COUNTY OF DELTA, MICHIGAN

BASIC FINANCIAL STATEMENTS
with Supplemental Information

YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (unaudited)	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	23
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to the Basic Financial Statements	29
Required Supplemental Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Road Patrol	83

TABLE OF CONTENTS

	Page
Required Supplemental Information (continued):	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Airport	84
Employee Retirement and Benefit Systems - Schedules of Net Pension Liability and Related Ratios and Schedules of Employer Contributions	85
Other Supplemental Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	97
Combining Statement of Net Position - Internal Service Funds	103
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	104
Combining Statement of Cash Flows - Internal Service Funds	105
Combining Statement of Fiduciary Net Position	106
Combining Statement of Changes in Fiduciary Net Position	107
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*	108
Schedule of Findings and Responses	110

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

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"A Regional Firm Within the Upper Peninsula of Michigan"

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 (the "County"), as of and for the year ended September 30, 2021, 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 90% 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note U to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 individual and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund financial statements 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 individual and combining fund financial statements 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 May 4, 2022, 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

May 4, 2022

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, 2021. Please read it in conjunction with the County's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- In 2015, the County implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which required the recording of a net pension liability. The impact of GASB Statement 68 depends upon actuarial assumptions. The net pension liability increased by $308,339 from 2020. The deferred outflow of resources decreased by $436,408 to a balance of $2,587,747, and deferred inflows of resources increased by $426,649 to a balance of $2,291,452 at September 30, 2021. 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.

- Net position for the County was reported at $37,951,056 for 2021 and $30,838,004 for 2020, which is an increase of $7,113,052. This increase was primarily driven by capital contributions for airport improvements. For 2021, net position for business-type activities was $7,658,455 or 20% of total net position, while net position in our governmental activities was $30,292,601 or 80% of total net position.

- The County's expenses for 2021 totaled $21,163,115, while revenues from all sources totaled $28,276,167, leaving an increase of $7,113,052. In 2020, expenses totaled $19,834,374 while revenues totaled $18,721,103, leaving a decrease of $1,113,271.

- The General Fund reported an increase in fund balance of $772,388 in 2021 and an increase of $122,732 in 2020, representing a change in fund balance of +12% and +2%, respectively. The General Fund reported revenues of $11,964,547 in 2021 compared to $11,356,415 in 2020, and expenditures of $10,656,272 in 2021 compared to $10,262,721 in 2020. Net transfers in 2021 were -$539,522 as compared to -$970,962 in 2020.

- 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. The County received and spent approximately $1,122,000 in federal funding specific to Covid-19 during 2021. Approximately, $691,000 was intended for airport operations, $129,000 for public safety and public health payroll reimbursements and the remainder was for government operations. In addition, during 2021 the County received approximately $3,500,000 as the first of two payments related to the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act (ARPA). The County reported $3,324,042 of this funding as unearned revenue at September 30, 2021 as it had not been spent.

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 P.A. 123 foreclosure activity and 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 and Statement of Changes in Fiduciary Net Position on page 28. We exclude these funds from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The County as a Whole

The County's combined net position increased by $7,113,052 in 2021 and decreased by $1,113,271 in 2020.

Table 1
Net Position

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Current and other assets	$ 22,980,481	$ 18,611,011	$ 7,947,454	$ 6,958,284
Capital assets (net)	41,972,589	35,654,156	22,241	14,589
Total Assets	64,953,070	54,265,167	7,969,695	6,972,873
Deferred outflows	2,587,747	3,024,155	-	-
Long-term debt outstanding	16,560,000	17,020,962	-	-
Other liabilities	18,396,764	14,503,043	311,240	35,383
Total Liabilities	34,956,764	31,524,005	311,240	35,383
Deferred inflows	2,291,452	1,864,803	-	-
Net Position:				
Net investment in capital assets	25,412,589	18,633,194	22,241	14,589
Restricted assets:				
Expendable	3,187,412	3,514,471	2,035,460	1,618,879
Unrestricted	1,692,600	1,752,849	5,600,754	5,304,022
Total net position	$ 30,292,601	$ 23,900,514	$ 7,658,455	$ 6,937,490

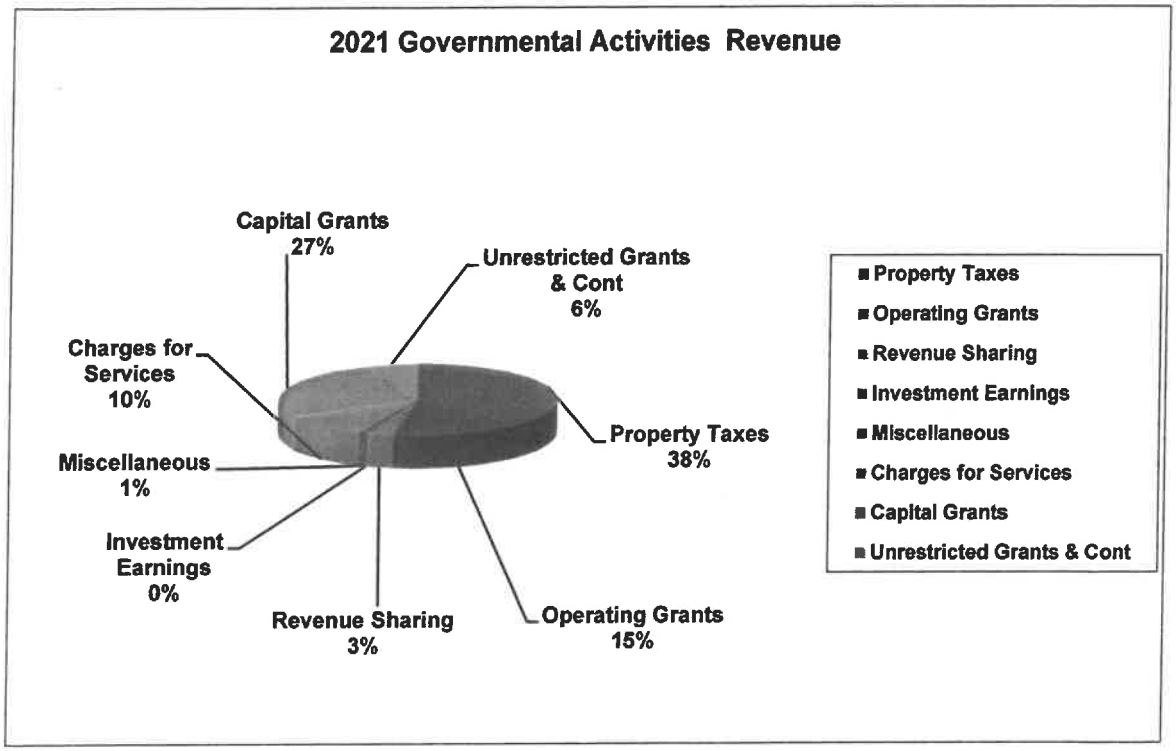
Net position of the County's governmental activities stood at $30,292,601, down from $23,900,514 in 2020. Unrestricted net position, the part of net position that could be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements stood at $1,692,600 and $1,752,849 for 2021 and 2020, respectively.

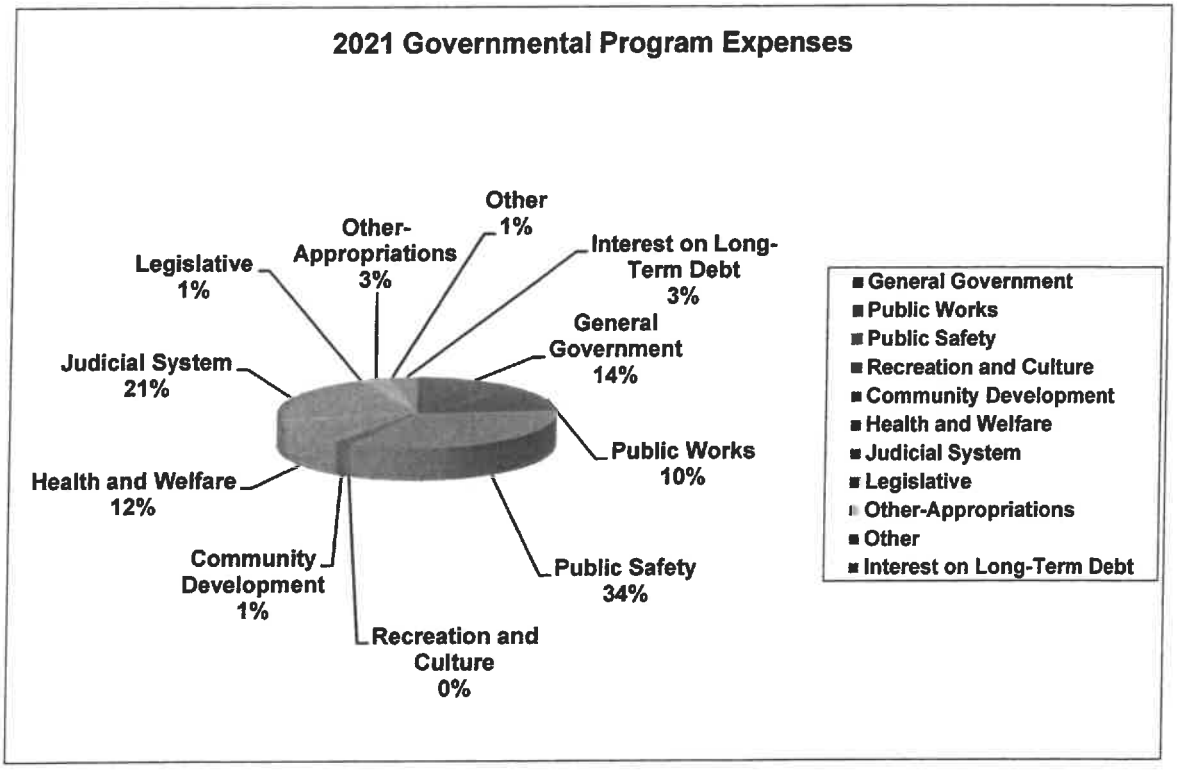
Net position in our business-type activities stood at $7,658,455, up from $6,937,490 in 2020.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Revenues:				
Program Revenues:				
Charges for services	$ 2,847,610	$ 2,411,569	$ 1,279,925	$ 631,829
Operating grants	4,077,981	3,806,439	-	12,551
Capital grants	7,173,759	177,424	-	-
General Revenues:				
Property taxes	10,172,438	9,794,877	-	-
State revenue sharing	838,694	642,385	-	-
Grants and contributions not restricted to specific programs	1,636,995	836,816	-	-
Unrestricted investment earnings	73,742	196,203	21,085	60,539
Miscellaneous	153,938	150,471	-	-
Total Revenues	26,975,157	18,016,184	1,301,010	704,919
Program Expenses:				
Legislative	174,009	163,597	-	-
Judicial system	4,371,907	3,223,241	-	-
General government	2,801,097	6,159,490	-	-
Public works	2,156,931	-	-	-
Public safety	6,959,055	6,401,772	-	-
Health and welfare	2,480,982	2,310,016	-	-
Recreation and culture	43,323	36,326	-	-
Community development	325,510	-	-	-
Other-appropriations	603,720	574,641	-	-
Other	143,761	192,045	-	-
Interest on long-term debt	536,488	557,718	-	-
Delinquent tax revolving	-	-	127,871	110,823
Jail commissary	-	-	438,461	104,705
Total Expenses	20,596,783	19,618,846	566,332	215,528
Excess (deficiency) before transfers and contributions	6,378,374	(1,602,662)	734,678	489,391
Transfers	13,713	-	(13,713)	-
Increase (decrease) in net position	6,392,087	(1,602,662)	720,965	489,391
Net position - beginning	23,900,514	25,503,176	6,937,490	6,448,099
Net position - ending	$ 30,292,601	$ 23,900,514	$ 7,658,455	$ 6,937,490

Governmental Activities





Governmental Activities

Revenues (including net transfers) for the County's governmental activities totaled $27.0 million, up 49.8% from $18.0 million in 2020. The significant increase is due to approximately $7.0 million in capital contributions for airport projects as well as additional other grants. Expenses totaled $20.6 million in 2021, up 5.0% from $19.6 million in 2020. The increase is primarily driven by capital outlay. Certain expenses were reclassified in 2021 within activities or functions to better align with the updated Michigan Uniform Chart of Accounts.

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	
	2021	2020	2021	2020
Public safety	$ 6,959,055	$ 6,401,772	$ 6,233,553	$ 4,740,232
Judicial system	4,371,907	3,223,241	2,209,725	1,342,656
General government	2,801,097	6,159,490	2,288,036	3,905,367
Health and welfare	2,480,982	2,310,016	1,891,488	1,710,832
Public works	2,156,931	-	(7,367,520)	-
Totals	$ 18,769,972	$ 18,094,519	$ 5,255,282	$ 11,699,087

Business-Type Activities

The County's business-type activities net position totaled $7,658,455 in 2021 as compared to $6,937,490 in 2020. The increase is due to profits from foreclosures, jail commissary sales, and collection of interest on delinquent taxes.

THE COUNTY'S FUNDS

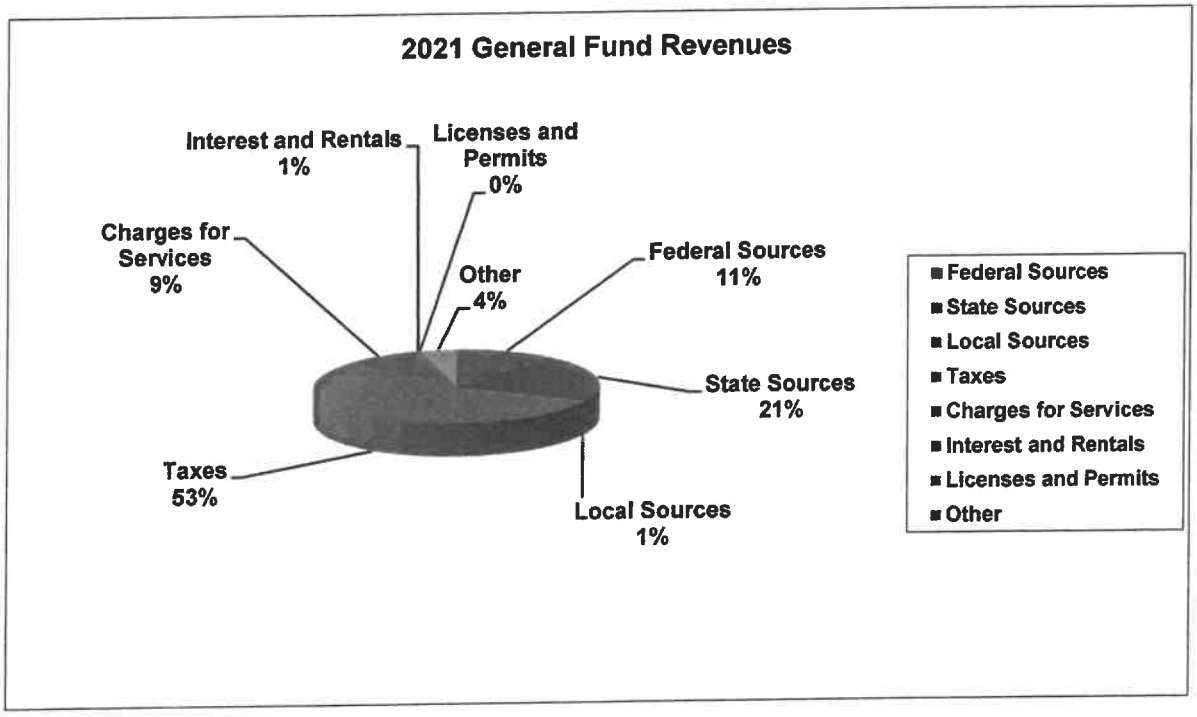
The focus of the governmental funds of the County is to provide information on near-term inflows, outflows and balances in spendable resources. The fund information is useful to determine short-term financing requirements and can be used to measure the County's net resources available for spending at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

