COUNTY OF DELTA, MICHIGAN

BASIC FINANCIAL STATEMENTS
with Supplemental Information

YEAR ENDED SEPTEMBER 30, 2023

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ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Kristine P. Berhow, CPA, Principal
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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delta, Michigan (the "County") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delta, Michigan, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Delta County Road Commission, which represent 94 percent of the assets, 100 percent of the net position, and 78 percent of the revenues of the discretely presented component units as of September 30, 2023, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Delta County Road Commission, is based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As described in Note U to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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

Emphasis of Matter – Government Combination

As described in Note U to the financial statements, the County acquired the operations of the Delta County Central Dispatch Authority, which was previously presented as a discretely presented component unit of the County. The government combination was effective as of October 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor 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 November 20, 2024, on our consideration of the 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 the 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 County's internal control over financial reporting and compliance.

Anderson, Tackman & Company P.L.C.

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

November 20, 2024

Management's Discussion and Analysis

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, 2023. Please read it in conjunction with the County's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The County absorbed the operations of the Delta County Central Dispatch Authority (DCCDA) as of October 1, 2022. DCCDA was previously a discretely presented component unit of the County. As part of the transfer of operations, the County recognized assets of $2,598,327, liabilities of $1,430,115, and net position of $1,168,212 in the government-wide financial statements. The transfer of operations also impacted the 2023 fund financial statements with an additional $1,579,051 in revenue and $1,251,007 in expenditures in the new 911 Millage fund.

- The County began receiving payments related to several settlements with opioid manufacturers, distributors, and retailers. The County is currently expecting to collect approximately $1,400,000 over the next fourteen years for use on substance abuse programs. This amount has been recognized as revenue on the Statement of Activities and recorded as a deferred inflow of resources on the fund financial statements.

- Net position for the County was reported at $41,580,167 for 2023 and $38,154,979 for 2022, which is an increase of $2,256,976. Of the net increase, $1,168,212 related to the transfer of central dispatch operations and $1,392,322 related to the recognition of opioid settlements. The remainder of the increase was primarily driven by delinquent tax and foreclosure fund profits as well as a positive change in fund balance in the new County Parks fund and new 911 Millage (dispatch) fund. For 2023, net position for business-type activities was $8,552,972 or 21% of total net position, while net position in our governmental activities was $33,027,195 or 79% of total net position.

- The County's expenses for 2023 totaled $24,827,354, while revenues from all sources totaled $27,084,330, leaving an increase in net position of $2,256,976. In 2022, expenses totaled $22,857,072 while revenues totaled $23,060,995, leaving an increase of $203,923.

- The General Fund reported a decrease in fund balance of $1,136,861 in 2023 and an increase of $287,359 in 2022, representing a change in fund balance of -15% and +4%, respectively. The General Fund reported revenues of $13,764,004 in 2023 compared to $13,445,107 in 2022, and expenditures of $12,813,325 in 2023 compared $12,263,465 in 2022. Net other financial sources (uses) in 2023 were ($2,087,540) as compared to ($894,283) in 2022. The primary driver of the increase in other financial uses was a transfer to the Capital Outlay Fund for Courthouse roof and utility relocation projects.

- The County is required to record a net pension liability, which is highly dependent upon actuarial assumptions. The net pension liability increased by $5,435,055 from 2022 to a balance of $17,310,644 at September 30, 2023. The deferred outflow of resources for the pension increased by $4,428,721 to a balance of $6,707,167, and deferred inflows of resources for the pension decreased by $982,929 to a balance of $2,075,679 at September 30, 2023.

- The County spent approximately $1,060,000 in federal funding specific to Covid-19 during 2023 for government operations. The County received and spent approximately $2,490,000 in federal funding specific to Covid-19 during 2022. Approximately $1,007,000 was intended for airport operations, $108,000 for judicial, public safety, and public health, and the remainder was for government operations in 2022. Covid-19 funding is winding down in 2023 and the County will be obligating and spending any remaining funds in the near term. Over the past couple of years, the County received approximately $7,000,000 related to the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act (ARPA). The County reported $5,423,876 as unearned revenue at September 30, 2022. The County spent an additional $1,063,337 of these funds in 2023 resulting in $4,360,539 still reported as unearned revenue.

