,279)
Net investment income	-	3,518,229	(3,518,229)
Benefit payments, including employee refunds	(2,450,308)	(2,450,308)	-
Administrative expense	-	(60,591)	60,591
Other changes	-	-	-
Net changes	2,144,933	2,321,238	(176,305)
Balances as of December 31, 2019	$ 41,289,210	$ 28,573,637	$ 12,715,573

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability at 12/31/19	$ 12,715,573	$ 12,715,573	$ 12,715,573
County's change in net pension liability at 12/31/19	4,575,725	-	(3,862,148)
	$ 17,291,298	$ 12,715,573	$ 8,853,425

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, 2020, the County recognized pension expense of $3,115,013. At September 30, 2020, 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	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,975,934	1,864,803
Contributions subsequent to the measurement date *	1,048,221	-
Total	$ 3,024,155	$ 1,864,803

* 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, 2021.

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:	
2020	$ (61,670)
2021	100,523
2022	365,461
2023	(293,183)
	$ 111,131

At September 30, 2020, the County reported a payable of $117,921 for 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 32 active participants and 12 terminated participants. The second plan had 55 active participants and 7 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 $352,113 were expensed and accrued in fiscal year ended September 30, 2020. Employee contributions totaled $103,028 in fiscal year 2020. Any amendments to the plan would be subject to the approval of the County Board of Commissioners.

Both Plans call 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 $11,160 in 2020, the County used forfeitures of $0 in 2020, and there were forfeiture balances available for use by the County in the amount of $19,877 at September 30, 2020.

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 2019 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%-no 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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	7
Active employees	37
	92

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, 2020, the Road Commission's contribution rate was $8,573 per month for supervisory employees, 5.67% for Teamsters and 17.62% 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, 2020, was determined using a measure of the total pension liability and the pension net pension position as of December 31, 2019. The December 31, 2019 total pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.00 percent, average, including inflation in the long-term
Investment rate of return	7.35 percent, net of investment and administrative expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.50% long-term wage inflation assumption would be consistent with a price inflation of 30%-40%.

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.

Beginning with the actuarial valuation as of December 31, 2019, the investment rate of return assumption was reduced from 7.75 percent to 7.35 percent. Additionally, the inflation assumption was reduced from 3.75 percent to 3.00 percent.

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	60.00%	8.65%	6.15%
Global Fixed Income	20.00%	3.76%	1.26%
Private Investments	20.00%	9.06%	6.56%

Discount Rate: The discount rate used to measure the total pension liability was 7.60% for 2019. 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, 2018	$ 12,709,999	$ 6,846,539	$ 5,863,460
Service cost	162,581	-	162,581
Interest on total pension liability	987,049	-	987,049
Changes in benefits	-	-	-
Difference between expected and actual experience	32,176	-	32,176
Changes in assumptions	413,023	-	413,023
Employer contributions	-	550,232	(550,232)
Employee contributions	-	26,583	(26,583)
Net investment income	-	913,767	(913,767)
Benefit payments, including employee refunds	(906,345)	(906,345)	-
Administrative expense	-	(15,738)	15,738
Other changes	-	-	-
Net changes	688,484	568,499	119,985
Balances as of December 31, 2019	$ 13,398,483	$ 7,415,038	$ 5,983,445

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Road Commission, calculated using the discount rate of 7.60%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability at 12/31/19	$ 5,983,445	$ 5,983,445	$ 5,983,445
Commission's change in net pension liability at 12/31/19	1,369,022	-	(1,167,680)
	$ 7,352,467	$ 5,983,445	$ 4,815,765

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, 2020, the Road Commission recognized pension expense of $853,790. At September 30, 2020, 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	$ 82,543	$ -
Changes in assumptions	309,768	-
Net difference between projected and actual earnings on pension plan investments	32,391	-
Contributions subsequent to the measurement date *	769,426	-
Total	$ 1,194,128	$ -

* 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, 2021.

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:	
2020	$ 157,930
2021	137,773
2022	204,970
2023	(75,971)
	$ 424,702

NOTE K - RETIREMENT PLANS (continued)

Public Health Department (component unit)

Description of Plan and Plan Assets

The Public Health Department 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 (MERS) as Delta County. 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 closed divisions and 2.00% times the five-year FAC for the open division. The most recent period of which actuarial data was available was for year ended December 31, 2019.

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. PA 427 of 1984 established and amends the benefit provisions of the participants in MERS.

	Divisions - For the 2019 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	52/25 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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	29
Active employees	36
	106

In addition, there were 21 inactive employees with pending refunds.

Funding Policy

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 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 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		10/1/21 *	10/1/20 *	10/1/19 *	10/1/21 *	10/1/20 *	10/1/19 *
General	@	$ 7,797	$ 6,761	$ 7,698	2.00%	2.00%	2.00%
Non Union	@	$ 13,260	$ 14,713	$ 11,772	2.00%	2.00%	2.00%
General -open		7.14%	6.50%	0.00%	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, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.00 percent, average, including inflation in the long-term
Investment rate of return	7.35 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 2.50% long-term wage inflation assumption would be consistent with a price inflation of 3.00%-4.00%.

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.

Beginning with the actuarial valuation as of December 31, 2019, the investment rate of return assumption was reduced from 7.75 percent to 7.35 percent. Additionally, the inflation assumption was reduced from 3.75 percent to 3.00 percent.

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	60.00%	8.65%	6.15%
Global Fixed Income	20.00%	3.76%	1.26%
Private Investments	20.00%	9.06%	6.56%

Discount Rate: The discount rate used to measure the total pension liability is 7.60% for 2019. 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, 2018	$ 11,251,546	$ 9,349,808	$ 1,901,738
Service cost	165,168	-	165,168
Interest on total pension liability	885,838	-	885,838
Changes in benefits	-	-	-
Difference between expected and actual experience	(123,398)	-	(123,398)
Changes in assumptions	379,726	-	379,726
Employer contributions	-	307,302	(307,302)
Employee contributions	-	30,585	(30,585)
Net investment income	-	1,271,131	(1,271,131)
Benefit payments, including employee refunds	(522,312)	(522,312)	-
Administrative expense	-	(21,901)	21,901
Other changes	-	-	-
Net changes	785,022	1,064,805	(279,783)
Balances as of December 31, 2019	$ 12,036,568	$ 10,414,613	$ 1,621,955

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 7.60%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net pension liability at 12/31/19	$ 1,621,955	$ 1,621,955	$ 1,621,955
Departments' change in net pension liability at 12/31/19	1,490,662	-	(1,250,624)
	$ 3,112,617	$ 1,621,955	$ 371,331

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, 2020, the Department recognized pension expense of $540,574. At September 30, 2020, 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	$ 42,774	$ 100,372
Changes in assumptions	253,151	-
Net difference between projected and actual earnings on pension plan investments	704,663	669,776
Contributions subsequent to the measurement date *	231,528	-
Total	$ 1,232,116	$ 770,148

* 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, 2021.

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:	
2020	$ 88,380
2021	119,733
2022	128,607
2023	(106,280)
	$ 230,440

At September 30, 2020, the Department had outstanding contributions to the pension plan of $25,582.