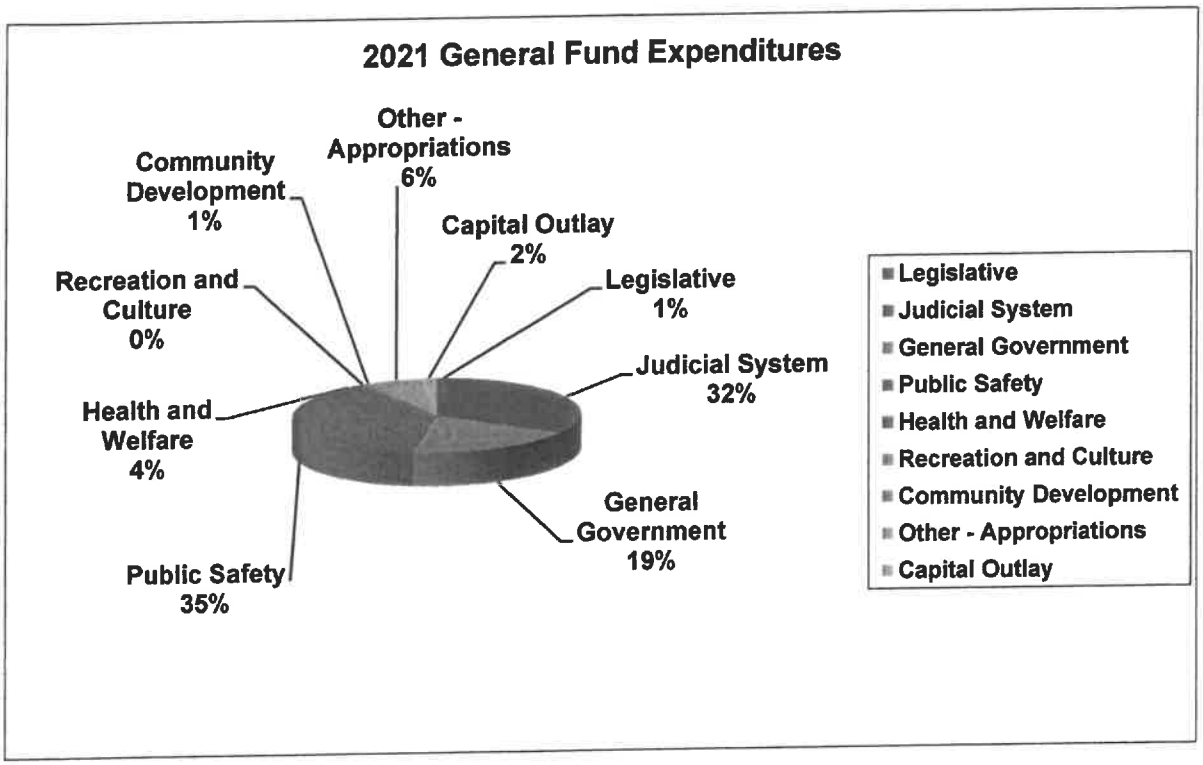
For the current fiscal year, the County's governmental funds reported total fund balance of $11,783,721. The General Fund unassigned fund balance amounted to $4,899,405 and $2,129,859 was committed for pension stabilization. The General Fund had an increase in fund balance of $772,388, representing an increase of 12% over the prior year total fund balance. The increase was primarily due to additional grant 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 2021 Amended Budget increased by $500,403 over the original fiscal year 2021 Approved Budget, which represents an increase of 4.9%. However, final expenditures were actually $344,723, or 3.3% more than the original approved expenditure authority as a result of judicial costs, corrections costs, and capital outlay that was unexpected at the time of the original budget. The original budget was projected to add nothing to fund balance, however $772,388 was added to General Fund Balance due to fiscal year 2021 activities and savings.

General Fund





CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2021, the County had $41,994,830, 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 F)

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Capital assets	$ 63,641,450	$ 55,949,198	$ 39,141	$ 26,641	$ 63,680,591	$ 55,975,839
Accumulated depreciation	(21,668,861)	(20,295,042)	(16,900)	(12,052)	(21,685,761)	(20,307,094)
Total	$ 41,972,589	$ 35,654,156	$ 22,241	$ 14,589	$ 41,994,830	$ 35,668,745

There was a significant increase in governmental activities capital assets in 2021 due to projects at the airport. The other additions to capital assets in 2021 were related to vehicles and other improvements. There were similar additions related to vehicles and other improvements in 2020.

DEBT

At year-end, the County had $16,560,000 in bonds outstanding and paid off the notes payable as explained in footnote H.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2021	2020
General Obligation Unlimited Tax Bonds:		
Series 2017A	$ 8,326,000	$ 8,517,000
Series 2017B	8,234,000	8,423,000
Notes Payable:		
Energy Project	-	80,962
Totals	$ 16,560,000	$ 17,020,962

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 2022 budget has increased by a considerable amount due to the Wind Turbines on the Garden Peninsula in Delta County now being included. It is projected that this increase will last the County about five to six years and amount to millions added to taxable value.

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. Delta County is projecting to contribute further lump sum payments at the end of each fiscal year to help pay down the unfunded pension liability.

The second financial concern that Fiscal Year 2021 was the pandemic of Coronavirus Disease. 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.

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COUNTY OF DELTA, MICHIGAN
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Public Health Department	Central Dispatch Authority	Road Commission
ASSETS						
Current assets:						
Cash and cash equivalents	$ 14,530,842	$ 5,498,122	$ 20,028,964	$ 2,360,110	$ 287,957	$ 2,617,981
Investments	6,469,437	1,305,962	7,775,399	-	-	-
Receivables:						
Accounts	115,820	169,554	285,374	95,571	80,915	12,581
Current taxes	867,984	-	867,984	-	-	-
Notes	22,831	-	22,831	-	-	-
Delinquent taxes	-	696,275	696,275	-	-	-
Interest & admin fee	-	130,439	130,439	-	-	-
Due from other governmental units	2,638	-	2,638	-	22,364	56,748
Due from State of Michigan	400,609	-	400,609	50,340	-	1,152,264
Prepaids	90,602	-	90,602	11,144	10,597	71,544
Inventory	46,985	-	46,985	-	-	2,445,043
Total current assets	22,547,748	7,800,352	30,348,100	2,517,165	401,833	6,356,161
Noncurrent assets:						
Notes receivable	432,733	-	432,733	-	-	-
Delinquent taxes receivable	-	147,102	147,102	-	-	-
Capital assets not depreciating	8,889,336	-	8,889,336	-	-	8,536,562
Capital assets, net of accumulated depreciation	33,083,253	22,241	33,105,494	70,337	2,277,917	31,945,050
Total noncurrent assets	42,405,322	169,343	42,574,665	70,337	2,277,917	40,481,612
Total assets	$ 64,953,070	$ 7,969,695	$ 72,922,765	$ 2,587,502	$ 2,679,750	$ 46,837,773
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pension plan	$ 2,587,747	$ -	$ 2,587,747	$ 1,514,724	$ -	$ 1,463,824

See accompanying notes to financial statements.

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Public Health Department	Central Dispatch Authority	Road Commission
LIABILITIES						
Current liabilities:						
Accounts payable	777,126	294,786	1,071,912	65,618	75,405	34,689
Accrued payroll	290,184	16,454	306,638	124,991	-	-
Accrued interest	269,100	-	269,100	-	38,960	-
Due to other governmental units	142	-	142	-	-	3,224
Unearned revenue	3,327,917	-	3,327,917	965,218	-	-
Long-term liabilities due within one year:						
Compensated absences	177,096	-	177,096	49,092	-	83,900
Lease payable	-	-	-	-	198,163	-
Notes payable	-	-	-	-	-	-
Bonds payable	392,000	-	392,000	-	-	-
Total current liabilities	5,233,565	311,240	5,544,805	1,204,919	312,528	121,813
Long-term liabilities:						
Compensated absences	531,287	-	531,287	147,276	-	126,121
Advance from State	-	-	-	-	-	696,229
Unearned revenue	-	-	-	-	-	882,495
Lease payable	-	-	-	-	1,362,478	-
Notes payable	-	-	-	-	-	-
Bonds payable	16,168,000	-	16,168,000	-	-	2,190,000
Net pension liability	13,023,912	-	13,023,912	1,900,538	-	5,532,655
Total long-term liabilities	29,723,199	-	29,723,199	2,047,814	1,362,478	9,427,500
Total liabilities	$ 34,956,764	$ 311,240	$ 35,268,004	$ 3,252,733	$ 1,675,006	$ 9,549,313
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension plan	$ 2,291,452	$ -	$ 2,291,452	$ 887,017	$ -	$ 276,751
NET POSITION						
Net investment in capital assets	25,412,589	22,241	25,434,830	70,337	717,276	38,291,612
Restricted for:						
Expendable:						
Special revenue	1,497,076	-	1,497,076	814,787	20,519	-
Foreclosures	-	2,035,460	2,035,460	-	-	-
Debt service	1,243,453	-	1,243,453	-	-	-
Capital projects	446,883	-	446,883	-	-	-
Unrestricted	1,692,600	5,600,754	7,293,354	(922,648)	266,949	183,921
Total net position	$ 30,292,601	$ 7,658,455	$ 37,951,056	$ (37,524)	$ 1,004,744	$ 38,475,533

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

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	$ 174,009	$ -	$ -	$ -	$ (174,009)	$ -	$ (174,009)	$ -
Judicial system	4,371,907	672,026	1,490,156	-	(2,209,725)	-	(2,209,725)	-
General government	2,801,097	194,607	268,454	50,000	(2,288,036)	-	(2,288,036)	-
Public works	2,156,931	1,232,686	1,251,720	7,040,045	7,367,520	-	7,367,520	-
Public safety	6,959,055	145,853	495,935	83,714	(6,233,553)	-	(6,233,553)	-
Health and welfare	2,480,982	17,778	571,716	-	(1,891,488)	-	(1,891,488)	-
Recreation and culture	43,323	-	-	-	(43,323)	-	(43,323)	-
Community development	325,510	584,660	-	-	259,150	-	259,150	-
Other - appropriation	603,720	-	-	-	(603,720)	-	(603,720)	-
Other	143,761	-	-	-	(143,761)	-	(143,761)	-
Interest on long-term debt	536,488	-	-	-	(536,488)	-	(536,488)	-
Total governmental activities	20,596,783	2,847,610	4,077,981	7,173,759	(6,497,433)	-	(6,497,433)	-
Business-type activities:								
Delinquent tax revolving & foreclosure	127,871	787,829	-	-	-	659,958	659,958	-
Jail commissary	438,461	492,096	-	-	-	53,635	53,635	-
Total business-type activities	566,332	1,279,925	-	-	-	713,593	713,593	-
Total primary government	21,163,115	4,127,535	4,077,981	7,173,759	(6,497,433)	713,593	(5,783,840)	-
Component units:								
Public Health Department	3,326,326	485,574	2,799,476	-	-	-	-	(41,276)
Central Dispatch Authority	1,095,881	309,179	404,924	-	-	-	-	(381,778)
Road Commission	11,506,777	2,822,675	6,920,270	1,929,586	-	-	-	165,754
Total component units	$ 15,928,984	$ 3,617,428	$ 10,124,670	$ 1,929,586	-	-	-	(257,300)
General revenues:								
Property taxes					10,172,438	-	10,172,438	534,864
State revenue sharing					838,694	-	838,694	-
Grants and contributions not restricted to specific programs					1,636,995	-	1,636,995	-
Unrestricted investment earnings					73,742	21,085	94,827	3,585
Miscellaneous					153,938	-	153,938	11,984
Transfers					13,713	(13,713)	-	-
Total general revenues and transfers					12,889,520	7,372	12,896,892	550,433
Change in net position					6,392,087	720,965	7,113,052	293,133
Net position, beginning					23,900,514	6,937,490	30,838,004	39,149,620
Net position, ending					$ 30,292,601	$ 7,658,455	$ 37,951,056	$ 39,442,753

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General Fund	Road Patrol	Airport
ASSETS			
Cash and equivalents:			
Unrestricted	$ 8,668,561	$ 70,666	$ 1,034,217
Restricted	-	-	194,535
Investments	701,616	-	-
Receivables:			
Accounts	17,863	1,621	85,177
Property taxes	867,984	-	-
Due from other funds	729,166	-	-
Due from other units of government	-	2,638	-
Due from State of Michigan	201,804	16,180	170,264
Inventory	-	-	46,985
Prepaid items	71,915	-	-
Total assets	$ 11,258,909	$ 91,105	$ 1,531,178
LIABILITIES			
Accounts payable	$ 508,809	$ 28,711	$ 181,773
Due to other funds	-	-	-
Advances from other funds	-	-	268,000
Due to other governmental units	-	-	142
Accrued payroll and related liabilities	161,879	44,739	28,839
Unearned revenue	3,324,042	-	3,875
Total liabilities	3,994,730	73,450	482,629
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	163,000	$ -	$ -
FUND BALANCES			
Nonspendable:			
Prepaid items	71,915	-	-
Inventory	-	-	46,985
Restricted	-	-	194,535
Committed	2,129,859	-	-
Assigned	-	17,655	807,029
Unassigned	4,899,405	-	-
Total fund balances	7,101,179	17,655	1,048,549
Total liabilities, deferred inflows of resources, and fund balances	$ 11,258,909	$ 91,105	$ 1,531,178

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,120,986	$ 11,894,430
1,636,871	1,831,406
-	701,616
569	105,230
-	867,984
-	729,166
-	2,638
12,361	400,609
-	46,985
18,687	90,602
$ 3,789,474	$ 16,670,666
$ 54,268	$ 773,561
68,776	68,776
-	268,000
-	142
50,092	285,549
-	3,327,917
173,136	4,723,945
$ -	$ 163,000
18,687	90,602
-	46,985
2,992,877	3,187,412
-	2,129,859
623,600	1,448,284
(18,826)	4,880,579
3,616,338	11,783,721
$ 3,789,474	$ 16,670,666

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, 2021

Total fund balances for governmental funds		$ 11,783,721
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	63,641,450	
Accumulated depreciation	(21,668,861)	
Total capital assets		41,972,589
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		163,000
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.		2,587,747
Deferred inflow of resources related to recording the net pension liability.		(2,291,452)
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.		6,638,391
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	(269,100)	
Notes payable	-	
Bonds payable	(16,560,000)	
Compensated absences	(708,383)	
Net pension liability	(13,023,912)	(30,561,395)
Total net position of governmental activities		$ 30,292,601

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, 2021

	General Fund	Road Patrol	Airport
REVENUES:			
Taxes	$ 6,329,284	$ 1,551,549	$ -
Licenses and permits	2,320	-	-
Federal sources	1,357,383	87,838	1,076,012
State sources	2,521,985	168,437	19,891
Local sources	108,000	54,720	-
Charges for services	1,106,175	15,086	889,703
Interest and rentals	46,784	-	156,070
Other	492,616	31,204	849
Total revenues	11,964,547	1,908,834	2,142,525
EXPENDITURES:			
Legislative	163,701	-	-
Judicial system	3,415,809	-	-
General government	2,030,284	-	-
Public works	-	-	1,234,606
Public safety	3,703,071	1,718,623	-
Health and welfare	413,154	-	-
Recreation and culture	16,446	-	-
Community development	126,424	-	-
Others - appropriations	603,720	-	-
Capital outlay	183,663	111,549	370,153
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Total expenditures	10,656,272	1,830,172	1,604,759
Excess revenues (expenditures)	1,308,275	78,662	537,766
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	3,635	14,700	-
Transfer in	97,183	-	300,000
Transfer out	(636,705)	(89,674)	-
Total other financing sources (uses)	(535,887)	(74,974)	300,000
Net change in fund balance	772,388	3,688	837,766
Fund balances - beginning of year	6,328,791	13,967	210,783
Fund balances - end of year	$ 7,101,179	$ 17,655	$ 1,048,549