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 year's 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 two legally separate component units; Public Health Department 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 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 $2,256,976 in 2023 and increased by $203,923 in 2022. The County's combined net position also increased by another $1,168,212 in 2023 after the absorption of dispatch operations that were previously part of a discretely presented component unit.

Table 1
Net Position

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Current and other assets	$ 26,677,881	$ 24,172,021	$ 8,574,891	$ 8,082,649
Capital assets (net)	43,369,808	41,485,812	12,130	17,185
Total Assets	70,047,689	65,657,833	8,587,021	8,099,834
Deferred outflows	6,707,167	2,278,446	-	-
Long-term debt outstanding	15,446,660	14,740,000	-	-
Other liabilities	25,468,118	19,184,741	34,049	92,186
Total Liabilities	40,914,778	33,924,741	34,049	92,186
Deferred inflows	2,812,883	3,864,207	-	-
Net Position:				
Net investment in capital assets	27,468,480	26,269,493	12,130	17,185
Restricted assets:				
Expendable	3,398,311	2,042,993	2,386,451	2,173,328
Unrestricted	2,160,404	1,834,845	6,154,391	5,817,135
Total net position	$ 33,027,195	$ 30,147,331	$ 8,552,972	$ 8,007,648

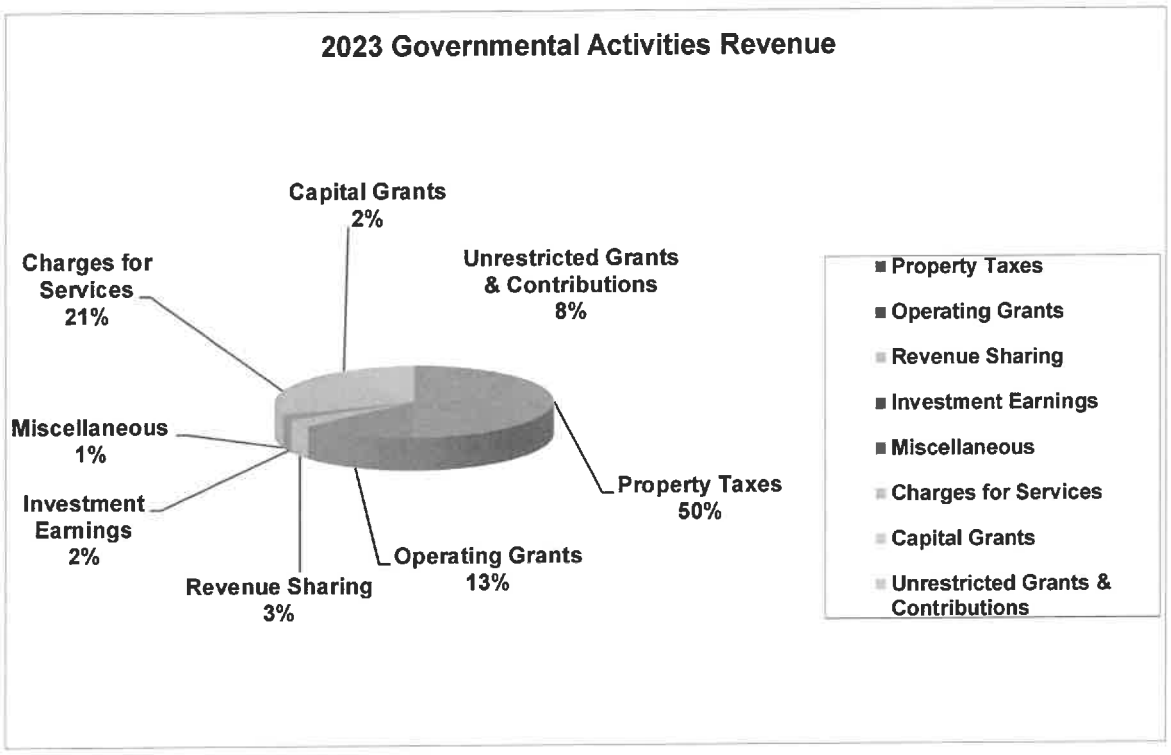
Net position of the County's governmental activities stood at $33,027,195, up from $30,147,331 in 2022. Unrestricted net position, the part of net position that could be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements stood at $2,160,404 and $1,834,845 for 2023 and 2022, respectively.