NOTE L – FUND BALANCE CLASSIFICATIONS

Fund balance has been classified in the funds as follows:

	Restricted	Committed	Assigned
General Fund:			
Budget Stabilization-Pension	$ -	$ 2,049,000	$ -
Road Patrol Fund:			
Public Safety	-	-	4,116
Airport Fund:			
Renaissance Zone Capital Projects	178,175	-	-
Operations	-	-	7,927
Nonmajor Funds:			
Restricted based on fund purpose	1,773,996	-	-
Public Safety Forfeitures	103,344	-	-
Wells Township-Potential Water/Sewer Project	185,000	-	-
Capital Projects	-	-	226,178
Future Debt Payments	1,273,956	-	-
Assigned based on fund purpose	-	-	589,248
Animal Shelter	-	-	870
	$ 3,514,471	$ 2,049,000	$ 828,339

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 $3,514,471 for governmental activities. The business-type activities had $1,618,879 restricted net position for foreclosures.

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.

During 2020, the Delta County Airport received a grant from the Michigan Department of Transportation, Office of Aeronautics to test for perfluoroalkyl and polyfluoroalkyl substances (PFAS). The testing resulted in the identification of PFAS at the airport. Subsequent to year end, the County has received additional funding and has contracted for further PFAS testing. Based on the limited data available at September 30, 2020, a pollution remediation liability cannot be reasonably estimate at this time.

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. 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, 2020, 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, 2019 of $336,800. 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, 2019 of $3,945,000. 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 $2,825,969 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, 2019. The County has signed a $1,100,000 open letter of credit for the landfill which will expire December 31, 2020. There was no outstanding balance on this letter of credit as of December 31, 2019. 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 2019 tax levy raised approximately $347,000 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, Delta County loaned $429,599 to the U.P State Fair Authority for the building with the Miracle of Life exhibit. This building was constructed by the County for this purpose. This original loan was scheduled to consist of 15 annual principal and interest payments at 3%, with the first payment being due September 1st, 2013 and the last payment due by September 1st, 2027. However, in June 2020, Delta County loaned an additional $200,000 to the Authority to repair structural damage on the beef barn and postponed the September 2020 until the end of the agreement. The parties agreed to keep the interest rate at 3% and to keep the annual payments the same at $35,986. The term of the loan was extended through September 1st, 2037 based on the known annual payments. As of September 30, 2020, the new loan balance is $458,885.

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 through 2023 and bears a 3% interest rate.

NOTE R – NOTES RECEIVABLE (continued)

Future note payments are as follows:

For the Year Ending September 30,	Principal	Interest
2021	$ 20,394	$ 15,592
2022	39,406	14,164
2023	40,588	12,982
2024	24,222	11,764
2025	24,948	11,038
2026-2030	136,428	43,502
2031-2035	158,157	21,773
2035-2037	48,390	1,866
Total	$ 492,533	$ 132,682

The Delta Soil Conservation District made the payment due November 1, 2020 prior to September 30, 2020. As such, $17,585 has been excluded from principal and interest due for year end September 30, 2020.

NOTE S – SINGLE AUDIT

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the fiscal year ending September 30, 2020, the Federal grants received and expended by the Road Commission was $648,131 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted Federal projects are not subject to single audit requirements by road commissions, as they are included in MDOT's single audit.

During the fiscal year ending September 30, 2020, the Road Commission did not receive and expend any funds in Federal grants for negotiated projects. Negotiated projects are projects that are performed by the Road Commission and are subject to single audit requirements, if the amount expended is $750,000 or more.

NOTE T – SUBSEQUENT EVENT

MERS Defined Benefit Plan Subsequent Event - A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which will take effect with the fiscal year 2021 contribution rates, the experience study recommends updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are to be effective beginning with the December 31, 2020 actuarial valuation, first impacting 2022 contributions. Exact amounts and changes in the unfunded liability will not be known until the 2020 pension actuarial reports are issued.

NOTE U – COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The COVID-19 outbreak in the United States has resulted in temporary reduction of operating hours for many local units of government as well as temporary local government-mandated closures. In addition, global economies reacted negatively in response to worldwide concerns due to the economic impacts of COVID-19. Michigan's governor, Gretchen Whitmer, issued several executive orders that temporarily suspended activities that are not necessary to sustain or protect life. The impact on the County's future operating costs and revenue and any recovery from emergency funding, whether federal, state, or local, cannot be estimated. No impairments were recorded as of the statement of net position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. At the current time, the County is unable to quantify the potential effects of the pandemic on its future financial statements.

NOTE V – COMMITMENTS

Delta County entered into a construction contract for $6,476,285 with Payne & Dolan, Inc. for runway rehabilitation, lighting, signage, and vault generator at the airport during fiscal year 2021. The project is being funded by the Federal Aviation Administration Airport Improvement Program in conjunction with Michigan Department of Transportation and local funding.

The Delta County Central Dispatch Authority entered into a lease-purchase agreement for $1,560,641 with Motorola Solutions, Inc. for portable dispatch radios. Title to the equipment will vest with the Authority upon shipment of the equipment, which is anticipated in the Spring of 2021. The agreement calls for seven annual payments of $246,862 at 2.44% interest with the first payment due January 1, 2022 and the final payment due January 1, 2028. Interest in the amount of $167,393 will be paid over the term of the agreement. The Authority has the right to not appropriate funds to make the lease payments in any fiscal year and the agreement allows for termination without penalty in which case the possession of the equipment would be surrendered to the lessor.

NOTE W – 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 arc effective for the County's financial statements for the 2020-2021 fiscal year as amended by GASB Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance.

NOTE W – FUTURE CHANGES IN ACCOUNTING PRINCIPLE (continued)

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 2021-2022 fiscal year as amended by GASB Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance.

The Governmental Accounting Standards Board issued GASB Statement No. 90, Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority interest in a legally separate organization results in a government being financially accountable for a legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. 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 W – FUTURE CHANGES IN ACCOUNTING PRINCIPLE (continued)

The Governmental Accounting Standards Board issued GASB Statement No. 91, Conduit Debt obligations, which provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. 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 2022-2023 fiscal year.

The Governmental Accounting Standards Board issued GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice.

This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

Under this Statement, a PPP is defined as an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial assets, such as infrastructure or other capital assts (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Under this Statement a PPP meets the definition of a service concession arrangement (SCA) if: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. 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 2022-2023 fiscal year.

NOTE W – FUTURE CHANGES IN ACCOUNTING PRINCIPLE (continued)

The Governmental Accounting Standards Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) for government end users (governments) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-touse subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. 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 2022-2023 fiscal year.

The Governmental Accounting Standards Board issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Section 457 Plans. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

NOTE W – FUTURE CHANGES IN ACCOUNTING PRINCIPLE (continued)

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. 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 2021-2022 fiscal year.