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,291,605	$ 10,172,438
125,961	128,281
177,763	2,698,996
1,214,601	3,924,914
172,936	335,656
96,208	2,107,172
5,056	207,910
18,240	542,909
4,102,370	20,118,276
-	163,701
497,151	3,912,960
70,344	2,100,628
360,844	1,595,450
587,027	6,008,721
1,992,944	2,406,098
-	16,446
194,951	321,375
-	603,720
141,236	806,601
460,962	460,962
548,038	548,038
143,761	143,761
4,997,258	19,088,461
(894,888)	1,029,815
5,200	23,535
661,004	1,058,187
(318,095)	(1,044,474)
348,109	37,248
(546,779)	1,067,063
4,163,117	10,716,658
$ 3,616,338	$ 11,783,721

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, 2021

Net changes in fund balances - total governmental funds		$ 1,067,063
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 ($1,500,623) exceeded capital outlays ($806,601).		(694,022)
Governmental funds do not record contributions of capital assets. However, in the Statement of Activities the fair value of those assets are reported as capital contributions.		7,040,045
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		(221,875)
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		(62,051)
Interest earnings from governmental internal service funds		15,176
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		460,962
Gain/(loss) on capital asset disposal		(27,590)
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	(25,776)	
Accrued interest on bonds	11,550	
Pension expense	(1,171,395)	(1,185,621)
Changes in net position of governmental activities		$ 6,392,087

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 2,050,145	$ 3,288,085	$ 159,892	$ 5,498,122	$ 805,006
Investments	-	1,305,962	-	1,305,962	5,767,821
Receivables:					
Accounts	-	150,014	19,540	169,554	-
Notes	-	-	-	-	22,831
Current taxes	-	696,275	-	696,275	-
Interest & admin fee	-	130,439	-	130,439	10,590
Total current assets	2,050,145	5,570,775	179,432	7,800,352	6,606,248
Noncurrent assets:					
Delinquent taxes receivable	-	147,102	-	147,102	-
Advances to other funds	-	-	-	-	268,000
Notes receivable	-	-	-	-	432,733
Capital assets, net	-	11,458	10,783	22,241	-
Total noncurrent assets	-	158,560	10,783	169,343	700,733
Total assets	$ 2,050,145	$ 5,729,335	$ 190,215	$ 7,969,695	$ 7,306,981
LIABILITIES					
Current liabilities:					
Accounts payable	$ 14,685	$ 279,225	$ 876	$ 294,786	$ 3,565
Accrued payroll	-	16,454	-	16,454	4,635
Due to other funds	-	-	-	-	660,390
Total liabilities	14,685	295,679	876	311,240	668,590
NET POSITION					
Net investment in capital assets	-	11,458	10,783	22,241	-
Restricted - expendable	2,035,460	-	-	2,035,460	150,000
Unrestricted	-	5,422,198	178,556	5,600,754	6,488,391
Total net position	2,035,460	5,433,656	189,339	7,658,455	6,638,391
TOTAL LIABILITIES AND NET POSITION	$ 2,050,145	$ 5,729,335	$ 190,215	$ 7,969,695	$ 7,306,981

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, 2021

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Charges for services	$ 100,809	$ 92,439	$ 492,096	$ 685,344	$ -
Local sources	388,850	-	-	388,850	-
Rental and interest income	-	202,436	-	202,436	51,200
Miscellaneous	-	3,295	-	3,295	294
Total operating revenue	489,659	298,170	492,096	1,279,925	51,494
OPERATING EXPENSES:					
Salaries and fringes	-	45,902	-	45,902	53,037
Supplies	10,225	1,129	434,655	446,009	5,574
Contracted services	27,989	-	-	27,989	360
Repairs and maintenance	-	-	-	-	34,764
Postage	-	2,387	-	2,387	-
Utilities	-	-	-	-	4,762
Recording fees	19,230	-	-	19,230	-
Depreciation	-	1,042	3,806	4,848	-
Miscellaneous	15,634	4,333	-	19,967	15,048
Total operating expenses	73,078	54,793	438,461	566,332	113,545
Operating income (loss)	416,581	243,377	53,635	713,593	(62,051)
NONOPERATING REVENUES (EXPENSES):					
Interest income	-	20,242	843	21,085	15,176
Total nonoperating revenue (expense)	-	20,242	843	21,085	15,176
Income (loss) before transfers and contributions	416,581	263,619	54,478	734,678	(46,875)
Transfer in	-	-	-	-	-
Transfer out	-	(9,500)	(4,213)	(13,713)	-
Change in net position	416,581	254,119	50,265	720,965	(46,875)
Total net position - beginning	1,618,879	5,179,537	139,074	6,937,490	6,685,266
Total net position - ending	$ 2,035,460	$ 5,433,656	$ 189,339	$ 7,658,455	$ 6,638,391

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 489,659	$ 35,284	$ 482,834	$ 1,007,777	$ -
Receipts from interest and rents	-	223,506	-	223,506	88,233
Cash received for collection of taxes	-	2,449,525	-	2,449,525	-
Payments to suppliers	(59,813)	(7,769)	(455,371)	(522,953)	(58,917)
Payments for wages and related benefits	-	(41,565)	-	(41,565)	(49,373)
Cash payments for taxes	-	(2,221,533)	-	(2,221,533)	-
Receipts (payments) to other funds	-	-	-	-	392,390
Other receipts (payments)	-	282,266	-	282,266	294
Net cash provided (used) by operating activities	429,846	719,714	27,463	1,177,023	372,627
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfer in	-	-	-	-	-
Operating transfer out	-	(9,500)	(4,213)	(13,713)	-
Net cash provided (used) by noncapital financing activities	-	(9,500)	(4,213)	(13,713)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Purchase of fixed assets	-	(12,500)	-	(12,500)	-
Net cash provided (used) by noncapital financing activities	-	(12,500)	-	(12,500)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	-	21,564	-	21,564	(1,500,000)
Sales of investments	-	-	-	-	612,820
Interest earnings	-	20,242	843	21,085	15,176
Net cash provided (used) by investing activities	-	41,806	843	42,649	(872,004)
Net increase (decrease) in cash and equivalents	429,846	739,520	24,093	1,193,459	(499,377)
Cash and equivalents, beginning of year	1,620,299	2,548,565	135,799	4,304,663	1,304,383
Cash and equivalents, end of year	$ 2,050,145	$ 3,288,085	$ 159,892	$ 5,498,122	$ 805,006
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 416,581	$ 243,377	$ 53,635	$ 713,593	$ (62,051)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	-	1,042	3,806	4,848	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	-	191,907	(9,262)	182,645	37,033
(Increase) decrease in due from other funds	-	-	-	-	(268,000)
(Increase) decrease in prepaid items	-	80	-	80	33
Increase (decrease) in accounts payable	13,265	278,971	(20,716)	271,520	1,558
Increase (decrease) in due to other funds	-	-	-	-	660,390
Increase (decrease) in accrued payroll	-	4,337	-	4,337	3,664
Total adjustments	13,265	476,337	(26,172)	463,430	434,678
Net cash provided (used) by operating activities	$ 429,846	$ 719,714	$ 27,463	$ 1,177,023	$ 372,627

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents:	
Unrestricted	$ 141,470
Other receivables	26,034
Total assets	$ 167,504
LIABILITIES	
Due to other governmental units	$ 38,590
Undistributed taxes	2,710
Other liabilities	108,929
Total liabilities	150,229
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	17,275
TOTAL LIABILITIES AND NET POSITION	$ 167,504

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2021

	Custodial Funds
ADDITIONS	
Tax collections for other governments	$ 8,476,684
Collection of fines and fees	526,418
Inmate collections	458,905
Total additions	9,462,007
DEDUCTIONS	
Tax disbursements to other governments	8,476,684
Disbursement of fines and fees	526,418
Inmate distributions	441,630
Total deductions	9,444,732
Change in Net Position	17,275
Net Position, Beginning of Year	-
Net Position, End of Year	$ 17,275

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background - The County of Delta ("County") 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.

Reporting Entity - As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. The financial data of the component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. In addition, State of Michigan - Department of Treasury pronouncements were considered in the determination process.

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 – A blended component unit is a legally separate entity from the County but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and its financial data is combined with data of the appropriate funds. The County has two 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 - Discretely presented component units are entities that are legally separate from the County but for which the County is financially accountable, or their relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The 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.

Jointly Governed Organization

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, 2020, the Facility had $18.4 million in assets, $1.9 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.

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:

Custodial funds – Custodial funds are used to account for assets held by the County in a custodial (trustee) capacity for individuals, private organizations, or other governments. Primarily this includes undistributed collections and withholdings current property taxes, state jail booking fees, state real estate transfer taxes, and library penal fines.

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. 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 2021. 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 reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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. Nonspendable fund balances have been recorded in the applicable governmental funds to indicate the prepaids are not a currently available or spendable component of fund balance.

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 2020 taxable valuation of Delta County amounted to $1,202,466,865 on which ad valorem taxes of .13000 mills for county road patrol, .8000 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 2020 tax levy raised approximately $1,522,000 for road patrol, $930,000 for senior citizens programs, $527,000 for emergency dispatch services, $351,000 for recycling programs, and $977,000 for debt payments related to jail construction. The 2021 taxable valuation of Delta County amounted to $1,252,523,470 on which ad valorem taxes of 5.0317 mills were levied for County general fund operations in July 2021, which should raise approximately $6,182,000.

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, 2021, budget stabilization funds in the amount of $2,129,859 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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 AND FUND BALANCE NON-COMPLIANCE

Budget Violations - 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:			
District Court	$ 811,069	$ 919,130	$ (108,061)
Probate Court juvenile	134,301	137,541	(3,240)
Health & Welfare:			
Soldier Burial	11,195	11,495	(300)
Capital Outlay	162,400	183,663	(21,263)
Community Action Fund	1,084,477	1,236,818	(152,341)
Drug Law Enforcement Fund	150,367	157,849	(7,482)
County Probation Fund	138,924	139,716	(792)

Deficit Fund Balances – Deficits existed in the unassigned fund balances of the following funds as of September 30, 2021:

	Deficit
Community Action Fund	$ 16,072
Sobriety Court	2,754

Public Act 275 of 1980 requires the County to file a deficit elimination plan with the Michigan Department of Treasury showing how the deficit will be eliminated.

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	$ 7,413	$ -
Deposits:		
Insured (FDIC)	1,260,038	1,260,038
Uninsured	18,902,983	21,483,070
Total cash	$ 20,170,434	$ 22,743,108
Government-Wide Statement of Net Position Presentation:		
Cash and equivalents - Unrestricted & restricted:	$ 20,028,964	
Statement of Fiduciary Net Position:		
Cash and equivalents - Unrestricted:	141,470	
Total cash and equivalents	$ 20,170,434	

	Fair Value	Moody Credit Rating	S&P Credit Rating	Maturity Date
Investments:				
Municipal Bonds:				
Allendale Public School District	$ 259,297	-	AA	5/1/2028
Wayne State University	150,084	not rated	not rated	11/15/2021
Cedar Springs Michigan Public Schools	353,972	-	AA	5/1/2022
Chippewa Valley Michigan Schools	330,284	AA1	AA	5/1/2022
Chippewa Valley Michigan Schools	65,135	AA1	-	5/1/2024
Chippewa Valley Michigan Schools	49,973	AA1	-	5/1/2026
Genesee Michigan Schools	246,327	-	AA	5/1/2026
Grand Rapids Community College	130,741	-	AA	5/1/2030
Armada Michigan Area Schools	149,739	-	AA	5/1/2024
Madison Michigan District Schools	50,947	-	AA	5/1/2031
Walled Lake Michigan District Schools	137,948	AA1	-	5/1/2027
Whitmore Lake Michigan District Schools	250,220	-	AA	5/1/2029
U.S. Government Securities:				
Federal Home Loan Bank Bond	996,630	AAA	AA+	7/8/2026
Federal Farm Credit Bank Securities	1,020,230	AAA	AA+	11/7/2022
United States Treasury Note	1,016,520	AAA	-	9/30/2022
Federal Home Loan Bank Bond	299,814	AAA	-	12/17/2024
Federal Home Loan Bank Securities	285,732	AAA	AA+	12/9/2022
Federal National Mortgage Association	246,225	AAA	-	12/29/2027
Investment Pool at Net Asset Value	1,735,581	-	-	-
Total Investments	$ 7,775,399			

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

Cash has been restricted in the Airport Fund in the amount of $194,535 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 Debt Fund in the amount of $1,235,110 for debt payments on the jail. Cash has been restricted in the Airport Improvement Fund in the amount of $196,043 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 $139,026 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 $66,692 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 $21,483,070 of bank deposits that were uninsured and uncollateralized. The County holds an additional $5,806,783 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, 2021 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, 2021:

- 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, 2021, the fair value of Michigan CLASS pooled account investments was $1,735,581. 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 $2,360,110 which was deposited in checking and savings accounts. Of this amount, $2,254,327 is held by the County Treasurer and pooled with County cash. The remaining bank balance of these deposits amounted to $173,883, 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 $287,957 which was deposited in checking and savings accounts. Of this amount, $85,698 is held by the County Treasurer and pooled with County cash. The remaining bank balance of these deposits amounted to $201,543, 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 $2,617,981 with $200 on hand and $2,617,781 which was deposited in checking and savings accounts and certificates of deposit. The bank balance of these deposits amounted to $3,301,639, of which $250,000 was covered by federal depository insurance and the remaining amount of $3,051,639 was uninsured and uncollateralized.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2021 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
General Fund	$ 729,166	Non-major Governmental	$ 68,776
		Internal Service Fund	660,390
	$ 729,166		$ 729,166

Individual interfund advance balances at September 30, 2021 represent long-term borrowings between funds. The balance resulted from the funding of airport capital projects by the Residual Equity Fund. The Airport fund will repay the advance with future repayments from State and Federal sources. The advance does not bear interest.

Fund	Interfund Receivable	Fund	Interfund Payable
Internal Service Fund:		**Governmental Fund:**	
Residual Equity Transfer	$ 268,000	Airport	$ 268,000

NOTE E – 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, 2021, the loan balance is $438,491.

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.

Future note payments are as follows:

For the Year Ending September 30,	Principal	Interest
2022	$ 22,831	$ 13,155
2023	40,588	12,982
2024	24,222	11,764
2025	24,948	11,038
2026	25,697	10,289
2027-2031	140,521	39,409
2032-2036	162,902	17,028
2037	13,854	416
Total	$ 455,563	$ 116,081

The Delta Soil Conservation District made the payment due November 1, 2021 prior to September 30, 2021. As such, $17,585 has been excluded from principal and interest due for year end September 30, 2021.