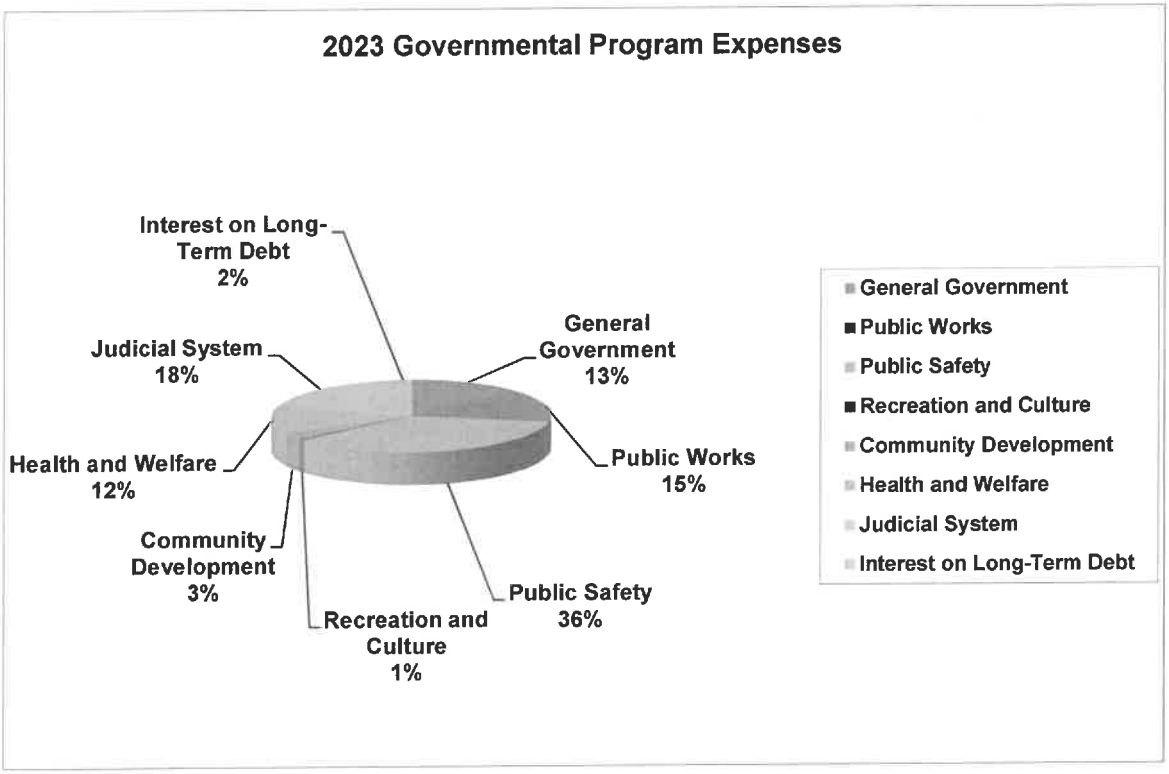
Net position in our business-type activities stood at $8,552,972, up from $8,007,648 in 2022.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Revenues:				
Program Revenues:				
Charges for services	$ 5,372,647	$ 3,027,755	$ 1,090,648	$ 1,092,730
Operating grants	3,465,755	3,170,161	-	-
Capital grants	417,105	1,422,130	-	-
General Revenues:				
Property taxes	13,000,960	11,395,161	-	-
State revenue sharing	853,141	855,390	-	-
Grants and contributions not restricted to specific programs	1,984,786	2,192,496	-	-
Unrestricted investment earnings	562,857	(297,532)	138,311	11,870
Miscellaneous	198,120	190,834	-	-
Total Revenues	25,855,371	21,956,395	1,228,959	1,104,600
Program Expenses:				
Judicial system	4,455,916	4,249,231	-	-
General government	3,202,623	2,775,457	-	-
Public works	3,522,828	3,571,253	-	-
Public safety	8,676,059	7,301,950	-	-
Health and welfare	2,919,932	2,906,483	-	-
Recreation and culture	252,098	228,996	-	-
Community development	640,195	587,650	-	-
Interest on long-term debt	474,068	480,645	-	-
Delinquent tax revolving	-	-	123,967	197,955
Jail commissary	-	-	559,668	557,452
Total Expenses	24,143,719	22,101,665	683,635	755,407
Excess (deficiency) before transfers and contributions	1,711,652	(145,270)	545,324	349,193
Transfers	-	-	-	-
Increase (decrease) in net position	1,711,652	(145,270)	545,324	349,193
Net position - beginning, restated	31,315,543	30,292,601	8,007,648	7,658,455
Net position - ending	$ 33,027,195	$ 30,147,331	$ 8,552,972	$ 8,007,648