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, 2020

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 6,592,200	$ 6,580,580	$ 6,717,767	$ 137,187
License and permits	1,400	1,400	1,200	(200)
Federal sources	893,525	1,433,065	1,780,983	347,918
State sources	1,527,594	1,302,613	1,340,459	37,846
Charges for services	979,350	1,041,809	1,142,578	100,769
Interest and rentals	25,200	30,930	68,274	37,344
Other	455,500	798,979	305,154	(493,825)
Total revenues	10,474,769	11,189,376	11,356,415	167,039
EXPENDITURES:				
Legislative:				
Board of commissioners	153,030	153,421	147,515	5,906
County memberships	600	640	640	-
Judicial system:				
Circuit court	297,212	314,329	313,713	616
District court	734,950	764,898	762,491	2,407
Friend of court	626,439	627,356	627,911	(555)
Jury commission	1,700	1,766	1,869	(103)
Probate court	341,521	362,482	369,003	(6,521)
Probate court juvenile	126,749	122,928	123,622	(694)
General government:				
Elections	71,000	102,780	104,097	(1,317)
Clerk	190,655	195,583	196,247	(664)
Administration	323,400	334,453	341,844	(7,391)
I.T. Department	195,100	295,100	203,394	91,706
Equalization	167,390	200,165	168,689	31,476
Prosecuting attorney	666,648	736,775	693,966	42,809
Register of deeds	120,851	122,567	122,139	428
Treasurer	163,575	174,806	162,257	12,549
Building maintenance	486,131	534,202	494,490	39,712
Drain commissioner	56	56	55	1
Record copying	12,200	12,200	10,196	2,004
Health insurance and other benefits	555,024	578,058	578,199	(141)
Insurance and bonds	140,000	178,958	110,158	68,800
Professional fees	57,000	69,974	68,971	1,003
Equipment repair and equipment	10,750	3,582	684	2,898
Labor relations	4,000	-	-	-
Miscellaneous	21,400	10,449	(3,448)	13,897
Public safety:				
Sheriff administration	484,910	495,673	498,740	(3,067)
Sheriff marine	20,600	30,316	28,001	2,315
Sheriff corrections	2,581,963	2,947,963	2,967,248	(19,285)
Emergency management	78,150	78,476	77,608	868
Health and welfare:				
Medical examiner	63,000	71,305	69,396	1,909
Soldier burial	10,000	10,675	11,575	(900)
Veterans affair	65,050	60,976	60,474	502
Health department	265,731	265,731	265,731	-
Other	3,100	6,965	6,092	873
Capital outlay	-	-	104,513	(104,513)
Other - appropriations	598,983	598,983	574,641	24,342
Total expenditures	9,638,868	10,464,591	10,262,721	201,870
Excess revenues (expenditures)	835,901	724,785	1,093,694	368,909
OTHER FINANCING SOURCES (USES)				
Transfer in	64,000	175,118	-	(175,118)
Transfer out	(899,592)	(899,592)	(970,962)	(71,370)
Total other financing sources (uses)	(835,592)	(724,474)	(970,962)	(246,488)
Net changes in fund balances	309	311	122,732	122,421
Fund balances - beginning	6,206,059	6,206,059	6,206,059	-
Fund balances - ending	$ 6,206,368	$ 6,206,370	$ 6,328,791	$ 122,421

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD PATROL
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 1,516,350	$ 1,066,777	$ 1,052,101	$ (14,676)
State sources	179,700	175,482	188,562	13,080
Local sources	85,600	62,082	65,658	3,576
Charges for services	15,100	15,000	13,238	(1,762)
Other	45,000	435,399	59,847	(375,552)
Total revenue	1,841,750	1,767,740	1,379,406	(388,334)
EXPENDITURES:				
Public safety	1,641,283	1,579,804	1,492,532	87,272
Capital outlay	114,000	103,800	92,297	11,503
Total expenditures	1,755,283	1,683,604	1,584,829	98,775
Excess revenues (expenditures)	86,467	84,136	(205,423)	(289,559)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	1,000	8,312	14,330	6,018
Transfer out	(73,100)	(78,081)	(18,319)	59,762
Total other financing sources (uses)	(72,100)	(69,769)	(3,989)	65,780
Net changes in fund balances	14,367	14,367	(209,412)	(223,779)
Fund balances - beginning	223,379	223,379	223,379	-
Fund balances - ending	$ 237,746	$ 237,746	$ 13,967	$ (223,779)

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
State sources	$ 32,100	$ 37,400	$ 6,750	$ (30,650)
Local sources	27,500	81,803	39	(81,764)
Charges for services	665,200	687,711	575,592	(112,119)
Interest and rentals	162,500	167,479	152,403	(15,076)
Other	10,000	10,000	270	(9,730)
Total revenues	897,300	984,393	735,054	(249,339)
EXPENDITURES:				
General government	1,197,162	1,231,149	1,068,617	162,532
Capital outlay	10,000	63,106	86,149	(23,043)
Total expenditures	1,207,162	1,294,255	1,154,766	139,489
Excess revenues (expenditures)	(309,862)	(309,862)	(419,712)	(109,850)
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	138	138	(109,712)	(109,850)
Fund balances - beginning	320,495	320,495	320,495	-
Fund balances - ending	$ 320,633	$ 320,633	$ 210,783	$ (109,850)

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	2019
Total pension liability						
Service cost	$ 370,738	$ 355,421	$ 321,967	$ 308,654	$ 273,612	$ 274,927
Interest	2,619,381	2,700,647	2,880,075	2,920,694	2,962,631	3,044,527
Changes in benefits	-	-	-	-	-	1,768
Difference between expected and actual experience	-	376,689	(478,274)	(371,018)	200,904	(141,847)
Change in assumptions	-	1,971,406	-	-	-	1,415,866
Benefit payments, including refund of member contributions	(1,915,053)	(2,079,788)	(2,163,446)	(2,255,299)	(2,377,900)	(2,450,308)
Other	(1)	1	2	-	-	-
Net change in total pension liability	1,075,065	3,324,376	560,324	603,031	1,059,247	2,144,933
Total pension liability - beginning	32,522,234	33,597,299	36,921,675	37,481,999	38,085,030	39,144,277
Total pension liability - ending	$ 33,597,299	$ 36,921,675	$ 37,481,999	$ 38,085,030	$ 39,144,277	$ 41,289,210
Plan fiduciary net position						
Contributions - employer	$ 1,031,587	$ 1,094,983	$ 758,928	$ 1,064,136	$ 2,193,388	$ 1,297,629
Contributions - employee	35,737	28,599	40,542	13,101	12,400	16,279
Net investment income	1,567,230	(374,464)	2,691,573	3,314,698	(1,096,297)	3,518,229
Benefit payments, including refunds of member contributions	(1,915,053)	(2,079,788)	(2,163,446)	(2,255,299)	(2,377,900)	(2,450,308)
Administrative expense	(57,465)	(55,499)	(53,549)	(52,570)	(53,662)	(60,591)
Net change in plan fiduciary net position	662,036	(1,386,169)	1,274,048	2,084,066	(1,322,071)	2,321,238
Plan fiduciary net position - beginning	24,940,489	25,602,525	24,216,356	25,490,404	27,574,470	26,252,399
Plan fiduciary net position - ending	$ 25,602,525	$ 24,216,356	$ 25,490,404	$ 27,574,470	$ 26,252,399	$ 28,573,637
County's net pension liability - ending	$ 7,994,774	$ 12,705,319	$ 11,991,595	$ 10,510,560	$ 12,891,878	$ 12,715,573
Plan fiduciary net position as a percentage of the total pension liability	76%	66%	68%	72%	67%	69%
Covered - employee payroll	$ 2,508,801	$ 2,410,300	$ 2,123,797	$ 2,051,194	$ 1,829,445	$ 1,818,374
County's net pension liability as a percentage of covered-employee payroll	319%	527%	565%	512%	705%	699%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%

Notes to schedule:
Schedule prepared based on on measurement date of December 31, which does not tie to fiscal year

Changes in assumptions: 2019 reflects a change in the investment rate of return assumption from 7.75% to 7.35% and the assumed rate of wage inflation from 3.75% to 3.00%