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance at 10/01/20	Additions	Disposals	Transfers	Balance at 09/30/21
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 2,313,001	$ -	$ -	$ -	$ 2,313,001
Construction in progress	214,920	6,576,335	-	(214,920)	6,576,335
Total non-depreciable capital assets	2,527,921	6,576,335	-	(214,920)	8,889,336
Capital assets being depreciated:					
Land improvements	602,592	-	-	-	602,592
Buildings and improvements	37,833,146	254,694	-	151,052	38,238,892
Infrastructure	10,167,391	-	-	-	10,167,391
Machinery and equipment	4,818,148	1,015,617	154,394	63,868	5,743,239
Total depreciable capital assets	53,421,277	1,270,311	154,394	214,920	54,752,114
Total capital assets	55,949,198	7,846,646	154,394	-	63,641,450
Less accumulated depreciation:					
Land improvements	555,156	21,127	-	-	576,283
Buildings and improvements	10,132,513	861,218	-	-	10,993,731
Infrastructure	6,317,869	282,161	-	-	6,600,030
Machinery and equipment	3,289,504	336,117	126,804	-	3,498,817
Total accumulated depreciation	20,295,042	1,500,623	126,804	-	21,668,861
Net depreciable capital assets	33,126,235	(230,312)	27,590	214,920	33,083,253
Governmental activities capital assets, net	$ 35,654,156	$ 6,346,023	$ 27,590	$ -	$ 41,972,589
Business-type activities:					
Capital assets being depreciated:					
Machinery and equipment	$ 26,641	$ 12,500	$ -	$ -	$ 39,141
Less accumulated depreciation:					
Machinery and equipment	12,052	4,848	-	-	16,900
Business-type activities capital assets, net	$ 14,589	$ 7,652	$ -	$ -	$ 22,241

NOTE F – CAPITAL ASSETS (continued)

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

Governmental activities:		Business-type activities:	
Judicial system	$ 99,523	Delinquent Tax	$ 1,042
General government	227,441	Jail Commissary	3,806
Public works	561,481		
Public safety	519,050		
Health and welfare	74,884		
Recreation and culture	14,109		
Community development	4,135		
Total governmental activities depreciation expense	$ 1,500,623	Total business-type activities depreciation expense	$ 4,848

NOTE G – COMPONENT UNIT CAPITAL ASSETS

County Road Commission

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

	Balance at 10/01/20	Additions	Disposals	Balance at 09/30/21
Capital assets not being depreciated:				
Land	$ 1,453,374	$ -	$ -	$ 1,453,374
Construction in progress	43,356	31,234	21,763	52,827
Infrastructure land improvements	6,489,786	540,575	-	7,030,361
Total non-depreciable capital assets	7,986,516	571,809	21,763	8,536,562
Capital assets being depreciated:				
Buildings and improvements	7,202,583	-	-	7,202,583
Machinery and equipment	10,958,799	905,388	213,363	11,650,824
Infrastructure - roads	33,948,231	1,290,569	-	35,238,800
Infrastructure - bridges	10,944,500	131,574	-	11,076,074
Total depreciable capital assets	63,054,113	2,327,531	213,363	65,168,281
Total capital assets	71,040,629	2,899,340	235,126	73,704,843
Less accumulated depreciation:				
Buildings and improvements	4,237,340	226,389	-	4,463,729
Machinery and equipment	8,976,713	809,129	213,363	9,572,479
Infrastructure - roads	16,020,007	1,597,879	-	17,617,886
Infrastructure - bridges	1,352,632	216,505	-	1,569,137
Total accumulated depreciation	30,586,692	2,849,902	213,363	33,223,231
Net depreciable capital assets	32,467,421	(522,371)	-	31,945,050
Capital assets, net	$ 40,453,937	$ 49,438	$ 21,763	$ 40,481,612

NOTE G – COMPONENT UNIT CAPITAL ASSETS (continued)

Public Health Department

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

	Balance at 10/01/20	Additions	Disposals	Balance at 09/30/21
Capital assets being depreciated:				
Machinery and equipment	$ 653,683	$ 50,864	$ 64,331	$ 640,216
Less accumulated depreciation:				
Machinery and equipment	600,355	33,855	64,331	569,879
Capital assets, net	$ 53,328	$ 17,009	$ -	$ 70,337

Central Dispatch Authority

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

	Balance at 10/01/20	Additions	Disposals	Balance at 09/30/21
Capital assets being depreciated:				
Buildings and improvements	$ 15,562	$ -	$ -	$ 15,562
Machinery and equipment	1,393,867	1,652,266	-	3,046,133
Total capital assets	1,409,429	1,652,266	-	3,061,695
Less accumulated depreciation:				
Buildings and improvements	1,621	778	-	2,399
Machinery and equipment	676,843	104,536	-	781,379
Total accumulated depreciation	678,464	105,314	-	783,778
Capital assets, net	$ 730,965	$1,546,952	$ -	$ 2,277,917

NOTE H – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2021:

Type of Obligation	Balance 10/1/2020	Additions	Deductions	Balance 9/30/2021	Amounts Due Within One Year
Governmental activities:					
2017 Jail Construction					
G.O. Unlimited Tax Bond 2017A	$ 8,517,000	$ -	$ 191,000	$ 8,326,000	$ 197,000
G.O. Unlimited Tax Bond 2017B	8,423,000	-	189,000	8,234,000	195,000
Energy project note	80,962	-	80,962	-	-
Compensated absences	682,608	25,774	-	708,382	177,096
Total governmental activities long-term obligations	$ 17,703,570	$ 25,774	$ 460,962	$ 17,268,382	$ 569,096

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

Debt service requirements on long-term debt at September 30, 2021 are as follows:

For the Year Ending September 30,	Governmental Activities			
	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2022	$ 392,000	$ 531,830	$ -	$ -
2023	405,000	518,879	-	-
2024	418,000	505,505	-	-
2025	432,000	491,693	-	-
2026	446,000	477,425	-	-
2027-2031	2,457,000	2,156,326	-	-
2032-2036	2,884,000	1,723,150	-	-
2037-2041	3,382,000	1,215,240	-	-
2042-2046	3,974,000	618,865	-	-
2047-2048	1,770,000	57,850	-	-
Total	$ 16,560,000	$ 8,296,763	$ -	$ -

NOTE H – LONG-TERM OBLIGATIONS (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%. The final payment was made on the note in the current year.

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 $708,382 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 I – COMPONENT UNIT LONG-TERM OBLIGATIONS

County Road Commission

The following is a summary of changes in long-term obligations for the year ended September 30, 2021:

Type of Obligation	Balance 10/1/2020	Additions	Deductions	Balance 9/30/2021	Amounts Due Within One Year
2016 MTF Refunding Bonds	$ 2,765,000	$ -	$ 575,000	$ 2,190,000	$ -
Compensated Absences	203,831	98,715	92,525	210,021	83,900
Total long-term obligations	$ 2,968,831	$ 98,715	$ 667,525	$ 2,400,021	$ 83,900

NOTE I – COMPONENT UNIT LONG-TERM OBLIGATIONS (continued)

Debt service requirements on long-term debt at September 30, 2021 are as follows:

For the Year Ending September 30,	County Road Commission 2016 Refunding Bond Series Principal	Interest	Total
2022	$ -	$ 19,206	$ 19,206
2023	295,000	35,825	330,825
2024	305,000	30,563	335,563
2025	305,000	25,214	330,214
2026	315,000	19,776	334,776
2027-2029	970,000	22,802	992,802
Total	$ 2,190,000	$ 153,386	$ 2,343,386

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%.

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. Employees can accumulate vacation between 240 and 300 hours, depending on the years of service, to be used at their discretion. Each regular full-time employee receives sick leave with pay at the rate of 2.16 hours per pay period. Sick leave may be accumulated to a maximum of 1,040 hours. Any employee who retires at age 60, or becomes disabled with 10 years of service, and upon proper notice, shall be paid 50% of their accumulated sick leave, up to a maximum of 520 hours. An employee may use up to 32 hours of sick leave each year as personal leave time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements and amounted to $210,021 for the year ended September 30, 2021.

NOTE I – COMPONENT UNIT LONG-TERM OBLIGATIONS (continued)

Public Health Department

The Health Department's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation and sick time. Vacations are earned at varying amounts depending on the number of years of service and may be accumulated up to a maximum of 200 hours. Sick leave is paid at fifty percent of the employee's unused sick leave, up to a maximum of 360 hours (180 hours for part-time), upon retirement, separation, or death after one year of service for non-union employees, after 5,000 hours of service for full-time union employees, and after 3,500 hours of service for part-time union employees. Payment shall be made at the employee's current rate of pay. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements and amounted to $196,368 for the year ended September 30, 2021.

Central Dispatch Authority

The following is a summary of changes in long-term obligations for the year ended September 30, 2021:

Type of Obligation	Balance 10/1/2020	Additions	Deductions	Balance 9/30/2021	Amounts Due Within One Year
Lease Payable - Radios	$ -	$ 1,560,641	$ -	$ 1,560,641	$ 198,163

In 2020, 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 vested with the Authority upon shipment of the equipment, which occurred in 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.

The radios purchased under the lease agreement are included in capital assets in the government-wide financial statements net of accumulated depreciation. As of September 30, 2021, the total cost is $1,647,391 and the total accumulated depreciation is $39,224.

NOTE I – COMPONENT UNIT LONG-TERM OBLIGATIONS (continued)

Debt service requirements as of September 30, 2021 are as follows:

For the Year Ending September 30,	Central Dispatch Authority Lease Payable		
	Principal	Interest	Total
2022	$ 198,163	$ 48,699	$ 246,862
2023	213,617	33,245	246,862
2024	218,829	28,033	246,862
2025	224,169	22,693	246,862
2026	229,639	17,223	246,862
2027-2028	476,224	17,500	493,724
Total	$ 1,560,641	$ 167,393	$ 1,728,034

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, 2021:

	Transfers Out					
Transfers In	General Fund	Road Patrol	Nonmajor Govt'l Funds	Enterprise - DTRF Fund	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ -	$ 83,470	$ 9,500	$ 4,213	$ 97,183
Airport	150,000	-	150,000	-	-	300,000
Nonmajor govt'l funds	486,705	89,674	84,625	-	-	661,004
	$ 636,705	$ 89,674	$ 318,095	$ 9,500	$ 4,213	$ 1,058,187

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, 2020.

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 2020 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 2020 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:	1.50%	0.50%	0.00%	1.75%
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, 2020 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	19
Active employees	32
	169

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. During the year ended September 30, 2021, the County's contributions totaling $1,694,280 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2019.

The monthly contribution rates for the County divisions are as follows:

		Employer Contribution Percentage			Member Contribution Percentage		
Valuation Division		10/1/22 *	10/1/21 *	10/1/20 *	10/1/22 *	10/1/21 *	10/1/20 *
Circuit Court Employees	@	$ 15,208	$ 13,669	$ 11,687	0.50%	0.50%	0.50%
Sheriff	@	$ 17,179	$ 15,839	$ 12,348	1.00%	1.00%	0.50%
General AFSCME	@	$ 35,960	$ 31,853	$ 24,550	0.50%	0.50%	0.50%
Elected Department Heads	@	$ 47,570	$ 43,924	$ 44,829	0.00%	0.00%	0.00%
District Court Employees	@	$ 10,091	$ 10,215	$ 8,191	1.50%	1.25%	0.50%
Probate Court Employees	@	$ 21,460	$ 19,682	$ 16,746	0.50%	0.50%	0.50%
Non-Union Contract Employees	@	$ 7,165	$ 6,553	$ 5,473	0.00%	0.00%	0.00%
Road Patrol Deputies	@	$ 25,418	$ 25,285	$ 17,807	1.75%	1.50%	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, 2020, 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, 2020 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 weighted sex distinct rates. Pre-retirement mortality is based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120. Non-disabled retired plan members and beneficiaries mortality is based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120. Disabled retired plan members mortality is based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120. Future mortality improvements are assumed each year using scale MP- 2019 applied fully generationally from the Pub-2010 base year of 2010.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study covering the period from 2013 through 2018.

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. Beginning with the actuarial valuation as of December 31, 2020, there were updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

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

Asset Class	Target Allocation	Long-Term Expected Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	60.00%	4.65%	3.15%
Global Fixed Income	20.00%	0.75%	0.25%
Private Investments	20.00%	1.95%	1.45%

NOTE K – RETIREMENT PLANS (continued)

Discount Rate: The discount rate used to measure the total pension liability is 7.60% for 2020. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2019	$ 41,289,210	$ 28,573,637	$ 12,715,573
Service cost	263,116	-	263,116
Interest on total pension liability	3,050,864	-	3,050,864
Changes in benefits	496	-	496
Difference between expected and actual experience	200,922	-	200,922
Changes in assumptions	1,826,568	-	1,826,568
Employer contributions	-	1,472,043	(1,472,043)
Employee contributions	-	54,478	(54,478)
Net investment income (loss)	-	3,564,031	(3,564,031)
Benefit payments, including employee refunds	(2,555,634)	(2,555,634)	-
Administrative expense	-	(56,923)	56,923
Other changes	2	-	2
Net changes	2,786,334	2,477,995	308,339
Balances as of December 31, 2020	$ 44,075,544	$ 31,051,632	$ 13,023,912

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 (NPL) at 12/31/20	$ 13,023,912	$ 13,023,912	$ 13,023,912
County's change in NPL at 12/31/20	5,044,468	-	(4,226,717)
	$ 18,068,380	$ 13,023,912	$ 8,797,195

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, 2021, the County recognized pension expense of $2,865,674. At September 30, 2021, 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	1,317,289	2,291,452
Contributions subsequent to the measurement date *	1,270,458	-
Total	$ 2,587,747	$ 2,291,452

* 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, 2022.

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:	
2021	$ (186,218)
2022	78,721
2023	(579,924)
2024	(286,742)
	$ (974,163)

At September 30, 2021, the County reported a payable of $143,774 for outstanding contributions to the pension plan for September 2021.

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 31 active participants and 11 terminated participants. The second plan had 57 active participants and 9 terminated participants. The Plan is available to all new full time employees and they 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 $413,488 were expensed and accrued in fiscal year ended September 30, 2021. Employee contributions totaled $120,956 in fiscal year 2021. 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 $19,231 in 2021, the County used forfeitures of $39,225 in 2021, and there were forfeiture balances available for use by the County in the amount of $0 at September 30, 2021.

NOTE L – COMPONENT UNIT RETIREMENT PLANS

County Road Commission

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 2020 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, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	8
Active employees	37
	95

NOTE L – COMPONENT UNIT 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, 2021, the Road Commission's contribution rate was $9,779 per month for supervisory employees, 5.67% for Teamsters and 19.42% 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, 2021, was determined using a measure of the total pension liability and the pension net pension position as of December 31, 2020. The December 31, 2020 total pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2020 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%-4%.

Mortality rates used were based on weighted sex distinct rates. Pre-retirement mortality is based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120. Non-disabled retired plan members and beneficiaries mortality is based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120. Disabled retired plan members mortality is based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120. Future mortality improvements are assumed each year using scale MP- 2019 applied fully generationally from the Pub-2010 base year of 2010.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study covering the period from 2013 through 2018.

NOTE L – COMPONENT UNIT RETIREMENT PLANS (continued)

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. Beginning with the actuarial valuation as of December 31, 2020, there were updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

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

Asset Class	Target Allocation	Long-Term Expected Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	60.00%	4.65%	3.15%
Global Fixed Income	20.00%	0.75%	0.25%
Private Investments	20.00%	1.95%	1.45%

Discount Rate: The discount rate used to measure the total pension liability was 7.60% for 2020. 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 L – COMPONENT UNIT 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, 2019	$ 13,398,483	$ 7,415,038	$ 5,983,445
Service cost	164,931	-	164,931
Interest on total pension liability	987,684	-	987,684
Changes in benefits	-	-	-
Difference between expected and actual experience	(3,409)	-	(3,409)
Changes in assumptions	303,729	-	303,729
Employer contributions	-	930,224	(930,224)
Employee contributions	-	27,617	(27,617)
Net investment income	-	960,818	(960,818)
Benefit payments, including employee refunds	(970,201)	(970,201)	-
Administrative expense	-	(14,934)	14,934
Other changes	-	-	-
Net changes	482,734	933,524	(450,790)
Balances as of December 31, 2020	$ 13,881,217	$ 8,348,562	$ 5,532,655

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 (NPL) at 12/31/20	$ 5,532,655	$ 5,532,655	$ 5,532,655
Commission's change in NPL at 12/31/20	1,462,486	-	(1,238,199)
	$ 6,995,141	$ 5,532,655	$ 4,294,456

NOTE L – COMPONENT UNIT 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, 2021, the Road Commission recognized pension expense of $755,801. At September 30, 2021, 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	$ 16,088	$ 2,273
Changes in assumptions	408,998	-
Net difference between projected and actual earnings on pension plan investments	-	274,478
Contributions subsequent to the measurement date *	1,038,738	-
Total	$ 1,463,824	$ 276,751

* 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, 2022.

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:	
2021	$ 158,218
2022	225,414
2023	(155,634)
2024	(79,663)
	$ 148,335

NOTE L – COMPONENT UNIT RETIREMENT PLANS (continued)

Public Health Department

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.

	Divisions - For the 2020 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

Employees Covered by Benefit Terms

At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	27
Active employees	38
	108

In addition, there were 23 inactive employees with pending refunds.