Governmental Activities





Governmental Activities

Revenues (including net transfers) for the County's governmental activities totaled $25.9 million, up 17.8% from $22.0 million in 2022. The significant increase is due to the recognition of opioid settlements of $1.4 million, the new County Parks fund with $317,000 in revenue, the new 911 Millage fund with $1.6 million in revenue, and a swing in returns on investments to a gain of $563,000. Expenses totaled $24.1 million in 2023, up 9.2% from $22.1 million in 2022. The increase is primarily driven by increased personnel costs as well as the new 911 Millage fund with $1.3 million in expenditures. Certain expenses were reclassified in 2022 and in 2023 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	
	2023	2022	2023	2022
Public safety	$ 8,676,059	$ 7,301,949	$ 6,928,427	$ 6,209,241
Judicial system	4,455,916	4,249,231	1,977,454	1,623,667
General government	3,202,623	2,775,457	2,935,862	2,504,431
Health and welfare	2,919,932	2,906,483	532,858	2,307,941
Public works	3,522,828	3,571,253	1,831,286	966,038
Totals	$ 22,777,358	$ 20,804,373	$ 14,205,887	$ 13,611,318

Business-Type Activities

The County's business-type activities net position totaled $8,552,972 in 2023 as compared to $8,007,648 in 2022. The increase is due to profits from foreclosures, jail commissary sales, and collection of interest on delinquent taxes as well as a gain on investments.

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.

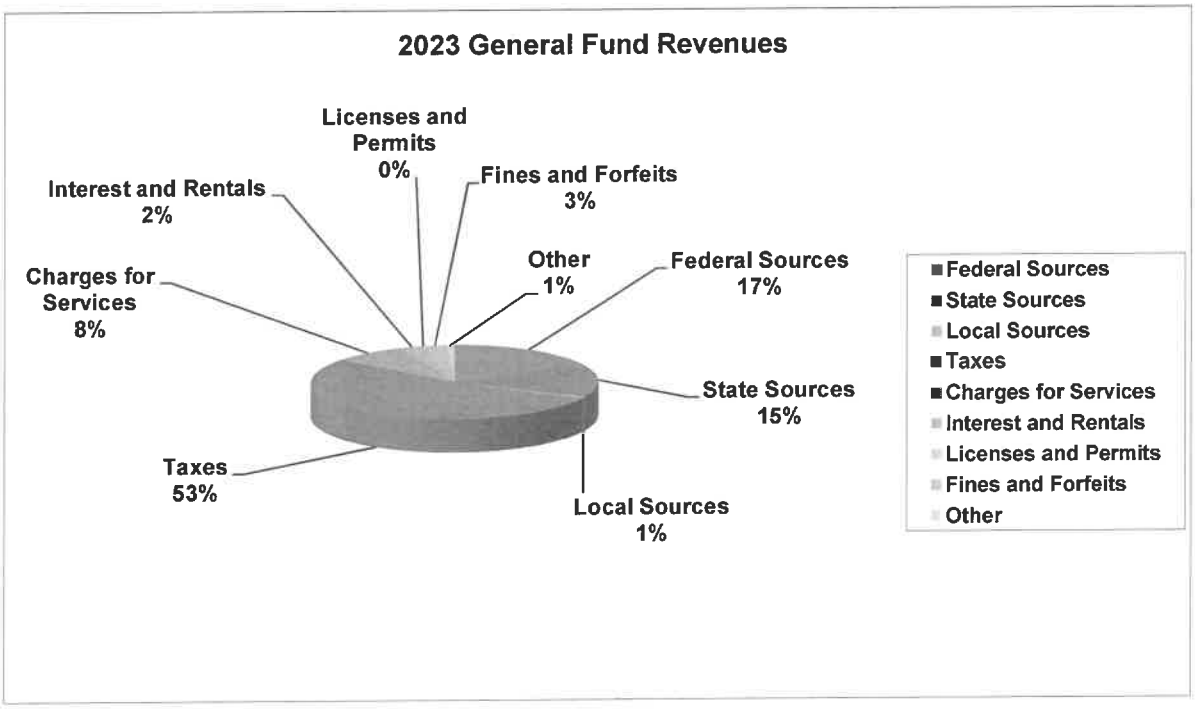
For the current fiscal year, the County's governmental funds reported total fund balance of $11,072,960. The General Fund unassigned fund balance amounted to $1,636,702 and $4,529,251 was committed for pension stabilization and other pension funding.