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	2020
Actuarially determined contribution	$ 872,928	$ 1,018,896	$ 879,024	$ 1,169,472	$ 1,262,949	$ 1,397,970
Contributions in relation to the actuarially determined contribution	955,842	1,018,896	879,024	2,169,472	1,262,949	1,397,970
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	$ 1,818,374
Contributions as a percentage of covered-employee payroll	38%	42%	41%	106%	69%	77%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	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.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10-14 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
Assumption changes	In the 2019 MERS valuation, the investment rate of return was reduced from 7.75% to 7.35%, which will first impact 2021 contributions. Additionally, the inflation assumption was changed from 3.75% to 3.00%
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	2019
Total pension liability						
Service cost	$ 160,837	$ 180,914	$ 187,284	$ 204,234	$ 180,125	$ 165,168
Interest	662,144	697,023	759,262	794,390	848,848	885,838
Difference between expected and actual experience	-	88,285	(53,870)	171,098	(54,317)	(123,398)
Changes in assumptions	-	517,032	-	-	-	379,726
Benefit payments, including refund of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)	(522,312)
Other	1	-	(1)	-	-	-
Net change in total pension liability	433,831	1,051,917	435,153	703,147	487,357	785,022
Total pension liability - beginning	8,140,141	8,573,972	9,625,889	10,061,042	10,764,189	11,251,546
Total pension liability - ending	$ 8,573,972	$ 9,625,889	$ 10,061,042	$ 10,764,189	$ 11,251,546	$ 12,036,568
Plan fiduciary net position						
Contributions - employer	$ 149,618	$ 186,133	$ 238,951	$ 330,202	$ 334,134	$ 307,302
Contributions - employee	27,549	29,564	30,057	31,965	32,920	30,585
Net investment income	516,019	(125,857)	921,012	1,172,985	(389,696)	1,271,131
Benefit payments, including refunds of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)	(522,312)
Administrative expense	(18,941)	(18,480)	(18,180)	(18,556)	(19,240)	(21,901)
Other	-	1	-	2	-	-
Net change in plan fiduciary net position	285,094	(359,976)	714,318	1,050,023	(529,181)	1,064,805
Plan fiduciary net position - beginning	8,189,530	8,474,624	8,114,648	8,828,966	9,878,989	9,349,808
Plan fiduciary net position - ending	$ 8,474,624	$ 8,114,648	$ 8,828,966	$ 9,878,989	$ 9,349,808	$ 10,414,613
Department's net pension liability - ending	$ 99,348	$ 1,511,241	$ 1,232,076	$ 885,200	$ 1,901,738	$ 1,621,955
Plan fiduciary net position as a percentage of the total pension liability	99%	84%	88%	92%	83%	87%
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,574,497	$ 1,418,717
Department's net pension liability as a percentage of covered-employee payroll	8%	102%	83%	55%	121%	114%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%

Notes to schedule:
Schedule prepared based on on measurement date of December 31, which does not tie to fiscal year

Changes in assumptions: 2019 reflects a change in the investment rate of return assumption from 7.75% to 7.35% and the assumed rate of wage inflation from 3.75% to 3.00%

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	2020
Actuarially determined contribution	$ 166,235	$ 233,984	$ 319,441	$ 235,854	$ 321,483	$ 266,227
Contributions in relation to the actuarially determined contribution	166,235	233,984	319,441	334,557	385,200	305,265
Contribution deficiency (excess)	$ -	$ -	$ -	$ (98,703)	$ (63,717)	$ (39,038)
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,418,717	$ 1,418,717
Contributions as a percentage of covered-employee payroll	13%	16%	22%	21%	27%	22%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	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.
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15-19 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
Assumption changes	In the 2019 MERS valuation, the investment rate of return was reduced from 7.75% to 7.35%, which will first impact 2021 contributions. Additionally, the inflation assumption was changed from 3.75% to 3.00%
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	2019
Total pension liability						
Service cost	$ 114,334	$ 119,662	$ 126,660	$ 127,523	$ 140,799	$ 162,581
Interest	848,222	872,732	906,491	940,940	955,343	987,049
Difference between expected and actual experience	-	(44,201)	180,625	(60,442)	175,235	32,176
Change in assumptions	-	534,196	-	-	-	413,023
Benefit payments, including refund of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)	(906,345)
Other	-	-	-	-	-	-
Net change in total pension liability	329,507	779,212	450,297	204,298	405,852	688,484
Total pension liability - beginning	10,540,833	10,870,340	11,649,552	12,099,849	12,304,147	12,709,999
Total pension liability - ending	$ 10,870,340	$ 11,649,552	$ 12,099,849	$ 12,304,147	$ 12,709,999	$ 13,398,483
Plan fiduciary net position						
Contributions - employer	$ 660,540	$ 735,719	$ 439,534	$ 640,593	$ 1,084,965	$ 550,232
Contributions - employee	7,208	12,958	55,473	19,017	22,241	26,583
MERS adjustment	-	-	-	168,880	-	-
Net investment income (loss)	339,991	(78,578)	637,694	815,891	(286,674)	913,767
Benefit payments, including refunds of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)	(906,345)
Administrative expense	(12,525)	(12,611)	(12,598)	(12,906)	(13,606)	(15,738)
Net change in plan fiduciary net position	362,165	(45,689)	356,624	827,752	(58,599)	568,499
Plan fiduciary net position - beginning	5,404,286	5,766,451	5,720,762	6,077,386	6,905,138	6,846,539
Plan fiduciary net position - ending	$ 5,766,451	$ 5,720,762	$ 6,077,386	$ 6,905,138	$ 6,846,539	$ 7,415,038
Commission's net pension liability - ending	$ 5,103,889	$ 5,928,790	$ 6,022,463	$ 5,399,009	$ 5,863,460	$ 5,983,445
Plan fiduciary net position as a percentage of the total pension liability	53%	49%	50%	56%	54%	55%
Covered - employee payroll	$ 1,306,931	$ 1,371,526	$ 1,451,488	$ 1,450,708	$ 1,586,458	$ 1,793,272
Commission's net pension liability as a percentage of covered-employee payroll	391%	432%	415%	372%	370%	334%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%

Notes to schedule:
Schedule prepared based on on measurement date of December 31, which does not tie to fiscal year

Changes in assumptions: 2019 reflects a change in the investment rate of return assumption from 7.75% to 7.35% and the assumed rate of wage inflation from 3.75% to 3.00%

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 612,462	$ 484,965	$ 432,069	$ 439,535	$ 385,719	$ 374,906	$ 360,540	$ 554,186	$ 548,582	$ 524,149
Contributions in relation to the actuarially determined contribution	912,462	1,084,965	640,592	589,535	735,719	874,906	660,540	554,186	548,582	524,149
Contribution deficiency (excess)	$ (300,000)	$ (600,000)	$ (208,523)	$ (150,000)	$ (350,000)	$ (500,000)	$ (300,000)	$ -	$ -	$ -
Covered - employee payroll	$ 1,793,272	$ 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
Contributions as a percentage of covered-employee payroll	51%	68%	44%	41%	54%	68%	51%	45%	46%	44%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	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.
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
Assumption changes	In the 2019 MERS valuation, the investment rate of return was reduced from 7.75% to 7.35%, which will first impact 2021 contributions. Additionally, the inflation assumption was changed from 3.75% to 3.00%
Note	Above dates on based on fiscal year and not the measurement date