NOTE L – COMPONENT UNIT RETIREMENT PLANS (continued)

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:

Valuation Division		Employer Contribution Percentage			Member Contribution Percentage		
		10/1/22 *	10/1/21 *	10/1/20 *	10/1/22 *	10/1/21 *	10/1/20 *
General	@	$ 6,811	$ 7,797	$ 6,761	2.00%	2.00%	2.00%
Non Union	@	$16,901	$13,260	$14,713	2.00%	2.00%	2.00%
General -open		7.14%	7.14%	6.50%	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

Net Pension Liability

The Department's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2020 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 L – COMPONENT UNIT RETIREMENT PLANS (continued)

Mortality rates used were based on weighted sex distinct rates. Pre-retirement mortality is based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120. Non-disabled retired plan members and beneficiaries mortality is based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120. Disabled retired plan members mortality is based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120. Future mortality improvements are assumed each year using scale MP- 2019 applied fully generationally from the Pub-2010 base year of 2010.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study covering the period from 2013 through 2018.

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. Beginning with the actuarial valuation as of December 31, 2020, there were updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

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

Asset Class	Target Allocation	Long-Term Expected Gross Rate of Return	Long-Term Expected Real Rate of Return
Global Equity	60.00%	4.65%	3.15%
Global Fixed Income	20.00%	0.75%	0.25%
Private Investments	20.00%	1.95%	1.45%

Discount Rate: The discount rate used to measure the total pension liability is 7.60% for 2020. 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 L – COMPONENT UNIT 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, 2019	$ 12,036,568	$ 10,414,613	$ 1,621,955
Service cost	175,228	-	175,228
Interest on total pension liability	898,597	-	898,597
Changes in benefits	-	-	-
Difference between expected and actual experience	102,720	-	102,720
Changes in assumptions	757,575	-	757,575
Employer contributions	-	323,350	(323,350)
Employee contributions	-	30,869	(30,869)
Net investment income	-	1,322,242	(1,322,242)
Benefit payments, including employee refunds	(601,085)	(601,085)	-
Administrative expense	-	(20,923)	20,923
Other changes	-	(1)	1
Net changes	1,333,035	1,054,452	278,583
Balances as of December 31, 2020	$ 13,369,603	$ 11,469,065	$ 1,900,538

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 (NPL) at 12/31/20	$ 1,900,538	$ 1,900,538	$ 1,900,538
Departments' change in NPL at 12/31/20	1,770,118	-	(1,466,500)
	$ 3,670,656	$ 1,900,538	$ 434,038

NOTE L – COMPONENT UNIT 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, 2021, the Department recognized pension expense of $549,507. At September 30, 2021, 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	$ 68,481	$ 41,134
Changes in assumptions	631,627	-
Net difference between projected and actual earnings on pension plan investments	469,775	846,883
Contributions subsequent to the measurement date *	344,841	-
Total	$ 1,514,724	$ 888,017

* 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, 2022.

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:	
2021	$ 298,318
2022	307,191
2023	(214,461)
2024	(108,182)
	$ 282,866

At September 30, 2021, the Department did not have outstanding contributions to the pension plan.

NOTE M – FUND BALANCE CLASSIFICATIONS

Fund balance has been classified in the funds as follows:

	Restricted	Committed	Assigned
General Fund:			
Budget Stabilization-Pension	$ -	$ 2,129,859	$ -
Road Patrol Fund:			
Public Safety	-	-	17,655
Airport Fund:			
Renaissance Zone Capital Projects	194,535	-	-
Operations	-	-	807,029
Nonmajor Funds:			
Restricted based on fund purpose	1,497,732	-	-
Public Safety Forfeitures	66,692	-	-
Wells Township-Potential Water/Sewer Project	185,000	-	-
Capital Projects	-	-	76,958
Future Debt Payments	1,243,453	-	-
Assigned based on fund purpose	-	-	545,772
Animal Shelter	-	-	870
	$ 3,187,412	$ 2,129,859	$ 1,448,284

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 N – RESTRICTED NET POSITION

Total net position which is restricted by enabling legislation amounted to $3,187,412 for governmental activities. The business-type activities had $2,035,460 restricted net position for foreclosures.

NOTE O – CONTINGENT LIABILITIES

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

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

NOTE O – CONTINGENT LIABILITIES (continued)

During 2020 and 2021, the Delta County Airport received grants 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. However, the tests also confirmed that there were no PFAS in the drinking water. Based on the limited data available at September 30, 2021, 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, 2021, 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%

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.

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

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, 2020 of $240,785. 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, 2020 of $3,640,000. 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 $3,176,603 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, 2020. The County has signed a $1,100,000 open letter of credit for the landfill which will expire December 31, 2021. There was no outstanding balance on this letter of credit as of December 31, 2020. 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 2020 tax levy raised approximately $351,000 for recycling programs.

NOTE R – 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, 2021, the Federal grants received and expended by the Road Commission was $983,221 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, 2021, 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.

During the fiscal year ending September 30, 2021, the Health Department expended $1,233,095 in Federal awards and received a separate single audit.

During the fiscal year ending September 30, 2021, the Dispatch Authority did not receive and expend any funds in Federal grants.

NOTE S – SUBSEQUENT EVENT

General County

Subsequent to year end, the County began the process of issuing general obligation unlimited tax bonds (Series 2022) in the amount of $17,500,000 to refund $16,168,000 in General Obligation Unlimited Tax Bond, Series 2017A and General Obligation Unlimited Tax Bond, Series 2017B. The County closed on the bond sale on March 30, 2022.

Subsequent to year end, the County executed a contract with the Delta Solid Waste Management Authority that includes the County's pledge of its limited tax full faith and credit for the payment of bonds in the amount of $1,250,000 that Delta Solid Waste Management Authority intends to issue to acquire, construct, and equip certain improvements to the landfill operated by the Authority within the County.

Central Dispatch Authority

The Authority has an administrative services agreement with the City of Escanaba. The City presented the Authority with formal written notice of their intent to terminate the agreement in November 2020. The City and the Authority agreed to officially transition the relationship as of October 1, 2021, so that it coincided with the beginning of a fiscal year. However, the Authority anticipates the payment of certain costs incurred after October 1, 2021, that will be owed to the City. The current estimate of amounts due is approximately $113,000, though no amount has been paid through this report date.

Per the original agreement, upon termination, all City personnel who have accepted jobs with the Authority shall be transferred from the employment of the City. The City shall maintain legal responsibility, if any, for any health insurance or pension benefits for personnel who have either retired from the dispatch operations of the City or who do not accept positions with the Authority as of the date of termination. The Authority initiated a collective bargaining agreement with the General Teamsters Local Union No. 406 for October 1, 2021 through December 30, 2024 that covered nine full-time employees and two part-time employees that transferred employment from the City. All employees will be eligible for the Authority sponsored 457 deferred compensation plan and a defined contribution retirement plan which shall include a mandatory 6% of pay employer contribution, plus employer matching of up to 2% of voluntary employee contributions. Employees shall vest in the Authority's contribution to the plan after one full year of service.

NOTE T – 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. 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. While the pandemic has resulted in an increase in the demands on the County for providing emergency services to its citizens, the federal government has also provided significant resources to help mitigate the impacts of COVID-19. The County received and spent COVID-19 specific funding of approximately $1,122,000 during fiscal year 2021 from various funding sources. In addition, during 2021 the County received approximately $3,500,000 as the first of two payments related to the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act (ARPA). Included in the COVID-19 specific funding spent, as noted above, was approximately $151,000 related to ARPA, with the majority of it being used on a body scanner at the jail. Subsequent to year end the County Board identified various uses for the unspent ARPA funds including vehicles and equipment, facility and infrastructure improvements, library and landfill allocations, and other general government expenses.

NOTE U – 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 years 2021 and 2022. The project is being funded by the Federal Aviation Administration Airport Improvement Program in conjunction with Michigan Department of Transportation and local funding. As of September 30, 2021, approximately $821,000 remains to be paid.

NOTE V – FUTURE CHANGES IN ACCOUNTING PRINCIPLE

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.

NOTE V – 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 V – 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 V – 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.

NOTE U – IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD

During the current year, the County adopted GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the following activities were previously reported as agency funds in the statement of fiduciary net position but no longer meet the definition of such. Therefore, these activities are now reported within the governmental funds: bonds and restitutions, payroll clearing/deduction accounts, and performance bonds and escrows. The remaining agency funds are now reported as custodial funds.

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, 2021

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 6,033,500	$ 6,381,864	$ 6,329,284	$ (52,580)
License and permits	1,900	2,275	2,320	45
Federal sources	935,864	4,859,441	1,357,383	(3,502,058)
State sources	2,378,375	2,563,563	2,521,985	(41,578)
Local sources	85,000	108,000	108,000	-
Charges for services	896,360	1,100,749	1,106,175	5,426
Interest and rentals	30,500	40,204	46,784	6,580
Other	464,782	(3,592,281)	492,616	4,084,897
Total revenues	10,826,281	11,463,815	11,964,547	500,732
EXPENDITURES:				
Legislative:				
Board of commissioners	141,924	168,339	163,701	4,638
County memberships	-	-	-	-
Judicial system:				
Circuit court	313,089	332,972	321,815	11,157
District court	896,538	811,069	919,130	(108,061)
Friend of court	710,275	696,345	692,676	3,669
Jury commission	1,850	1,870	1,575	295
Probate court	456,857	556,470	555,219	1,251
Probate court juvenile	142,467	135,301	137,541	(2,240)
Prosecuting attorney	696,453	900,606	787,853	112,753
General government:				
Elections	69,708	69,398	69,366	32
Clerk	226,772	229,589	228,294	1,295
Administration	393,652	471,288	469,208	2,080
I.T. Department	188,356	251,196	195,927	55,269
Equalization	171,844	211,911	210,507	1,404
Treasurer	157,661	218,930	216,460	2,470
Cooperative extension	-	8,668	8,668	-
Building maintenance	550,328	474,432	453,838	20,594
Drain commissioner	-	2,043	2,043	-
Record copying	9,800	13,060	12,597	463
Health insurance and other benefits	260,888	-	-	-
Insurance and bonds	145,000	114,761	114,760	1
Professional fees	44,800	43,847	43,748	99
Equipment repair and equipment	2,250	1,996	1,905	91
Miscellaneous	3,500	3,037	2,963	74
Public safety:				
Sheriff administration	603,844	595,640	590,092	5,548
Sheriff marine	20,852	30,353	30,338	15
Sheriff corrections	2,885,081	3,033,982	2,992,255	41,727
Animal control	-	8,842	8,842	-
Emergency management	83,521	86,907	81,544	5,363
Health and welfare:				
Medical examiner	63,000	70,556	69,583	973
Soldier burial	10,000	11,195	11,495	(300)
Veterans affair	61,926	61,436	60,673	763
Health department	265,731	265,731	265,731	-
Other	3,950	6,294	5,672	622
Community and economic development:				
Register of deeds	132,149	127,489	126,424	1,065
Recreation and culture:				
Parks	-	16,446	16,446	-
Capital outlay	-	162,400	183,663	(21,263)
Other - appropriations	597,483	617,553	603,720	13,833
Total expenditures	10,311,549	10,811,952	10,656,272	155,680
Excess revenues (expenditures)	514,732	651,863	1,308,275	656,412
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	9,238	3,635	(5,603)
Transfer in	64,000	97,183	97,183	-
Transfer out	(578,732)	(758,282)	(636,705)	121,577
Total other financing sources (uses)	(514,732)	(651,861)	(535,887)	115,974
Net changes in fund balances	-	2	772,388	772,386
Fund balances - beginning	6,328,791	6,328,791	6,328,791	-
Fund balances - ending	$ 6,328,791	$ 6,328,793	$ 7,101,179	$ 772,386

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD PATROL
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 1,516,350	$ 1,546,292	$ 1,551,549	$ 5,257
Federal sources	118,992	97,259	87,838	(9,421)
State sources	157,467	174,288	168,437	(5,851)
Local sources	77,100	51,578	54,720	3,142
Charges for services	15,100	15,000	15,086	86
Other	45,000	185,258	31,204	(154,054)
Total revenue	1,930,009	2,069,675	1,908,834	(160,841)
EXPENDITURES:				
Public safety	1,662,966	1,836,857	1,718,623	118,234
Capital outlay	115,000	134,465	111,549	22,916
Total expenditures	1,777,966	1,971,322	1,830,172	141,150
Excess revenues (expenditures)	152,043	98,353	78,662	(19,691)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	4,000	14,700	14,700	-
Transfer out	(73,000)	(89,674)	(89,674)	-
Total other financing sources (uses)	(69,000)	(15,310)	(74,974)	(59,664)
Net changes in fund balances	83,043	83,043	3,688	(79,355)
Fund balances - beginning	13,967	13,967	13,967	-
Fund balances - ending	$ 97,010	$ 97,010	$ 17,655	$ (79,355)

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Federal sources	$ 729,000	$ 905,748	$ 1,076,012	$ 170,264
State sources	-	19,891	19,891	-
Local sources	72	675,321	-	(675,321)
Charges for services	594,175	814,338	889,703	75,365
Interest and rentals	151,725	176,190	156,070	(20,120)
Other	-	849	849	-
Total revenues	1,474,972	2,592,337	2,142,525	(449,812)
EXPENDITURES:				
Public works	1,085,943	1,350,761	1,234,606	116,155
Capital outlay	-	1,120,546	370,153	750,393
Total expenditures	1,085,943	2,471,307	1,604,759	866,548
Excess revenues (expenditures)	389,029	121,030	537,766	416,736
OTHER FINANCING SOURCES (USES):				
Transfer in	150,000	150,000	300,000	150,000
Transfer out	-	-	-	-
Total other financing sources (uses)	150,000	150,000	300,000	150,000
Net changes in fund balances	539,029	271,030	837,766	566,736
Fund balances - beginning	210,783	210,783	210,783	-
Fund balances - ending	$ 749,812	$ 481,813	$ 1,048,549	$ 566,736

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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	2020
Total pension liability							
Service cost	$ 370,738	$ 355,421	$ 321,967	$ 308,654	$ 273,612	$ 274,927	$ 263,116
Interest	2,619,381	2,700,647	2,880,075	2,920,694	2,962,631	3,044,527	3,050,864
Changes in benefits	-	-	-	-	-	1,768	496
Difference between expected and actual experience	-	376,689	(478,274)	(371,018)	200,904	(141,847)	200,922
Change in assumptions	-	1,971,406	-	-	-	1,415,866	1,826,568
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)	(2,555,634)
Other	(1)	1	2	-	-	-	2
Net change in total pension liability	1,075,065	3,324,376	560,324	603,031	1,059,247	2,144,933	2,786,334
Total pension liability - beginning	32,522,234	33,597,299	36,921,675	37,481,999	38,085,030	39,144,277	41,289,210
Total pension liability - ending	$ 33,597,299	$ 36,921,675	$ 37,481,999	$ 38,085,030	$ 39,144,277	$ 41,289,210	$ 44,075,544
Plan fiduciary net position							
Contributions - employer	$ 1,031,587	$ 1,094,983	$ 758,928	$ 1,064,136	$ 2,193,388	$ 1,297,629	$ 1,472,043
Contributions - employee	35,737	28,599	40,542	13,101	12,400	16,279	54,478
Net investment income	1,567,230	(374,464)	2,691,573	3,314,698	(1,096,297)	3,518,229	3,564,031
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)	(2,555,634)
Administrative expense	(57,465)	(55,499)	(53,549)	(52,570)	(53,662)	(60,591)	(56,923)
Net change in plan fiduciary net position	662,036	(1,386,169)	1,274,048	2,084,066	(1,322,071)	2,321,238	2,477,995
Plan fiduciary net position - beginning	24,940,489	25,602,525	24,216,356	25,490,404	27,574,470	26,252,399	28,573,637
Plan fiduciary net position - ending	$ 25,602,525	$ 24,216,356	$ 25,490,404	$ 27,574,470	$ 26,252,399	$ 28,573,637	$ 31,051,632
County's net pension liability - ending	$ 7,994,774	$ 12,705,319	$ 11,991,595	$ 10,510,560	$ 12,891,878	$ 12,715,573	$ 13,023,912
Plan fiduciary net position as a percentage of the total pension liability	76%	66%	68%	72%	67%	69%	70%
Covered - employee payroll	$ 2,508,801	$ 2,410,300	$ 2,123,797	$ 2,051,194	$ 1,829,445	$ 1,818,374	$ 1,728,768
County's net pension liability as a percentage of covered-employee payroll	319%	527%	565%	512%	705%	699%	753%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%	12%