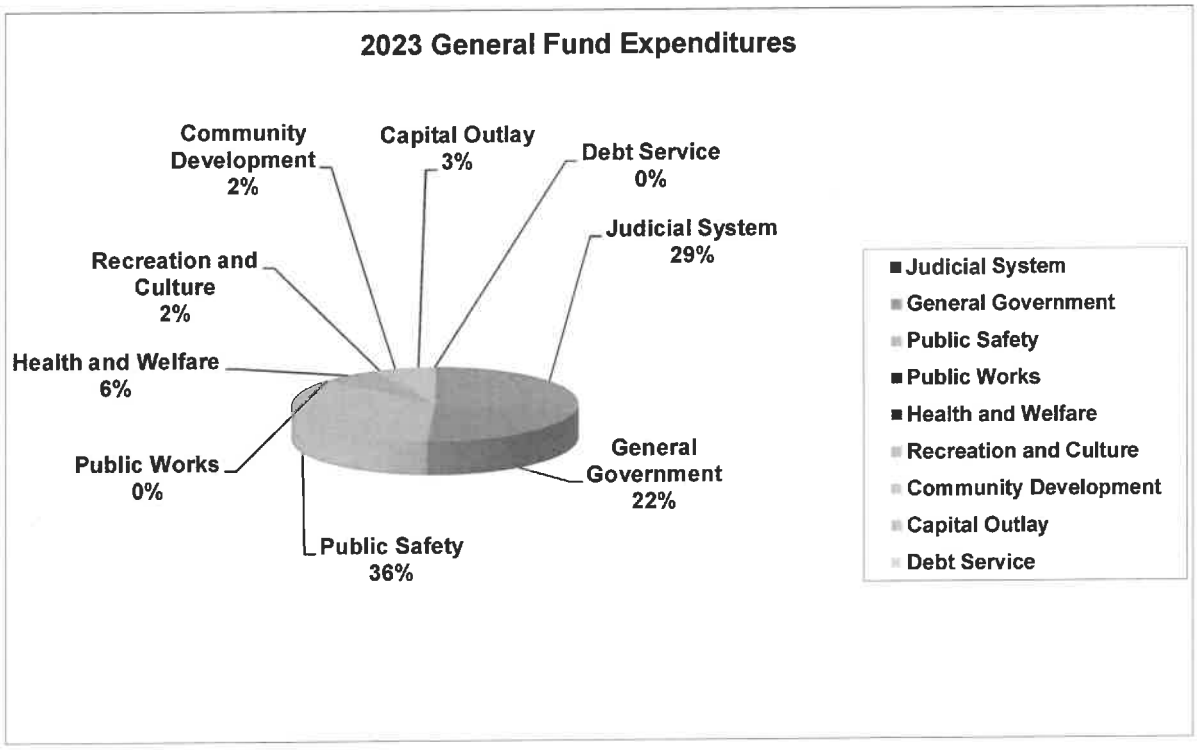
The General Fund had a decrease in fund balance of $1,136,861, representing a decrease of 15% over the prior year total fund balance. The decrease was primarily due to a transfer to the Capital Outlay Fund for Courthouse roof and utility relocation projects.