OTHER SUPPLEMENTAL INFORMATION

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue Funds			
	Title III Forest Projects	MIDC Grant	Friend of Court	Circuit Court Counseling
ASSETS				
Cash and equivalents:				
Unrestricted	$ 361,027	$ -	$ 123,221	$ 97,055
Restricted	-	33,356	-	-
Receivables:				
Accounts	-	1,700	-	-
Miscellaneous	-	491	-	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	206	-	-
Total assets	$ 361,027	$ 35,753	$ 123,221	$ 97,055
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 6,573	$ -	$ -
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	-	4,645	-	-
Total liabilities	-	11,218	-	-
Fund balances:				
Nonspendable	-	206	-	-
Restricted	361,027	24,329	123,221	-
Committed	-	-	-	-
Assigned	-	-	-	97,055
Unassigned	-	-	-	-
Total fund balances	361,027	24,535	123,221	97,055
Total liabilities and fund balances	$ 361,027	$ 35,753	$ 123,221	$ 97,055

See accompanying notes to financial statements.

Special Revenue Funds						
Community Action	Sanitary Landfill	Hannahville Funding	Donations	Building and Zoning	County Survey
$ 8,794	$ 3,292	$ 62,461	$ 156,206	$ 150,756	$ 112,614
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	421	-
14,494	-	-	-	-	-
-	-	-	-	174	-
$ 23,288	$ 3,292	$ 62,461	$ 156,206	$ 151,351	$ 112,614
$ 22,756	$ -	$ -	$ 158	$ 4,359	$ -
-	-	-	-	-	-
-	-	-	-	7,916	-
22,756	-	-	158	12,275	-
-	-	-	-	174	-
532	3,292	-	-	-	-
-	-	-	-	-	-
-	-	62,461	156,048	138,902	112,614
-	-	-	-	-	-
532	3,292	62,461	156,048	139,076	112,614
$ 23,288	$ 3,292	$ 62,461	$ 156,206	$ 151,351	$ 112,614

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue Funds			
	R.O.D. Automation	Concealed Pistol Licensing	Training	Drug Enforcement
ASSETS				
Cash and equivalents:				
Unrestricted	$ 106,588	$ 61,454	$ 7,842	$ 611
Restricted	-	-	-	103,344
Receivables:				
Accounts	-	-	-	70,759
Miscellaneous	22	42	-	818
Due from State of Michigan	-	-	-	1,074
Prepaid items	9	34	-	879
Total assets	$ 106,619	$ 61,530	$ 7,842	$ 177,485
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 31	$ -	$ -	$ 4
Due to other funds	-	-	-	68,348
Accrued payroll and related liabilities	1,402	996	-	4,910
Total liabilities	1,433	996	-	73,262
Fund balances:				
Nonspendable	9	34	-	879
Restricted	105,177	60,500	7,842	103,344
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	105,186	60,534	7,842	104,223
Total liabilities and fund balances	$ 106,619	$ 61,530	$ 7,842	$ 177,485

See accompanying notes to financial statements.

Special Revenue Funds						
Law Library	Child Care	Soldiers and Sailors	Co-Probation	Sobriety Court	Northcare Sobriety Court	
$ 23,433	$ 710,300	$ 12,541	$ 90,785	$ 1,229	$ 33,968	
-	-	-	-	-	-	
-	-	-	-	-	14,708	
-	2,603	-	504	189	-	
-	51,358	-	6,250	11,750	-	
-	8,921	-	201	101	-	
$ 23,433	$ 773,182	$ 12,541	$ 97,740	$ 13,269	$ 48,676	
$ 395	$ 646	$ -	$ -	$ 210	$ 4,746	
-	-	-	-	-	-	
-	20,706	-	9,804	1,853	-	
395	21,352	-	9,804	2,063	4,746	
-	8,921	-	201	101	-	
-	742,909	12,541	87,735	11,105	43,930	
-	-	-	-	-	-	
23,038	-	-	-	-	-	
-	-	-	-	-	-	
23,038	751,830	12,541	87,936	11,206	43,930	
$ 23,433	$ 773,182	$ 12,541	$ 97,740	$ 13,269	$ 48,676	

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue Funds	Debt Service Funds		Capital Project Funds
	Prosecutors Grant	Jail Building Debt	Energy Project	Capital Outlay
ASSETS				
Cash and equivalents:				
Unrestricted	$ 270	$ 606,365	$ -	$ 463,525
Restricted	-	667,591	-	-
Receivables:				
Accounts	-	-	-	-
Miscellaneous	-	-	-	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 270	$ 1,273,956	$ -	$ 463,525
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 52,347
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	40	-	-	-
Total liabilities	40	-	-	52,347
Fund balances:				
Nonspendable	-	-	-	-
Restricted	230	1,273,956	-	185,000
Committed	-	-	-	-
Assigned	-	-	-	226,178
Unassigned	-	-	-	-
Total fund balances	230	1,273,956	-	411,178
Total liabilities and fund balances	$ 270	$ 1,273,956	$ -	$ 463,525

See accompanying notes to financial statements.

Capital Project Funds				Total Nonmajor Governmental Funds
Airport Improvement	Renaissance Zone	Brownfield	Jail Building	
$ -	$ 7,491	$ 11,002	$ 22,140	$ 3,234,970
190,310	-	-	2,063	996,664
4,793	-	-	-	91,960
-	-	-	-	5,090
-	-	-	-	84,926
-	-	-	-	10,525
$ 195,103	$ 7,491	$ 11,002	$ 24,203	$ 4,424,135
$ 7,735	$ -	$ -	$ -	$ 99,960
40,438	-	-	-	108,786
-	-	-	-	52,272
48,173	-	-	-	261,018
-	-	-	-	10,525
146,930	7,491	11,002	24,203	3,336,296
-	-	-	-	-
-	-	-	-	816,296
-	-	-	-	-
146,930	7,491	11,002	24,203	4,163,117
$ 195,103	$ 7,491	$ 11,002	$ 24,203	$ 4,424,135

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, 2020

	Special Revenue Funds			
	Title III Forest Projects	MIDC Grant	Friend of Court	Circuit Court Counseling
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
License and permits	-	-	-	-
Federal sources	51,616	-	-	-
State sources	-	263,674	760	-
Local sources	-	-	8,010	2,930
Charges for services	-	-	-	-
Interest and rentals	-	-	-	-
Other	-	-	25	-
Total revenues	51,616	263,674	8,795	2,930
EXPENDITURES:				
Judicial system	-	374,599	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	50,705	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	-	374,599	50,705	-
Excess revenues (expenditures)	51,616	(110,925)	(41,910)	2,930
OTHER FINANCING SOURCES (USES):				
Transfer in	-	109,592	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	109,592	-	-
Net changes in fund balance	51,616	(1,333)	(41,910)	2,930
Fund balances - beginning	309,411	25,868	165,131	94,125
Fund balances - ending	$ 361,027	$ 24,535	$ 123,221	$ 97,055

See accompanying notes to financial statements.