Notes to schedule:
Schedule prepared based 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%
2020 reflects a change in the demographic assumptions including mortality, retirement, disability, and termination rates based on a recent experience study

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	2021
Actuarially determined contribution	$ 872,928	$ 1,018,896	$ 879,024	$ 1,169,472	$ 1,262,949	$ 1,397,970	$ 1,694,280
Contributions in relation to the actuarially determined contribution	955,842	1,018,896	879,024	2,169,472	1,262,949	1,397,970	1,694,280
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	$ 1,728,768
Contributions as a percentage of covered-employee payroll	38%	42%	41%	106%	69%	77%	98%

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	3.00%, average, including inflation
Investment rate of return	7.35%
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%. In the 2020 MERS valuation, demographic assumptions including mortality, retirement, disability, and termination rates were updated based on the recent experience study, which will first impact 2022 contributions.
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	2020
Total pension liability							
Service cost	$ 160,837	$ 180,914	$ 187,284	$ 204,234	$ 180,125	$ 165,168	$ 175,228
Interest	662,144	697,023	759,262	794,390	848,848	885,838	898,597
Difference between expected and actual experience	-	88,285	(53,870)	171,098	(54,317)	(123,398)	102,720
Changes in assumptions	-	517,032	-	-	-	379,726	757,575
Benefit payments, including refund of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)	(522,312)	(601,085)
Other	1	-	(1)	-	-	-	-
Net change in total pension liability	433,831	1,051,917	435,153	703,147	487,357	785,022	1,333,035
Total pension liability - beginning	8,140,141	8,573,972	9,625,889	10,061,042	10,764,189	11,251,546	12,036,568
Total pension liability - ending	$ 8,573,972	$ 9,625,889	$ 10,061,042	$ 10,764,189	$ 11,251,546	$ 12,036,568	$ 13,369,603
Plan fiduciary net position							
Contributions - employer	$ 149,618	$ 186,133	$ 238,951	$ 330,202	$ 334,134	$ 307,302	$ 323,350
Contributions - employee	27,549	29,564	30,057	31,965	32,920	30,585	30,869
Net investment income	516,019	(125,857)	921,012	1,172,985	(389,696)	1,271,131	1,322,242
Benefit payments, including refunds of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)	(522,312)	(601,085)
Administrative expense	(18,941)	(18,480)	(18,180)	(18,556)	(19,240)	(21,901)	(20,923)
Other	-	1	-	2	-	-	(1)
Net change in plan fiduciary net position	285,094	(359,976)	714,318	1,050,023	(529,181)	1,064,805	1,054,452
Plan fiduciary net position - beginning	8,189,530	8,474,624	8,114,648	8,828,966	9,878,989	9,349,808	10,414,613
Plan fiduciary net position - ending	$ 8,474,624	$ 8,114,648	$ 8,828,966	$ 9,878,989	$ 9,349,808	$ 10,414,613	$ 11,469,065
Department's net pension liability - ending	$ 99,348	$ 1,511,241	$ 1,232,076	$ 885,200	$ 1,901,738	$ 1,621,955	$ 1,900,538
Plan fiduciary net position as a percentage of the total pension liability	99%	84%	88%	92%	83%	87%	86%
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,574,497	$ 1,418,717	$ 1,601,945
Department's net pension liability as a percentage of covered-employee payroll	8%	102%	83%	55%	121%	114%	119%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%	12%

Notes to schedule:
Schedule prepared based 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%
2020 reflects a change in the demographic assumptions including mortality, retirement, disability, and termination rates based on a recent experience study

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	2021
Actuarially determined contribution	$ 113,342	$ 159,261	$ 191,089	$ 235,854	$ 240,848	$ 265,827	$ 306,859
Contributions in relation to the actuarially determined contribution	166,235	233,984	319,441	334,557	304,565	305,265	438,679
Contribution deficiency (excess)	$ (52,893)	$ (74,723)	$ (128,352)	$ (98,703)	$ (63,717)	$ (39,438)	$ (131,820)
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,574,497	$ 1,418,717	$ 1,601,945
Contributions as a percentage of covered-employee payroll	13%	16%	22%	21%	19%	22%	27%

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	15-18 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.35%
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%. In the 2020 MERS valuation, demographic assumptions including mortality, retirement, disability, and termination rates were updated based on the recent experience study, which will first impact 2022 contributions.
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	2020
Total pension liability							
Service cost	$ 114,334	$ 119,662	$ 126,660	$ 127,523	$ 140,799	$ 162,581	$ 164,931
Interest	848,222	872,732	906,491	940,940	955,343	987,049	987,684
Difference between expected and actual experience	-	(44,201)	180,625	(60,442)	175,235	32,176	(3,409)
Change in assumptions	-	534,196	-	-	-	413,023	303,729
Benefit payments, including refund of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)	(906,345)	(970,201)
Other	-	-	-	-	-	-	-
Net change in total pension liability	329,507	779,212	450,297	204,298	405,852	688,484	482,734
Total pension liability - beginning	10,540,833	10,870,340	11,649,552	12,099,849	12,304,147	12,709,999	13,398,483
Total pension liability - ending	$ 10,870,340	$ 11,649,552	$ 12,099,849	$ 12,304,147	$ 12,709,999	$ 13,398,483	$ 13,881,217
Plan fiduciary net position							
Contributions - employer	$ 660,540	$ 735,719	$ 439,534	$ 640,593	$ 1,084,965	$ 550,232	$ 930,224
Contributions - employee	7,208	12,958	55,473	19,017	22,241	26,583	27,617
MERS adjustment	-	-	-	168,880	-	-	-
Net investment income (loss)	339,991	(78,578)	637,694	815,891	(286,674)	913,767	960,818
Benefit payments, including refunds of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)	(906,345)	(970,201)
Administrative expense	(12,525)	(12,611)	(12,598)	(12,906)	(13,606)	(15,738)	(14,934)
Net change in plan fiduciary net position	362,165	(45,689)	356,624	827,752	(58,599)	568,499	933,524
Plan fiduciary net position - beginning	5,404,286	5,766,451	5,720,762	6,077,386	6,905,138	6,846,539	7,415,038
Plan fiduciary net position - ending	$ 5,766,451	$ 5,720,762	$ 6,077,386	$ 6,905,138	$ 6,846,539	$ 7,415,038	$ 8,348,562
Commission's net pension liability - ending	$ 5,103,889	$ 5,928,790	$ 6,022,463	$ 5,399,009	$ 5,863,460	$ 5,983,445	$ 5,532,655
Plan fiduciary net position as a percentage of the total pension liability	53%	49%	50%	56%	54%	55%	60%
Covered - employee payroll	$ 1,306,931	$ 1,371,526	$ 1,451,488	$ 1,450,708	$ 1,586,458	$ 1,793,272	$ 1,768,538
Commission's net pension liability as a percentage of covered-employee payro	391%	432%	415%	372%	370%	334%	313%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%	13%

Notes to schedule:
Schedule prepared based 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%
2020 reflects a change in the demographic assumptions including mortality, retirement, disability, and termination rates based on a recent experience study

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 699,535	$ 612,462	$ 484,965	$ 432,069	$ 439,535	$ 385,719	$ 360,540	$ 354,186	$ 348,582	$ 324,149
Contributions in relation to the actuarially determined contribution	1,399,535	912,462	1,084,965	640,592	589,535	735,719	660,540	554,186	548,582	524,149
Contribution deficiency (excess)	$ (700,000)	$ (300,000)	$ (600,000)	$ (208,523)	$ (150,000)	$ (350,000)	$ (300,000)	$ (200,000)	$ (200,000)	$ (200,000)
Covered - employee payroll	$ 1,768,838	$ 1,793,272	$ 1,586,458	$ 1,450,708	$ 1,451,488	$ 1,371,526	$ 1,306,931	$ 1,235,451	$ 1,188,423	$ 1,188,423
Contributions as a percentage of covered-employee payroll	79%	51%	68%	44%	41%	54%	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	3.00%, average, including inflation
Investment rate of return	7.35%
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%. In the 2020 MERS valuation, demographic assumptions including mortality, retirement, disability, and termination rates were updated based on the recent experience study, which will first impact 2022 contributions.
Note	Above dates on based on fiscal year and not the measurement date

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OTHER SUPPLEMENTAL INFORMATION

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Special Revenue Funds			
	Title III Forest Projects	MIDC Grant	Friend of Court	Circuit Court Counseling
ASSETS				
Cash and equivalents:				
Unrestricted	$ 152,283	$ -	$ 52,508	$ 99,910
Restricted	-	139,026	-	-
Receivables:				
Accounts	-	-	-	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 152,283	$ 139,026	$ 52,508	$ 99,910
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 8,970	$ 80	$ -
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	-	2,284	-	-
Total liabilities	-	11,254	80	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	152,283	127,772	52,428	-
Committed	-	-	-	-
Assigned	-	-	-	99,910
Unassigned	-	-	-	-
Total fund balances	152,283	127,772	52,428	99,910
Total liabilities and fund balances	$ 152,283	$ 139,026	$ 52,508	$ 99,910

See accompanying notes to financial statements.

Special Revenue Funds							
Community Action	Sanitary Landfill	Hannahville Funding	Donations	Building and Zoning	County Survey	Homestead P.A. 105
$ -	$ 120,683	$ 50,000	$ 150,697	$ 116,542	$ 112,916	$ 4,410
-	-	-	-	-	-	-
-	-	-	-	569	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ -	$ 120,683	$ 50,000	$ 150,697	$ 117,111	$ 112,916	$ 4,410
$ -	$ -	$ -	$ -	$ 3,281	$ 6,975	$ 1,883
16,072	-	-	-	-	-	-
-	-	-	-	9,572	-	-
16,072	-	-	-	12,853	6,975	1,883
-	-	-	-	-	-	-
-	120,683	-	-	-	-	2,527
-	-	-	-	-	-	-
-	-	50,000	150,697	104,258	105,941	-
(16,072)	-	-	-	-	-	-
(16,072)	120,683	50,000	150,697	104,258	105,941	2,527
$ -	$ 120,683	$ 50,000	$ 150,697	$ 117,111	$ 112,916	$ 4,410

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Special Revenue Funds			
	R.O.D. Automation	Concealed Pistol Licensing	Training	Drug Enforcement
ASSETS				
Cash and equivalents:				
Unrestricted	$ 129,001	$ 69,440	$ 13,134	$ 32,826
Restricted	-	-	-	66,692
Receivables:				
Accounts	-	-	-	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	1,168
Total assets	$ 129,001	$ 69,440	$ 13,134	$ 100,686
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1;474	$ 131	$ -	$ 10,287
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	2,223	683	-	5,245
Total liabilities	3,697	814	-	15,532
Fund balances:				
Nonspendable	-	-	-	1,168
Restricted	125,304	68,626	13,134	66,692
Committed	-	-	-	-
Assigned	-	-	-	17,294
Unassigned	-	-	-	-
Total fund balances	125,304	68,626	13,134	85,154
Total liabilities and fund balances	$ 129,001	$ 69,440	$ 13,134	$ 100,686

See accompanying notes to financial statements.

Special Revenue Funds						
Law Library	Child Care	Soldiers and Sailors	Co-Probation	Sobriety Court	Northcare Sobriety Court
$ 18,937	$ 603,909	$ 12,066	$ 19,874	$ -	$ 48,579
-	-	-	-	-	-
-	-	-	-	-	-
-	12,361	-	-	-	-
-	17,519	-	-	-	-
$ 18,937	$ 633,789	$ 12,066	$ 19,874	$ -	$ 48,579
$ 395	$ 13,078	$ -	$ 3,308	$ 498	$ 1,090
-	-	-	-	1,704	-
-	17,397	-	12,096	552	-
395	30,475	-	15,404	2,754	1,090
-	17,519	-	-	-	-
-	585,795	12,066	4,470	-	47,489
-	-	-	-	-	-
18,542	-	-	-	-	-
-	-	-	-	(2,754)	-
18,542	603,314	12,066	4,470	(2,754)	47,489
$ 18,937	$ 633,789	$ 12,066	$ 19,874	$ -	$ 48,579

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Special Revenue Funds	Debt Service Funds		Capital Project Funds
	Prosecutors Grant	Jail Building Debt	Energy Project	Capital Outlay
ASSETS				
Cash and equivalents:				
Unrestricted	$ 270	$ 8,343	$ -	$ 261,958
Restricted	-	1,235,110	-	-
Receivables:				
Accounts	-	-	-	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 270	$ 1,243,453	$ -	$ 261,958
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-
Accrued payroll and related liabilities	40	-	-	-
Total liabilities	40	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	230	1,243,453	-	185,000
Committed	-	-	-	-
Assigned	-	-	-	76,958
Unassigned	-	-	-	-
Total fund balances	230	1,243,453	-	261,958
Total liabilities and fund balances	$ 270	$ 1,243,453	$ -	$ 261,958

See accompanying notes to financial statements.

Capital Project Funds				Total Nonmajor Governmental Funds
Airport Improvement	Renaissance Zone	Brownfield	Jail Building	
$ -	$ 7,491	$ 11,002	$ 24,207	$ 2,120,986
196,043	-	-	-	1,636,871
-	-	-	-	569
-	-	-	-	12,361
-	-	-	-	18,687
$ 196,043	$ 7,491	$ 11,002	$ 24,207	$ 3,789,474
$ 2,818	$ -	$ -	$ -	$ 54,268
51,000	-	-	-	68,776
-	-	-	-	50,092
53,818	-	-	-	173,136
-	-	-	-	18,687
142,225	7,491	11,002	24,207	2,992,877
-	-	-	-	-
-	-	-	-	623,600
-	-	-	-	(18,826)
142,225	7,491	11,002	24,207	3,616,338
$ 196,043	$ 7,491	$ 11,002	$ 24,207	$ 3,789,474

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, 2021

	Special Revenue Funds			
	Title III Forest Projects	MIDC Grant	Friend of Court	Circuit Court Counseling
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
License and permits	-	-	-	-
Federal sources	48,714	-	-	-
State sources	-	475,960	680	-
Local sources	-	-	6,985	2,855
Charges for services	-	-	-	-
Interest and rentals	-	-	-	-
Other	-	-	-	-
Total revenues	48,714	475,960	7,665	2,855
EXPENDITURES:				
Judicial system	-	482,207	948	-
General government	-	-	-	-
Public works	-	-	-	-
Public safety	257,458	-	-	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	77,510	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	257,458	482,207	78,458	-
Excess revenues (expenditures)	(208,744)	(6,247)	(70,793)	2,855
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	-	-
Transfer in	-	109,484	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	109,484	-	-
Net changes in fund balance	(208,744)	103,237	(70,793)	2,855
Fund balances - beginning	361,027	24,535	123,221	97,055
Fund balances - ending	$ 152,283	$ 127,772	$ 52,428	$ 99,910

See accompanying notes to financial statements.