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 2023 Amended Budget increased by $774,604 over the original fiscal year 2023 Approved Budget, which represents an increase of 6.5%. A significant amount of the increase related to ARPA funded capital outlay. Final actual expenditures were $972,032, or 8.2% more than the original approved expenditure authority as a result of personnel costs, insurance costs, restitution costs, and capital outlay that was unexpected at the time of the original budget. The original budget was projected to add $396,967 to fund balance, however there was a loss to General Fund-Fund Balance of $1,136,861 due to transfers to other funds that were not originally budgeted.

General Fund





CAPITAL ASSET AND DEBT ADMINISTRATION

The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), during 2023. Under this new accounting guidance, the County reports intangible "subscription assets" on its statement of net position for the right to use software products for a specified period of time. For SBITAs which require the County to make future periodic payments for the continued use of the software, the future payments are reflected as long-term liabilities on the statement of net position. Additional information on the County's leases and SBITAs can be found in Note F, Note G, and Note I of the financial statements.

Capital Assets

At the end of fiscal 2023, the County had $43,369,808, net of accumulated depreciation and amortization, invested in a variety of capital, lease, and subscription assets including machinery and equipment, buildings and improvements, parks, airport infrastructure and land. (See table 4 below and Note G)

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Capital assets	$67,564,289	$65,964,850	$ 39,141	$ 39,141	$67,603,430	$66,003,991
Lease & subscription assets	1,777,837	1,746,884	-	-	1,777,837	1,746,884
Accumulated depreciation	(25,972,318)	(24,003,541)	(27,011)	(21,956)	(25,999,329)	(24,025,497)
Total	$43,369,808	$43,708,193	$ 12,130	$ 17,185	$43,381,938	$43,725,378

The balances as of October 1, 2022, were restated by $2.2 million to reflect the implementation of GASB 96 for subscription assets and the transfer of operation for 911 dispatch services. There were significant additions in 2023 for the courthouse roof, a search and rescue airboat, a storage building, and utilities relocation.

DEBT

At year-end, the County had $14,225,000 in bonds outstanding and $1,221,660 in other obligations as explained in Note I. The balances as of October 1, 2022, were restated by $2.2 million to reflect the implementation of GASB 96 for subscription assets and the transfer of operation for 911 dispatch services.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2023	2022
General Obligation Unlimited Tax Bonds:		
Series 2022 Refunding	$ 14,225,000	$ 14,740,000
Other Obligations:		
Lease Liability	1,148,861	1,362,478
IT Subscription Liability	72,799	91,759
Totals	$ 15,446,660	$ 16,194,237

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Delta County's financial landscape is characterized by a growing taxable value, despite the ongoing impact of Proposal A on property tax revenues. The County has demonstrated a remarkable ability to maintain a stable budget year after year, even in the face of increasing costs and economic challenges. This achievement is a testament to the County's strategic focus on budgeting, its success in securing grant funding to supplement declining property tax revenues, and the unwavering supporting of County officials in understanding and addressing the County's financial needs.

One of Delta County's primary financial concerns is the unfunded pension liability. To address this challenge, the County established a pension stabilization fund in Fiscal Year 2015 and has been diligently contributing to it. The fund is currently projected to support pension increases at current levels for approximately five years, bringing the County closer to its peak annual contribution. To further reduce the unfunded liability, Delta County plans to make additional lump sum payments at the end of each fiscal year.

Beyond the pension liability, Delta County's financial position is strengthened by its strong debt profile, healthy financial reserves, and sound management of General Fund costs expenditures. While there was some exception, such as the repercussions in Fiscal Year 2020, the County has generally maintained a disciplined approach to spending.

To enhance long-term fiscal planning and reduce debates over spending priorities, Delta County is developing a master plan and 5-year recreation plan. These initiatives will provide a roadmap for future investments and resource allocation.

In terms of current projects, Delta County is utilizing grant funding to complete capital improvements at the airport and upgrade the security infrastructure in the courthouse. Additionally, the County plans to review its personnel wages and structure in fiscal year 2025 to improve costs projections and ensure efficient allocation of resources.

Overall, Delta County's financial outlook is positive, reflecting a commitment to responsible budgeting, strategic planning, and proactive grant acquisition. By addressing challenges and capitalizing on opportunities, the County can continue to maintain a strong financial position and deliver essential services to its residents.

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.