Special Revenue Funds					
Community Action	Sanitary Landfill	Hannahville Funding	Donations	Building and Zoning	County Survey
$ 699,376	$ 349,624	$ -	$ -	$ -	$ -
-	-	-	-	142,133	-
-	-	-	-	-	-
135,555	43,458	-	-	-	102,805
-	-	192,014	104,363	-	-
-	-	-	2,600	-	-
-	-	-	-	-	-
-	-	-	-	2,890	-
834,931	393,082	192,014	106,963	145,023	102,805
-	-	-	-	-	-
-	-	-	-	183,243	106,559
-	-	-	43,207	-	-
834,411	391,848	-	-	-	-
-	-	-	43,545	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	192,014	-	-	-
834,411	391,848	192,014	86,752	183,243	106,559
520	1,234	-	20,211	(38,220)	(3,754)
-	-	-	-	23,000	-
-	-	-	-	-	-
-	-	-	-	23,000	-
520	1,234	-	20,211	(15,220)	(3,754)
12	2,058	62,461	135,837	154,296	116,368
$ 532	$ 3,292	$ 62,461	$ 156,048	$ 139,076	$ 112,614

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, 2020

	Special Revenue Funds			
	R.O.D. Automation	Concealed Pistol Licensing	Training	Drug Enforcement
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
License and permits	-	-	-	-
Federal sources	-	-	-	140,696
State sources	-	-	-	-
Local sources	-	-	6,306	-
Charges for services	40,655	28,598	-	-
Interest and rentals	-	-	-	-
Other	-	9	-	3,993
Total revenues	40,655	28,607	6,306	144,689
EXPENDITURES:				
Judicial system	-	-	-	-
General government	29,838	-	-	-
Public safety	-	17,914	4,824	133,910
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	29,838	17,914	4,824	133,910
Excess revenues (expenditures)	10,817	10,693	1,482	10,779
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	-	89,689
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	89,689
Net changes in fund balance	10,817	10,693	1,482	100,468
Fund balances - beginning	94,369	49,841	6,360	3,755
Fund balances - ending	$ 105,186	$ 60,534	$ 7,842	$ 104,223

See accompanying notes to financial statements.

Special Revenue Funds						
Law Library	Child Care	Soldiers and Sailors	Co-Probation	Sobriety Court	Northcare Sobriety Court	
$ -	$ -	$ -	$ -	$ -	$ -	
-	-	-	-	-	-	
-	-	-	75,000	-	-	
-	242,051	-	-	40,567	-	
-	288	-	-	-	28,370	
-	11,159	-	-	-	-	
-	-	-	-	-	-	
4,500	-	-	-	14	-	
4,500	253,498	-	75,000	40,581	28,370	
11,784	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	494,204	1,379	126,072	38,718	10,116	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	31	-	-	-	-	
11,784	494,235	1,379	126,072	38,718	10,116	
(7,284)	(240,737)	(1,379)	(51,072)	1,863	18,254	
5,000	350,000	2,000	-	-	-	
-	-	-	-	-	-	
5,000	350,000	2,000	-	-	-	
(2,284)	109,263	621	(51,072)	1,863	18,254	
25,322	642,567	11,920	139,008	9,343	25,676	
$ 23,038	$ 751,830	$ 12,541	$ 87,936	$ 11,206	$ 43,930	

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, 2020

	Special Revenue Fund	Debt Service Funds		Capital Project Fund
	Prosecutors Grant	Jail Building Debt	Energy Project	Capital Outlay
REVENUES:				
Taxes	$ -	$ 976,009	$ -	$ -
License and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	195,520	-	48,454
Local sources	-	-	-	32,564
Charges for services	-	-	-	-
Interest and rentals	-	2,539	-	-
Other	-	-	-	-
Total revenues	-	1,174,068	-	81,018
EXPENDITURES:				
Judicial system	-	-	-	-
General government	-	-	-	13,037
Public safety	-	223	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	136,227
Debt service:				
Principal	-	369,000	77,458	-
Interest	-	556,546	7,167	-
Other	-	-	-	-
Total expenditures	-	925,769	84,625	149,264
Excess revenues (expenditures)	-	248,299	(84,625)	(68,246)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	84,625	100,000
Transfer out	-	-	-	(84,625)
Total other financing sources (uses)	-	-	84,625	15,375
Net changes in fund balance	-	248,299	-	(52,871)
Fund balances - beginning	230	1,025,657	-	464,049
Fund balances - ending	$ 230	$ 1,273,956	$ -	$ 411,178

See accompanying notes to financial statements.

Capital Project Funds				Total Nonmajor Governmental Funds
Airport Improvement	Renaissance Zone	Brownfield	Jail Building	
$ -	$ -	$ -	$ -	$ 2,025,009
-	-	-	-	142,133
-	-	-	-	267,312
-	-	-	-	1,072,844
44,790	-	-	-	419,635
-	-	-	-	83,012
862	-	-	11	3,412
-	-	-	-	11,431
45,652	-	-	11	4,024,788
-	-	-	-	386,383
48,173	425	-	-	381,275
-	-	-	-	200,078
-	-	-	-	1,896,748
-	-	-	-	230,477
-	-	-	-	446,458
-	-	-	-	563,713
-	-	-	-	192,045
48,173	425	-	-	4,297,177
(2,521)	(425)	-	11	(272,389)
-	-	-	-	763,906
-	-	-	-	(84,625)
-	-	-	-	679,281
(2,521)	(425)	-	11	406,892
149,451	7,916	11,002	24,192	3,756,225
$ 146,930	$ 7,491	$ 11,002	$ 24,203	$ 4,163,117

See accompanying notes to financial statements.

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COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2020

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents				
Unrestricted	$ 392,966	$ 454,990	$ 456,427	$ 1,304,383
Investments	-	4,880,641	-	4,880,641
Receivables:				
Accounts	-	-	64	64
Interest	-	10,590	-	10,590
Notes receivable	-	20,394	-	20,394
Prepaid items	-	-	33	33
Total current assets	392,966	5,366,615	456,524	6,216,105
Noncurrent assets:				
Notes receivable	-	472,139	-	472,139
Total noncurrent assets	-	472,139	-	472,139
Total assets	$ 392,966	$ 5,838,754	$ 456,524	$ 6,688,244
LIABILITIES				
Current liabilities:				
Accounts payable	$ -	$ -	$ 2,007	$ 2,007
Accrued payroll	-	-	971	971
Total liabilities	-	-	2,978	2,978
NET POSITION				
Restricted	150,000	-	-	150,000
Unrestricted	242,966	5,838,754	453,546	6,535,266
Total net position	392,966	5,838,754	453,546	6,685,266
TOTAL LIABILITIES AND NET POSITION	$ 392,966	$ 5,838,754	$ 456,524	$ 6,688,244

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, 2020

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
OPERATING REVENUES:				
Rental and interest income	$ -	$ -	$ 49,225	$ 49,225
Miscellaneous	-	-	9,212	9,212
Total operating revenue	-	-	58,437	58,437
OPERATING EXPENSES:				
Salaries and fringes	-	-	10,261	10,261
Supplies	-	-	5,178	5,178
Contracted services	-	-	375	375
Repairs and maintenance	-	-	32,142	32,142
Utilities	-	-	4,421	4,421
Miscellaneous	-	-	5,330	5,330
Total operating expenses	-	-	57,707	57,707
Operating income (loss)	-	-	730	730
NONOPERATING REVENUES (EXPENSES):				
Interest income	-	121,316	-	121,316
Income (loss) before transfers and contributions	-	121,316	730	122,046
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Change in net position	-	121,316	730	122,046
Total net position - beginning	392,966	5,717,438	452,816	6,563,220
Total net position - ending	$ 392,966	$ 5,838,754	$ 453,546	$ 6,685,266