Special Revenue Funds						
Community Action	Sanitary Landfill	Hannahville Funding	Donations	Building and Zoning	County Survey	Homestead P.A. 105
$ 941,237	$ 355,317	$ -	$ -	$ -	$ -	$ 2,527
-	-	-	-	125,961	-	-
-	-	35,000	-	-	-	-
278,977	117,273	-	-	-	63,671	-
-	-	96,300	52,751	-	-	-
-	-	-	1,500	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,400	-	-
1,220,214	472,590	131,300	54,251	128,361	63,671	2,527
-	-	-	-	-	-	-
-	-	-	-	-	70,344	-
-	355,199	-	-	-	-	
-	-	-	46,671	-	-	-
1,236,818	-	-	-	-	-	-
-	-	-	-	168,179	-	-
-	-	-	18,131	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	143,761	-	-	-	-
1,236,818	355,199	143,761	64,802	168,179	70,344	-
(16,604)	117,391	(12,461)	(10,551)	(39,818)	(6,673)	2,527
-	-	-	5,200	-	-	-
-	-	-	-	5,000	-	-
-	-	-	-	-	-	-
-	-	-	5,200	5,000	-	-
(16,604)	117,391	(12,461)	(5,351)	(34,818)	(6,673)	2,527
532	3,292	62,461	156,048	139,076	112,614	-
$ (16,072)	$ 120,683	$ 50,000	$ 150,697	$ 104,258	$ 105,941	$ 2,527

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, 2021

	Special Revenue Funds			
	R.O.D. Automation	Concealed Pistol Licensing	Training	Drug Enforcement
REVENUES:				
Taxes	$ -	$ -	$ -	$ -
License and permits	-	-	-	-
Federal sources	-	-	-	37,799
State sources	-	-	-	-
Local sources	-	-	5,620	-
Charges for services	46,890	30,040	-	-
Interest and rentals	-	-	-	17
Other	-	26	-	11,290
Total revenues	46,890	30,066	5,620	49,106
EXPENDITURES:				
Judicial system	-	-	-	-
General government	-	-	-	-
Public works	-	-	-	-
Public safety	-	21,974	328	157,849
Health and welfare	-	-	-	-
Community development	26,772	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	26,772	21,974	328	157,849
Excess revenues (expenditures)	20,118	8,092	5,292	(108,743)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	-	89,674
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	89,674
Net changes in fund balance	20,118	8,092	5,292	(19,069)
Fund balances - beginning	105,186	60,534	7,842	104,223
Fund balances - ending	$ 125,304	$ 68,626	$ 13,134	$ 85,154

See accompanying notes to financial statements.

Special Revenue Funds						
Law Library	Child Care	Soldiers and Sailors	Co-Probation	Sobriety Court	Northcare Sobriety Court	
$ -	$ -	$ -	$ -	$ -	$ -	
-	-	-	-	-	-	
-	-	-	56,250	-	-	
-	203,474	-	-	24,566	-	
-	-	-	-	-	8,425	
-	17,778	-	-	-	-	
-	-	-	-	-	-	
4,500	-	-	-	24	-	
4,500	221,252	-	56,250	24,590	8,425	
13,996	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	570,519	2,475	139,716	38,550	4,866	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
13,996	570,519	2,475	139,716	38,550	4,866	
(9,496)	(349,267)	(2,475)	(83,466)	(13,960)	3,559	
-	-	-	-	-	-	
5,000	284,221	2,000	-	-	-	
-	(83,470)	-	-	-	-	
5,000	200,751	2,000	-	-	-	
(4,496)	(148,516)	(475)	(83,466)	(13,960)	3,559	
23,038	751,830	12,541	87,936	11,206	43,930	
$ 18,542	$ 603,314	$ 12,066	$ 4,470	$ (2,754)	$ 47,489	

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, 2021

	Special Revenue Fund	Debt Service Funds		Capital Project Fund
	Prosecutors Grant	Jail Building Debt	Energy Project	Capital Outlay
REVENUES:				
Taxes	$ -	$ 992,524	$ -	$ -
License and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	50,000
Local sources	-	-	-	-
Charges for services	-	-	-	-
Interest and rentals	-	4,095	-	-
Other	-	-	-	-
Total revenues	-	996,619	-	50,000
EXPENDITURES:				
Judicial system	-	-	-	-
General government	-	-	-	-
Public works	-	-	-	-
Public safety	-	102,747	-	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	45,595
Debt service:				
Principal	-	380,000	80,962	-
Interest	-	544,375	3,663	-
Other	-	-	-	-
Total expenditures	-	1,027,122	84,625	45,595
Excess revenues (expenditures)	-	(30,503)	(84,625)	4,405
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	-	-
Transfer in	-	-	84,625	81,000
Transfer out	-	-	-	(234,625)
Total other financing sources (uses)	-	-	84,625	(153,625)
Net changes in fund balance	-	(30,503)	-	(149,220)
Fund balances - beginning	230	1,273,956	-	411,178
Fund balances - ending	$ 230	$ 1,243,453	$ -	$ 261,958

See accompanying notes to financial statements.

Capital Project Funds				Total Nonmajor Governmental Funds
Airport Improvement	Renaissance Zone	Brownfield	Jail Building	
$ -	$ -	$ -	$ -	$ 2,291,605
-	-	-	-	125,961
-	-	-	-	177,763
-	-	-	-	1,214,601
-	-	-	-	172,936
-	-	-	-	96,208
940	-	-	4	5,056
-	-	-	-	18,240
940	-	-	4	4,102,370
-	-	-	-	497,151
-	-	-	-	70,344
5,645	-	-	-	360,844
-	-	-	-	587,027
-	-	-	-	1,992,944
-	-	-	-	194,951
-	-	-	-	141,236
-	-	-	-	460,962
-	-	-	-	548,038
-	-	-	-	143,761
5,645	-	-	-	4,997,258
(4,705)	-	-	4	(894,888)
-	-	-	-	5,200
-	-	-	-	661,004
-	-	-	-	(318,095)
-	-	-	-	348,109
(4,705)	-	-	4	(546,779)
146,930	7,491	11,002	24,203	4,163,117
$ 142,225	$ 7,491	$ 11,002	$ 24,207	$ 3,616,338

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2021

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents				
Unrestricted	$ 392,966	$ -	$ 412,040	$ 805,006
Investments	-	5,767,821	-	5,767,821
Receivables:				
Interest	-	10,590	-	10,590
Notes receivable	-	22,831	-	22,831
Total current assets	392,966	5,801,242	412,040	6,606,248
Noncurrent assets:				
Advances to other funds	-	268,000	-	268,000
Notes receivable	-	432,733	-	432,733
Total noncurrent assets	-	700,733	-	700,733
Total assets	$ 392,966	$ 6,501,975	$ 412,040	$ 7,306,981
LIABILITIES				
Current liabilities:				
Accounts payable	$ -	$ -	$ 3,565	$ 3,565
Accrued payroll	-	-	4,635	4,635
Due to other funds	-	660,390	-	660,390
Total liabilities	-	660,390	8,200	668,590
NET POSITION				
Restricted	150,000	-	-	150,000
Unrestricted	242,966	5,841,585	403,840	6,488,391
Total net position	392,966	5,841,585	403,840	6,638,391
TOTAL LIABILITIES AND NET POSITION	$ 392,966	$ 6,501,975	$ 412,040	$ 7,306,981

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, 2021

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
OPERATING REVENUES:				
Rental and interest income	$ -	$ -	$ 51,200	$ 51,200
Miscellaneous	-	-	294	294
Total operating revenue	-	-	51,494	51,494
OPERATING EXPENSES:				
Salaries and fringes	-	12,345	40,692	53,037
Supplies	-	-	5,574	5,574
Contracted services	-	-	360	360
Repairs and maintenance	-	-	34,764	34,764
Utilities	-	-	4,762	4,762
Miscellaneous	-	-	15,048	15,048
Total operating expenses	-	12,345	101,200	113,545
Operating income (loss)	-	(12,345)	(49,706)	(62,051)
NONOPERATING REVENUES (EXPENSES):				
Interest income	-	15,176	-	15,176
Income (loss) before transfers and contributions	-	2,831	(49,706)	(46,875)
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Change in net position	-	2,831	(49,706)	(46,875)
Total net position - beginning	392,966	5,838,754	453,546	6,685,266
Total net position - ending	$ 392,966	$ 5,841,585	$ 403,840	$ 6,638,391

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2021

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interest and rents	$ -	$ 36,969	$ 51,264	$ 88,233
Payments to suppliers	-	-	(58,917)	(58,917)
Payments for wages and related benefits	-	(12,345)	(37,028)	(49,373)
Payments to other funds	-	(268,000)	-	(268,000)
Receipts from other funds	-	660,390	-	660,390
Other cash receipts (payments)	-	-	294	294
Net cash provided (used) by operating activities	-	417,014	(44,387)	372,627
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	-	(1,500,000)	-	(1,500,000)
Sales of investments	-	612,820	-	612,820
Interest earnings	-	15,176	-	15,176
Net cash provided (used) by investing activities	-	(872,004)	-	(872,004)
Net increase (decrease) in cash and equivalents	-	(454,990)	(44,387)	(499,377)
Cash and equivalents, beginning of year	392,966	454,990	456,427	1,304,383
Cash and equivalents, end of year	$ 392,966	$ -	$ 412,040	$ 805,006
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ -	$ (12,345)	$ (49,706)	$ (62,051)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in receivables	-	36,969	64	37,033
(Increase) decrease in due from other funds	-	(268,000)	-	(268,000)
(Increase) decrease in prepaid items	-	-	33	33
Increase (decrease) in accounts payable	-	-	1,558	1,558
Increase (decrease) in accrued payroll	-	-	3,664	3,664
Increase (decrease) in due to other funds	-	660,390	-	660,390
Total adjustments	-	429,359	5,319	434,678
Net cash provided by operating activities	$ -	$ 417,014	$ (44,387)	$ 372,627

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	Custodial Funds			
	General Trust and Agency	Sheriff Inmate Trust	Library Penal Fines	Totals
ASSETS				
Cash and cash equivalents:				
Unrestricted	$ 103,198	$ 790	$ 37,482	$ 141,470
Other receivables	-	25,919	115	26,034
Total assets	$ 103,198	$ 26,709	$ 37,597	$ 167,504
LIABILITIES				
Due to other governmental units	$ 38,590	$ -	$ -	$ 38,590
Undistributed taxes	2,710	-	-	2,710
Other liabilities	61,898	9,434	37,597	108,929
Total liabilities	103,198	9,434	37,597	150,229
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	-	17,275	-	17,275
TOTAL LIABILITIES AND NET POSITION	$ 103,198	$ 26,709	$ 37,597	$ 167,504

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2021

	Custodial Funds			
	General Trust and Agency	Sheriff Inmate Trust	Library Penal Fines	Totals
ADDITIONS				
Tax collections for other governments	$ 8,476,684	$ -	$ -	$ 8,476,684
Collection of fines and fees	392,642	-	133,776	526,418
Inmate collections	-	458,905	-	458,905
Total additions	8,869,326	458,905	133,776	9,462,007
DEDUCTIONS				
Tax disbursements to other governments	8,476,684	-	-	8,476,684
Disbursement of fines and fees	392,642	-	133,776	526,418
Inmate distributions	-	441,630	-	441,630
Total deductions	8,869,326	441,630	133,776	9,444,732
Change in Net Position	-	17,275	-	17,275
Net Position, Beginning of Year	-	-	-	-
Net Position, End of Year	$ -	$ 17,275	$ -	$ 17,275

See accompanying notes to financial statements.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Kristine P. Berhow, CPA, Principal
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To 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, 2021, and the related notes to the financial statements, which collectively comprise Delta County's basic financial statements and have issued our report thereon dated May 4, 2022. 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 responses as items 2021-001 through 2021-003, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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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 responses as item 2021-004.

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 responses. 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, PLC
Certified Public Accountants
Escanaba, Michigan

May 4, 2022

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: 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. Year-end journal entries should be recorded in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.

Condition: Material audit adjustments were required to properly accrue revenues and expenditures, record activity for compliance with GASB Statement No. 84, allocate revenue from the Local Community Stabilization Act in accordance with state guidelines, and recognize grants and capital contributions, including unearned revenue related to Covid-19 awards, to present the financial statements in accordance with GAAP.

Effect: The County's trial balances were not materially correct at year-end, which could lead to materially inaccurate financial reporting.

Cause: The County lacks internal controls over recording and reporting accounting data. Revenues and expenditures were not properly recorded in the County general ledger.

Recommendation: The County should expand procedures and controls to ensure that all appropriate journal entries are made prior to final trial balances being produced for preparation of the year-end financial statements.

Management Response: County management will review procedures to ensure journal entries are posted as required to ensure that the financial statements are materially correct.

2021-002: Material Weakness – Jail Commissary and Inmate Trust Account Reconciliation

Criteria: The County is required to have internal controls in place to properly track and account for inmate account balances and jail commissary activity in the general ledger to substantiate amounts reported the financial statements.

Condition: The County utilizes a subledger accounting system to track inmate account balances and activity. The subledger was not appropriately reconciled to the general ledger nor was activity properly classified between inmate fiduciary accounts and jail commissary accounts within the general ledger.

Effect: The County's trial balances were not materially correct at year-end, which could lead to materially inaccurate financial reporting. The County was unable to determine the appropriate classification of activity between inmate accounts and jail commissary accounts.

Cause: The County lacks internal controls over reconciling the subsidiary ledger activity to the general ledger as it related to inmate and commissary accounts. While the County did ensure that cash activity was appropriately reconciled to bank statements in total, they were not appropriately recording and classifying activity in the general ledger.

Recommendation: The County should expand procedures and controls to ensure that the jail subledger is reconciled to the general ledger and that inmate account activity and balances are appropriately recorded.

Management Response: County management will review procedures to ensure activity is appropriately reconciled and classified.

2021-003: Material Weakness – Tracking of Grant Awards and Expenditures

Criteria: The County is required to have internal controls in place to properly account for and record capital grants and contributions. In addition, the County should have internal controls in place to track grants received, properly classify grants by funding source, and ensure reimbursement requests are appropriately supported and receipted.

Condition: Closing procedures were not in place and management did not effectively communicate with County departments responsible for administering federal and state awards to identify all grant related activity. Material audit adjustments were required to properly record activity related to capital contributions and to reclassify grant revenue to present the financial statements in accordance with GAAP.

Effect: The County's trial balances were not materially correct at year-end, which could lead to materially inaccurate financial reporting. The County did not record a capital contribution for projects at the airport in the amount of approximately $7 million. The County was unable to determine whether all grants were recorded or properly classified.

Cause: The County lacks internal controls over recording and reporting capital grants and contributions as well as tracking, classifying, and receipting grants. The County lacks procedures to identify donated assets or capital contributions when there is no cash exchanged.

Recommendation: The County should expand procedures and controls to identify, value, record, and report capital grants and contributions. The County should expand procedures and controls surrounding the grant receipting process.

Management Response: County management will review procedures to ensure capital and other grants and contributions are properly tracked.

2021-004: 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, 2021, expenditures were incurred in excess of amounts appropriated in the amended budgets of certain funds (see footnote B for detail of funds). In addition, there was a deficit fund balance in two 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. In addition, a deficit elimination plan should be filed with the Michigan Department of Treasury

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.

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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, 2021. 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 25, 2022. 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. New accounting policies adopted during the year included the Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities* and GASB Statement No. 90, *Majority Equity Interests*. GASB Statement No. 90 did not impact the County. The impact of GASB Statement No. 84 is described in Note U to the financial statements. The application of existing policies was not changed during 2021.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.

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

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

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The material misstatements detected as a result of audit procedures were corrected by management and related to cutoff of revenue and expenditures, recording activity for compliance with GASB Statement No. 84, allocating revenue from the Local Community Stabilization Act in accordance with state guidelines, and recognizing grants and capital contributions, including unearned revenue related to Covid-19 awards.

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 May 4, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to 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 individual and combining fund financial statements, 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 May 4, 2022 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.

Reconciliation of Balance Sheet Accounts (repeat)

Comment:
We noted various immaterial 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 or disbursement process. We also noted balances from the delinquent tax settlement process that could not be substantiated. Lastly, we noted bond moneys held for third parties that were not reconciled between subsidiary ledgers and the general ledger or bank statements. 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. Bond listings (subsidiary ledgers) should be reconciled to the general ledger and bank statements.

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.

Airport Sales Tax

Comment:
When sales tax is collected from a customer, it is appropriately recorded as an amount due to the State. However, when remitted, the disbursement is being recorded as an expenditure. In the past, a manual journal entry has been recorded to relieve the liability and eliminate the expenditure, but this year no such entry was done, resulting in a material overstatement of both liabilities and expenditures.
Recommendations:
To avoid this error in the future, the County should modify its process so that instead of recording an expenditure at the time of sales tax remittance, the sales tax liability is debited.

Airport Customer Invoices

Comment:
Noted that when customer invoices are prepared by the airport, they get posted in the period that they are billed rather than based on the dates of service. Material audit adjustments were necessary to move revenue into the correct period.

Recommendations:
Customer invoices should be posted in the period of the service dates rather than the billing date to record revenue and receivables in the proper period.