Basic Financial Statements

COUNTY OF DELTA, MICHIGAN
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Public Health Department	Road Commission
ASSETS					
Current assets:					
Cash and cash equivalents	$ 14,070,202	$ 5,513,028	$ 19,583,230	$ 2,341,066	$ 3,843,470
Investments	3,871,369	301,131	4,172,500	-	-
Receivables:					
Accounts	658,765	168,779	827,544	67,409	34,693
Current taxes	752,174	-	752,174	-	-
Intergovernmental	717,425	-	717,425	291,014	1,813,634
Leases	32,562	-	32,562	-	-
Notes	147,374	-	147,374	-	-
Delinquent taxes	-	945,383	945,383	-	-
Interest & admin fee	-	180,283	180,283	-	-
Internal balances	-	-	-	-	-
Prepaids	118,589	-	118,589	39,200	52,674
Inventory	48,373	-	48,373	-	2,680,270
Total current assets	20,416,833	7,108,604	27,525,437	2,738,689	8,424,741
Noncurrent assets:					
Investments	4,349,739	1,270,072	5,619,811	-	-
Accounts receivable	1,166,565	-	1,166,565	-	-
Leases receivable	249,975	-	249,975	-	-
Notes receivable	494,769	-	494,769	-	-
Delinquent taxes receivable	-	196,215	196,215	-	-
Capital assets not depreciating	3,127,512	-	3,127,512	-	9,244,375
Lease & subscription assets, net of accumulated amortization	1,542,115	-	1,542,115	12,500	-
Capital assets, net of accumulated depreciation	38,700,181	12,130	38,712,311	384,296	32,906,643
Total noncurrent assets	49,630,856	1,478,417	51,109,273	396,796	42,151,018
Total assets	$ 70,047,689	$ 8,587,021	$ 78,634,710	$ 3,135,485	$ 50,575,759
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension plan	$ 6,707,167	$ -	$ 6,707,167	$ 2,381,284	$ 1,775,946

See accompanying notes to financial statements.

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Public Health Department	Road Commission
LIABILITIES					
Current liabilities:					
Accounts payable	1,523,866	15,493	1,539,359	295,219	80,917
Bonds payable	815,053	-	815,053	-	-
Restitution payable	287,451	-	287,451	-	-
Accrued payroll	267,779	18,556	286,335	105,801	34,061
Accrued interest	21,063	-	21,063	-	-
Due to other governmental units	49,660	-	49,660	-	42,895
Unearned revenue	4,360,839	-	4,360,839	1,068,023	-
Long-term liabilities due within one year:					
Compensated absences	207,941	-	207,941	40,405	120,000
Leases & subscriptions payable	238,365	-	238,365	6,667	60,283
Bonds payable	-	-	-	-	305,000
Total current liabilities	7,772,017	34,049	7,806,066	1,516,115	643,156
Long-term liabilities:					
Compensated absences	623,822	-	623,822	121,216	80,630
Advance from State	-	-	-	-	904,581
Unearned revenue	-	-	-	-	1,257,447
Leases & subscriptions payable	983,295	-	983,295	-	-
Bonds payable	14,225,000	-	14,225,000	-	1,590,000
Net pension liability	17,310,644	-	17,310,644	3,526,478	5,745,091
Total long-term liabilities	33,142,761	-	33,142,761	3,647,694	9,577,749
Total liabilities	$ 40,914,778	$ 34,049	$ 40,948,827	$ 5,163,809	$ 10,220,905
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension plan	$ 2,075,679	$ -	$ 2,075,679	$ 907,906	$ 38,538
Deferred leases receivable	282,536	-	282,536		
Premium on refunding bonds	454,668	-	454,668	-	-
Total deferred inflows of resources	$ 2,812,883	$ -	$ 2,812,883	$ 907,906	$ 38,538
NET POSITION					
Net investment in capital assets	27,468,480	12,130	27,480,610	120,139	40,195,735
Restricted for:					
Expendable:					
Special revenue	2,919,035	-	2,919,035	646,089	-
Foreclosures	-	2,386,451	2,386,451	-	-
Debt service	137,656	-	137,656	-	-
Capital projects	341,620	-	341,620	-	-
Unrestricted	2,160,404	6,154,391	8,314,795	(1,321,174)	1,896,527
Total net position	$ 33,027,195	$ 8,552,972	$ 41,580,167	$ (554,946)	$ 42,092,262