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2020

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interest and rents	$ -	$ 9,478	$ 49,161	$ 58,639
Payments to suppliers	-	-	(64,915)	(64,915)
Payments for wages and related benefits	-	-	(10,072)	(10,072)
Receipts from other funds	-	-	-	-
Other cash receipts (payments)	-	(200,000)	9,212	(190,788)
Net cash provided (used) by operating activities	-	(190,522)	(16,614)	(207,136)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Net transfer of investments	-	(1,108,504)	-	(1,108,504)
Interest earnings	-	121,316	-	121,316
Net cash provided (used) by investing activities	-	(987,188)	-	(987,188)
Net increase (decrease) in cash and equivalents	-	(1,177,710)	(16,614)	(1,194,324)
Cash and equivalents, beginning of year	392,966	1,632,700	473,041	2,498,707
Cash and equivalents, end of year	$ 392,966	$ 454,990	$ 456,427	$ 1,304,383
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ -	$ -	$ 730	$ 730
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in receivables	-	(190,522)	(64)	(190,586)
(Increase) decrease in prepaid items	-	-	(33)	(33)
Increase (decrease) in accounts payable	-	-	(17,436)	(17,436)
Increase (decrease) in accrued payroll	-	-	189	189
Total adjustments	-	(190,522)	(17,344)	(207,866)
Net cash provided by operating activities	$ -	$ (190,522)	$ (16,614)	$ (207,136)

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2020

	General Trust and Agency	Friend of Court Trust	District Court Trust
ASSETS			
Cash and cash equivalents:			
Unrestricted	$ 258,202	$ 631	$ 83,142
Due from local units	-	-	-
Total assets	258,202	631	83,142
LIABILITIES			
Due to other governmental units	54,677	-	-
Undistributed taxes	-	-	-
Other liabilities	203,525	631	83,142
Total liabilities	$ 258,202	$ 631	$ 83,142

See accompanying notes to financial statements.

Sheriff Inmate Trust	Library Penal Fines	Totals
$ 6,840	$ 37,080	$ 385,895
-	-	-
6,840	37,080	385,895
-	-	54,677
-	-	-
6,840	37,080	331,218
$ 6,840	$ 37,080	$ 385,895

See accompanying notes to financial statements.

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SINGLE AUDIT

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

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

"A Regional Firm Within the Upper Peninsula of Michigan"

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 aggregate 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, 2020, and the related notes to the financial statements, which collectively comprise Delta County's basic financial statements and have issued our report thereon dated March 29, 2021. 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. However, as described in the accompanying schedule of findings and questioned costs as item 2020-001, we did identify certain deficiencies in internal control that we consider to be a material weakness.

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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 2020-002.

Delta County's Response to Findings

Delta County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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

March 29, 2021

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Kristine P. Berhow, CPA, Principal
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To 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, 2020. 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 no federal awards for negotiated projects, and the Public Health, Delta & Menominee Counties received $1,133,012 in federal awards which are not included in Delta County's schedule of expenditures of federal awards during the year ended September 30, 2020. 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.

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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.

Opinion on Each Major Federal Program

In our opinion, Delta County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identity certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-003, that we consider to be significant deficiencies.

Delta County's response to the noncompliance finding and the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Delta County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

March 29, 2021

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2020

Federal grantor/pass-through/program title	Federal CFDA Number	Agency or pass-through number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture:				
Passed through Michigan Department of Natural Resources:				
Schools & Roads Grants to States-Title I	10.665	-	$ 206,463	$ -
U.S. Department of Interior:				
Direct Program:				
Payments in Lieu of Taxes	15.226	-	377,039	-
U.S. Department of Justice:				
Passed through Michigan Department of Health and Human Services:				
Victims of Crime Act	16.575	CVS 2020	179,982	-
Passed through the Michigan State Police:				
Byrne Memorial Formula Grant	16.738	JAG-70768-U.P.S.E.T.-2020	37,352	-
Total U.S. Department of Justice			217,334	-
U.S. Department of Transportation:				
Passed through Michigan Department of Transportation:				
COVID-19 CARES Act	20.106	3-26-0031-043-2020	384,875	-
U.S. Department of Treasury:				
Passed through Michigan Department of Treasury:				
COVID-19 Coronavirus Relief Local Government Grants	21.019	-	305,135	-
COVID-19 Public Safety & Public Health Payroll Reimbursement	21.019	-	386,628	
COVID-19 First Responder Hazard Premium Pay	21.019	-	46,000	-
Total U.S. Department of Treasury			737,763	-
U.S. Department of Health and Human Services:				
Passed through State of Michigan Department of Human Services:				
Promoting Safe and Stable Families	93.556	DEL-17-21001	37,500	-
TANF Cluster	93.558	DEL-17-21001	37,500	-
Child Support Enforcement	93.563	CS/COM-17-21003	382,040	-
Friend of Court - Federal Incentives	93.563	-	66,991	-
Total U.S. Department of Health and Human Services			524,031	-
U.S. Department of Homeland Security:				
Passed through the Michigan Department of Natural Resources:				
Boating Safety Financial Assistance	97.012	MS19-078	14,900	-
Passed through Michigan State Police:				
Emergency Management Performance	97.042	2020 EMPG	22,268	-
Passed through Dickinson County, Michigan:				
Homeland Security Grant-2018	97.067	-	3,712	-
Homeland Security Grant-2019	97.067	-	5,067	-
Total U.S. Department of Homeland Security			45,947	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,493,452	$ -

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, 2020

NOTE A – OVERSIGHT AGENCY

The U.S. Department of Interior 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, 2020. 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 2020, 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, 2020

NOTE F – FEDERAL REVENUE RECONCILIATION

Federal revenue per governmental fund financial statements	$ 2,048,295
Federal expenditures per schedule of expenditures of federal award	2,493,452
Difference	(445,157)
Reconciling items:	
Federal revenues were received and reported as revenue in the financial statements, but there were no expenditures reported on the schedule of expenditures of federal awards in the current year.	
CFDA #10.665	(51,616)
CFDA #16.922	(103,344)
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	206,463
CFDA #21.019	384,875
CFDA #97.067	8,779
Reconciled difference	$ -

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified*			
• Material weakness(es) identified:	X	Yes		No
• Significant deficiencies(s) identified that are not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?	X	Yes		No

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified:		Yes	X	No
• Significant deficiencies (s) identified that are not considered to be material weakness(es)?	X	Yes		None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Were audit findings identified that are required to be reported in accordance with the Uniform Guidance?	X	Yes		No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
15.226	Payments in Lieu of Taxes

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Material Weakness – Material Audit Adjustments (repeat)

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 staffing constraints.

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.

2020-002: Compliance Finding – Violation of Public Act 2 of 1968, as Amended (repeat)

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

Condition: During the fiscal year ended September 30, 2020, 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

2020-003 – Preparation of Schedule of Expenditures of Federal Awards (SEFA)

Finding Type: Significant Deficiency in Internal Controls and Noncompliance (Reporting, Cash Management and Allowable Costs/Cost Principles)

Federal Program: U.S. Department of Treasury – Coronavirus Relief Fund (CFDA #21.019) and U.S. Department of Interior – Payments in Lieu of Taxes (CFDA #15.226); all project numbers

Criteria: The Code of Federal Regulations (CFR) Section 200.303(b) requires non-Federal entities to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and terms and conditions of the Federal award. CFR Section 200.502(a) states that the determination of when a Federal award is expended should be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as expenditure/expense transactions associated with grant awards. The County reports expenditures on the SEFA when the expenditure has been incurred, or on the accrual basis of accounting, in accordance with generally accepted accounting principles. CFR Section 200.510(b) requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with CFR Section 200.502(a), as stated above, and must reconcile amounts reported in the SEFA to the amounts reported in the auditee's financial statements.