Bank Reconciliations

Comment:
Noted immaterial outstanding checks dating back to July 2016. Also noted immaterial reconciling items recorded as deposits in transit though the physical cash transaction and general ledger posting did not occur until after month end.

Recommendations:
The County should research long-outstanding checks and take appropriate action in accordance with the escheat laws in the State of Michigan. The County should review bank reconciliations for appropriate reconciling items and verify transactions were cash based at month end. If deposits in transit are not the result of a timing issue with the bank, then the transaction should likely be recorded as an accrual rather than on the bank reconciliation.

Fiduciary Funds

Comment:
The County was required to implement GASB 84 in the current year. The County did not ensure that it had procedures and controls in place to appropriately determine and track the activity of fiduciary funds. Ultimately, the County requested guidance and assistance from the auditor to ensure the standard was properly implemented.

Recommendations:
The County should perform a detailed analysis of the County's general ledger and other fiduciary supporting information to ensure it is accurately classified. In addition, the County should obtain training and begin researching the impacts of any future accounting standards to ensure they are properly implemented.

Internal Service Funds

Comment:
The purpose of internal service funds (ISF) is to more easily track costs for functions with county-wide uses. The ISF should bill the other county funds and departments for usage of these goods and services. Given the intent and purpose of these funds, net position in these funds should be monitored to ensure that the net position level in these funds is appropriate. The goal is to not overbill or underbill county funds and departments for these goods and services and, if appropriate, to ensure enough money is set aside for any capital expenditures to be paid out of the ISF.

Recommendations:
The County should perform a detailed analysis of the County's internal service funds to determine the appropriateness of the fund classification as well as the reasonableness of the net position in those funds.

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.

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

May 4, 2022

COUNTY OF DELTA, MICHIGAN

FEDERAL AWARDS SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

	Page
Independent Auditor's Reports:	
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accorance with *Government Auditing Standards*	2
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4
Schedule of Expenditures of Federal Award	7
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	11
Status of Prior Year Findings and Questioned Costs	17
Corrective Action Plan	19

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

To the County Board of Commissioners
and the County Administrator
County of Delta, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delta, Michigan, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Delta, Michigan's basic financial statements. We issued our report thereon dated May 4, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to May 4, 2022. We did not audit the financial statements of the Delta County Road Commission, a discretely presented component unit of the County, which represents 90% 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.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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June 24, 2022

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

To 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, 2021, and the related notes to the financial statements, which collectively comprise Delta County's basic financial statements and have issued our report thereon dated May 4, 2022. 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 items 2021-001 through 2021-003, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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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 2021-004.

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

May 4, 2022

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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, 2021. 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 $1,233,095 in federal awards which are not included in Delta County's schedule of expenditures of federal awards during the year ended September 30, 2021. 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, 2021.

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 items 2021-005 and 2021-006. 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 identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-005 and 2021-006, that we consider to be material weaknesses.

Delta County's response to the noncompliance findings and the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. 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

June 24, 2022

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COUNTY OF DELTA, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

Federal grantor/pass-through/program title	Federal AL Number	Agency or pass-through number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture:				
Direct Program:				
Community Facilities Loans and Grants	10.766	unknown	$ 35,000	$ -
Passed through Michigan Department of Natural Resources:				
Schools & Roads Grants to States-Title I	10.665	-	194,855	-
Schools & Roads Grants to States-Title III	10.665	-	257,457	-
Subtotal AL 10.665			452,312	-
Total U.S. Department of Agriculture			487,312	-
U.S. Department of Housing & Urban Development				
Passed through MSHDA:				
COVID-19 Community Development Block Grant	14.228	MSC 220055-CV1	71,088	-
U.S. Department of Interior:				
Direct Program:				
Payments in Lieu of Taxes	15.226	-	391,744	-
U.S. Department of Justice:				
Direct Program:				
Equitable Sharing (Forfeitures)	16.922	-	12,015	-
Passed through the Michigan State Police:				
COVID-19 Coronavirus Emergency Supplemental Funding - Sheriff	16.034	CESF-287-2020	40,674	-
COVID-19 Coronavirus Emergency Supplemental Funding - Prosecutors	16.034	CESF-2021-023	2,830	
COVID-19 Coronavirus Emergency Supplemental Funding - Courts & Prosecutors	16.034	CESF-0326-2020	36,627	
Subtotal AL 16.034			80,131	-
Byrne Memorial Formula Grant	16.738	JAG-70768-U.P.S.E.T.-2020	37,799	-
Subtotal Passed through the Michigan State Police			117,930	-
Passed through Michigan Department of Health and Human Services:				
Victims of Crime Act	16.575	CVS 2020	218,934	-
Total U.S. Department of Justice			348,879	-
U.S. Department of Transportation:				
Passed through Michigan Department of Transportation:				
Airport Improvement Program	20.106	3-26-0031-042-2019	857,317	-
Airport Improvement Program	20.106	3-26-0031-044-2020	1,620,552	-
Airport Improvement Program	20.106	3-26-0031-045-2021	4,599,041	-
COVID-19 CARES Act AIP	20.106	3-26-0031-043-2020	691,137	-
Subtotal AL 20.106			7,768,047	-
Passed through the Michigan State Police:				
Hazardous Material Emergency Preparedness	20.703	HM-HMP-0558-16-01-00	3,406	-
Total U.S. Department of Transportation			7,771,453	-

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

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended September 30, 2021

Federal grantor/pass-through/program title	Federal AL Number	Agency or pass-through number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Treasury:				
Passed through Michigan Department of Treasury:				
COVID-19 Coronavirus State & Local Fiscal Recovery Fund	21.027	-	151,270	-
COVID-19 Public Safety & Public Health Payroll Reimbursement	21.019	-	128,590	-
Total U.S. Department of Treasury			279,860	-
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	28,125	-
TANF Cluster	93.558	DEL-17-21001	28,125	-
Child Support Enforcement	93.563	CS/COM-17-21003	391,170	-
Friend of Court - Federal Incentives	93.563	-	48,302	-
Foster Care - Title IV-E	93.658	PROFC-17-21001	20,925	-
Total U.S. Department of Health and Human Services			516,647	-
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	20,910	-
Homeland Security Grant	97.067	EMW-2019-SS-0021-S01	47,164	-
Subtotal Passed through the Michigan State Police			68,074	-
Passed through Dickinson County, Michigan:				
Homeland Security Grant-2019	97.067	-	7,918	-
Homeland Security Grant-2020	97.067	-	1,871	-
Subtotal Passed through Dickinson County, Michigan			9,789	-
Total U.S. Department of Homeland Security			92,763	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 9,959,746	$ -

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, 2021

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, 2021. 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2021, 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, 2021

NOTE F – FEDERAL REVENUE RECONCILIATION

Federal revenue per governmental fund financial statements	$ 2,698,996
Federal expenditures per schedule of expenditures of federal award	9,959,746
Difference	(7,260,750)
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	(48,714)
CFDA #20.106	(384,875)
Expenditures reported on the schedule of expenditures of federal awards which were not recorded as revenue in the current year.	
CFDA #10.665	452,312
CFDA #16.034	39,457
CFDA #16.575	29,774
CFDA #16.922	12,015
CFDA #21.106	7,076,910
CFDA #93.563	70,298
CFDA #93.658	3,784
CFDA #97.067	9,789
Reconciled difference	$ -

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

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:	X	Yes	____	No
• Significant deficiencies (s) identified that are not considered to be material weakness(es)?	____	Yes	X	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:

AL Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

2021-001: 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. Year-end journal entries should be recorded in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.

Condition: Material audit adjustments were required to properly accrue revenues and expenditures, record activity for compliance with GASB Statement No. 84, allocate revenue from the Local Community Stabilization Act in accordance with state guidelines, and recognize grants and capital contributions, including unearned revenue related to Covid-19 awards, to present the financial statements in accordance with GAAP.

Effect: The County's trial balances were not materially correct at year-end, which could lead to materially inaccurate financial reporting.

Cause: The County lacks internal controls over recording and reporting accounting data. Revenues and expenditures were not properly recorded in the County general ledger.

Recommendation: The County should expand procedures and controls to ensure that all appropriate journal entries are made prior to final trial balances being produced for preparation of the year-end financial statements.

Management Response: County management will review procedures to ensure journal entries are posted as required to ensure that the financial statements are materially correct.

2021-002: Material Weakness – Jail Commissary and Inmate Trust Account Reconciliation

Criteria: The County is required to have internal controls in place to properly track and account for inmate account balances and jail commissary activity in the general ledger to substantiate amounts reported the financial statements.

Condition: The County utilizes a subledger accounting system to track inmate account balances and activity. The subledger was not appropriately reconciled to the general ledger nor was activity properly classified between inmate fiduciary accounts and jail commissary accounts within the general ledger.

Effect: The County's trial balances were not materially correct at year-end, which could lead to materially inaccurate financial reporting. The County was unable to determine the appropriate classification of activity between inmate accounts and jail commissary accounts.

Cause: The County lacks internal controls over reconciling the subsidiary ledger activity to the general ledger as it related to inmate and commissary accounts. While the County did ensure that cash activity was appropriately reconciled to bank statements in total, they were not appropriately recording and classifying activity in the general ledger.

Recommendation: The County should expand procedures and controls to ensure that the jail subledger is reconciled to the general ledger and that inmate account activity and balances are appropriately recorded.

Management Response: County management will review procedures to ensure activity is appropriately reconciled and classified.

2021-003: Material Weakness – Tracking of Grant Awards and Expenditures

Criteria: The County is required to have internal controls in place to properly account for and record capital grants and contributions. In addition, the County should have internal controls in place to track grants received, properly classify grants by funding source, and ensure reimbursement requests are appropriately supported and receipted.

Condition: Closing procedures were not in place and management did not effectively communicate with County departments responsible for administering federal and state awards to identify all grant related activity. Material audit adjustments were required to properly record activity related to capital contributions and to reclassify grant revenue to present the financial statements in accordance with GAAP.

Effect: The County's trial balances were not materially correct at year-end, which could lead to materially inaccurate financial reporting. The County did not record a capital contribution for projects at the airport in the amount of approximately $7 million. The County was unable to determine whether all grants were recorded or properly classified.

Cause: The County lacks internal controls over recording and reporting capital grants and contributions as well as tracking, classifying, and receipting grants. The County lacks procedures to identify donated assets or capital contributions when there is no cash exchanged.

Recommendation: The County should expand procedures and controls to identify, value, record, and report capital grants and contributions. The County should expand procedures and controls surrounding the grant receipting process.

Management Response: County management will review procedures to ensure capital and other grants and contributions are properly tracked.

2021-004: 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, 2021, expenditures were incurred in excess of amounts appropriated in the amended budgets of certain funds (see footnote B for detail of funds). In addition, there was a deficit fund balance in two 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. In addition, a deficit elimination plan should be filed with the Michigan Department of Treasury

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

2021-005 – Preparation of Schedule of Expenditures of Federal Awards (SEFA) (repeat)

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

Federal Program: U.S. Department of Transportation – Airport Improvement Program (AL #20.106); 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.

2021-005 – Preparation of Schedule of Expenditures of Federal Awards (SEFA) (continued)

Effect: The SEFA required material adjustments to include all federal expenditures prior to the single audit beginning, which resulted in a misstated preliminary SEFA and 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.

2021-006 – Written Policies Required by the Uniform Guidance

Finding Type: Material Weakness in Internal Controls and Noncompliance (Reporting and Allowable Costs/Cost Principles)

Federal Program: U.S. Department of Transportation – Airport Improvement Program (AL #20.106); all project numbers

Criteria: Delta County does not have written policies and procedures to implement the requirements of 2 CFR section 200 for the administration of federal awards specific to the Airport. The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant on or after December 26, 2014 to have written policies pertaining to: 1) advance payments and reimbursements; 2) determination of allowable costs; 3) compensation (personnel and benefits policies); 4) travel costs; and 5) procurement procedures. 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal controls over the federal awards that provide assurance that the entity is managing the federal awards in compliance with federal statutes, regulations, and the conditions of the federal award.

Condition: Although the County has processes in place to conform to the requirements in the Uniform Guidance, there are no formal written policies in place specifically related to the Airport. Additionally, the Airport does not have a clear determination of the assignment of responsibilities between Airport management, Michigan Department of Transportation (the State) and other consultants.

Cause: The Airport grants operate outside of the general County processes and internal control system given the administration assistance provided by the State and other consultants. Also, Airport management has experienced significant turnover.

Effect: As a result of this condition, the County did not fully comply with the Uniform Guidance.

2021-006 – Written Policies Required by the Uniform Guidance (continued)

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

Recommendation: We recommend that the Airport adopt formal written policies covering these areas as soon as practical, but no later than the end of fiscal year 2022. The Airport should also formalize responsibilities with the State and other consultants.

Views of Responsible Officials: The County will work to update policies and procedures related airport grants and to formalize responsibilities.

June 24, 2022

Federal Audit Clearinghouse
Re: County of Delta, Michigan
Status of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2021

2020-001: Material Weakness – Material Audit Adjustments

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

Fiscal Year in Which the Finding Initially Occurred: 2018

Federal Program and CFDA Number: N/A

Status: Partially Corrected

Planned Corrective Action: See finding 2021-001 in Schedule of Findings and Questions Costs.

2020-002: 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 2021-004 in Schedule of Findings and Questions Costs.

Delta County Board of Commissioners
310 Ludington St.
Escanaba, MI 49829
(906) 789-5100

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.

Fiscal Year in Which the Finding Initially Occurred: 2020

Federal Program and CFDA/AL Number: 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

Status: Partially Corrected

Planned Corrective Action: See finding 2021-005 in Schedule of Findings and Questions Costs.

Delta County Board of Commissioners
310 Ludington St.
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June 24, 2022

Federal Audit Clearinghouse
Re: County of Delta, Michigan
Corrective Action Plan
For the Fiscal Year Ended September 30, 2021

2021-001: 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 2022

2021-002: Material Weakness – Jail Commissary and Inmate Trust Account Reconciliation

Statement of Condition/Criteria: The County is required to have internal controls in place to properly track and account for inmate account balances and jail commissary activity in the general ledger to substantiate amounts reported the financial statements. The County utilizes a subledger accounting system to track inmate account balances and activity. The subledger was not appropriately reconciled to the general ledger nor was activity properly classified between inmate fiduciary accounts and jail commissary accounts within the general ledger.

Planned Corrective Action: County management will review procedures to ensure activity is appropriately reconciled and classified.

Contact person responsible for corrective action: Emily DeSalvo, County Administrator; Ashleigh Young, County Controller; Sherry Godfrey, County Treasurer

Anticipated Completion Date: September 2022

Delta County Board of Commissioners
310 Ludington St.
Escanaba, MI 49829
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2021-003: Material Weakness – Tracking of Grant Awards and Expenditures

Statement of Condition/Criteria: The County is required to have internal controls in place to properly account for and record capital grants and contributions. In addition, the County should have internal controls in place to track grants received, properly classify grants by funding source, and ensure reimbursement requests are appropriately supported and receipted. Closing procedures were not in place and management did not effectively communicate with County departments responsible for administering federal and state awards to identify all grant related activity. Material audit adjustments were required to properly record activity related to capital contributions and to reclassify grant revenue to present the financial statements in accordance with GAAP.

Planned Corrective Action: County management will review procedures to ensure capital and other grants and contributions are properly tracked.

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

Anticipated Completion Date: September 2022

2021-004: 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 2022

Delta County Board of Commissioners
310 Ludington St.
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2021-005: Material Weakness 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: County management will develop a 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 2022

2021-006: Material Weakness and Noncompliance – Written Policies Required by the Uniform Guidance

Statement of Condition/Criteria: Delta County does not have written policies and procedures to implement the requirements of 2 CFR section 200 for the administration of federal awards specific to the Airport. 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal controls over the federal awards that provide assurance that the entity is managing the federal awards in compliance with federal statutes, regulations, and the conditions of the federal award.

Planned Corrective Action: County management will develop written policies and procedures related to airport grants and will formalize responsibilities between Airport management, Michigan Department of Transportation and other consultants.

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

Anticipated Completion Date: September 2022

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