Condition: The SEFA was not appropriately reconciled to federal grant revenues and expenditures recorded in the financial statements. Changes were made to major program expenditures, as well as expenditures of other programs, during the closing process and during the completion of the single audit to properly report expenditures on the SEFA. Closing procedures should be in place to reconcile grant expenditures incurred at year-end, confirm the amount as eligible with the grantor, claim the grant revenues on a timely basis, reconcile the claim to the general ledger, and ensure the expenditures that will be claimed under federal awards are properly reported on the SEFA and audited financial statements prior to the start of the single audit. If expenditures reported on the SEFA are misstated, the County could fail to have a program appropriately identified as a major program and tested as a major program during the single audit. Failure to have a program audited during the single audit would result in noncompliance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Cause: Closing procedures were not in place and management did not effectively communicate with County departments responsible for administering federal awards to identify all federal grant related activity.

2020-003 – Preparation of Schedule of Expenditures of Federal Awards (SEFA) (continued)

Effect: The SEFA had to be adjusted to include all federal expenditures prior to the single audit beginning, which resulted in inefficiencies during the single audit.

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

Recommendation: We recommend that management meet with department heads throughout the year and during the closing process to identify all expenditures under federal awards. Training should be provided to all staff to make sure they are aware of the importance of accurately reconciling and claiming grant expenditures on a timely basis and providing the information to management for inclusion on the SEFA.

Views of Responsible Officials: The County will work to improve closing processes and communications with various departments to ensure the SEFA is complete and accurate.

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March 29, 2021

Federal Audit Clearinghouse
Re: County of Delta, Michigan
Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2020

2019-001: Material Weakness – Material Audit Adjustments

Statement of Condition/Criteria: The County is required to have internal controls in place to properly record, 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 2020-001 in Schedule of Findings and Questions Costs.

2019-002: 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 2020-002 in Schedule of Findings and Questions Costs.

March 29, 2021

Federal Audit Clearinghouse
Re: County of Delta, Michigan
Corrective Action Plan
For the Fiscal Year Ended September 30, 2020

2020-001: Material Weakness – Material Audit Adjustments

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

Planned Corrective Action: The County will focus on having all entries posted to the correct fiscal year prior to the future audits. The County employees will receive training and continuing education in an effort to comply with this corrective action plan.

Contact person responsible for corrective action: Emily DeSalvo, County Administrator, and Ashleigh Young, County Controller

Anticipated Completion Date: September 2021

2020-002: Compliance Finding – Violation of Public Act 2 of 1968, as Amended

Statement of Condition/Criteria: Expenditures were incurred in excess of amounts appropriated in the amended budgets of certain funds.

Planned Corrective Action: 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. 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.

Contact person responsible for corrective action: Emily DeSalvo, County Administrator, and Ashleigh Young, County Controller

Anticipated Completion Date: September 2021

March 29, 2021

2020-003: Significant Deficiency and Noncompliance – Preparation of Schedule of Expenditures of Federal Awards (SEFA)

Statement of Condition/Criteria: The Code of Federal Regulations requires a non-federal entity to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with CFR Section 200.502(a) and must reconcile amounts reported in the SEFA to the amounts reported in the auditee's financial statements.

Planned Corrective Action: Develop closing process to ensure all federal expenditures are identified, recorded, and reconciled on the SEFA.

Contact person responsible for corrective action: Emily DeSalvo, County Administrator, and Ashleigh Young, County Controller

Anticipated Completion Date: September 2021

ANDERSON, TACKMAN & COMPANY, PLC
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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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Delta County, Michigan for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 February 22, 2021. 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 2020 except for the adopting of Statement of Governmental Accounting Standards (GASB Statement) No. 89, *Accounting for Interest Incurred before the End of a Construction Period.* 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.

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 the 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 it is reasonable in relation to the financial statements taken as a whole.

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.

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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 March 29, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to 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, budgetary comparison schedules, and schedules of net pension liability and related ratios and schedules of employer contributions for the pension system, which are required supplementary information (RSI) that supplement 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 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.

During our audit we became aware of matters that are opportunities for strengthening internal controls or operating efficiency. The following comments and recommendations and informational items do not affect our report dated March 29, 2021 on the financial statements of the County.

Comments & Recommendations (Other Matters)

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 (repeat)

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 (repeat)

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.

Reconciliation of Balance Sheet Accounts (repeat)

Comment:
We noted various balance sheet accounts, including accounts payable and payroll withholding liability accounts, that were not reconciled to supporting documentation, that included unknown items that carried forward from prior years, or that were not properly clearing out with each payroll. The County does not have procedures in place to ensure balance sheet accounts are reconciled.
Recommendations:
All balances should be examined throughout the year for accuracy. Yearend asset and liability balances should be supported by a list of detailed items that make up that balance, even if the balance is carrying forward from a prior year. Balances that are carried forward from a prior year should be evaluated for appropriateness. Payroll withholding accounts should be reviewed to ensure that all amounts withheld are properly disbursed.

General Trust and Agency Account Reconciliation (repeat)

Comment:
We noted several accounts where the balance has remained the same as the prior year.
Recommendation:
County personnel should review all Trust & Agency accounts and reconcile these funds and timely distribute funds to other entities.

Clerks Receipts

Comment:
We noted several miscellaneous services provided by the Clerk's office are being receipted and recorded into one account without sufficient detail to determine the appropriate fee has been charged.
Recommendation:
Personnel should document a description of the type of service provided at the time of receipting each item so there is a clear audit trail.

Airport Fuel Pricing

Comment:
We noted the airport does not have formal policies and procedures to support the price charged to customers for fuel.
Recommendation:
Personnel should develop procedures to ensure prices are appropriately determined a documented for fuel to be sold at the airport.

Informational Items

GASB 87 – Leases

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 Summary section of the Statement states the following:

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this statement are effective for the County's financial statements for the 2021-2022 fiscal year, as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued as a result of COVID-19. The County should begin analyzing the impact the implementation of the standard will have on the County's funds.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The requirements of this Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

Under this Statement, a PPP is defined as an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial assets, such as infrastructure or other capital assts (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Under this Statement a PPP meets the definition of a service concession arrangement (SCA) if: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The provisions of this statement are effective for the County's financial statements for the 2022-2023 fiscal year. The County should begin analyzing the impact the implementation of the standard will have on the County's funds.

GASB 96 – Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) for government end users (governments) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The provisions of this statement are effective for the County's financial statements for the 2022-2023 fiscal year. The County should begin analyzing the impact the implementation of the standard will have on the County's funds.

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Section 457 Plans

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The provisions of this statement are effective for the County's financial statements for the 2021-2022 fiscal year. The County should begin analyzing the impact the implementation of the standard will have on the County's funds.

Restriction on Use

This information is intended solely for the information and use of the County Board 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

March 29, 2021