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

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:								
General government	$ 3,202,623	$ 174,136	$ 92,625	$ -	$ (2,935,862)	$ -	$ (2,935,862)	$ -
Judicial	4,455,916	1,006,934	1,471,528	-	(1,977,454)	-	(1,977,454)	-
Public safety	8,676,059	670,482	883,579	193,571	(6,928,427)	-	(6,928,427)	-
Public works	3,522,828	1,234,976	356,633	99,933	(1,831,286)	-	(1,831,286)	-
Health and welfare	2,919,932	1,602,083	661,390	123,601	(532,858)	-	(532,858)	-
Community development	640,195	367,831	-	-	(272,364)	-	(272,364)	-
Recreation and culture	252,098	316,205	-	-	64,107	-	64,107	-
Interest on long-term debt	474,068	-	-	-	(474,068)	-	(474,068)	-
Total governmental activities	24,143,719	5,372,647	3,465,755	417,105	(14,888,212)	-	(14,888,212)	-
Business-type activities:								
Delinquent tax revolving & foreclosure	123,967	507,659	-	-	-	383,692	383,692	-
Jail commissary	559,668	582,989	-	-	-	23,321	23,321	-
Total business-type activities	683,635	1,090,648	-	-	-	407,013	407,013	-
Total primary government	24,827,354	6,463,295	3,465,755	417,105	(14,888,212)	407,013	(14,481,199)	-
Component units:								
Public Health Department	3,852,532	538,346	2,729,710	303,389		-	-	(281,087)
Road Commission	11,597,352	3,072,532	7,545,667	2,281,725	-	-	-	1,302,572
Total component units	$ 15,449,884	$ 3,610,878	$ 10,275,377	$ 2,585,114	-	-	-	1,021,485
General revenues:								
Property taxes					13,000,960	-	13,000,960	-
State revenue sharing					853,141	-	853,141	-
Grants and contributions not restricted to specific programs					1,984,786	-	1,984,786	-
Unrestricted investment earnings					562,857	138,311	701,168	2,087
Gain on sale of capital assets					2,442	-	2,442	826
Miscellaneous					195,678	-	195,678	-
Transfers					-	-	-	-
Total general revenues and transfers					16,599,864	138,311	16,738,175	2,913
Change in net position					1,711,652	545,324	2,256,976	1,024,398
Net position, beginning					30,147,331	8,007,648	38,154,979	40,512,918
Restatements to beginning net position					1,168,212	-	1,168,212	-
Net position - beginning of year, restated					31,315,543	8,007,648	39,323,191	40,512,918
Net position, ending					$ 33,027,195	$ 8,552,972	$ 41,580,167	$ 41,537,316

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	General Fund	Road Patrol	Opioid Settlement	Airport
ASSETS				
Cash and equivalents:				
Unrestricted	$ 2,614,349	$ 242,251	$ 182,539	$ 1,441,320
Restricted	-	-	-	220,101
Investments	8,221,108	-	-	-
Receivables:				
Accounts	57,978	89,426	1,412,053	174,318
Federal grants	73,047	3,650	-	313,135
State grants	153,118	3,311	-	96,973
Due from other units of government	-	-	-	-
Property taxes	752,174	-	-	-
Leases	-	-	-	282,537
Due from other funds	405,501	-	-	-
Inventory	-	-	-	48,373
Prepaid items	85,724	-	-	-
Total assets	$ 12,362,999	$ 338,638	$ 1,594,592	$ 2,576,757
LIABILITIES				
Accounts payable	$ 439,889	$ 44,091	$ -	$ 547,378
Bonds payable	815,053	-	-	-
Restitution payable	287,451	-	-	-
Due to other governmental units	-	-	-	49,660
Accrued payroll and related liabilities	136,431	59,471	-	25,378
Due to other funds	-	212,498	-	-
Advances from other funds	-	-	-	268,000
Unearned revenue	4,360,839	-	-	-
Total liabilities	6,039,663	316,060	-	890,416
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues:				
Grants	71,659	15,000	-	321,375
Opioid settlements	-	-	1,392,322	-
Charges for services	-	-	-	15,866
Deferred leases receivable	-	-	-	282,536
Total deferred inflows of resources	71,659	15,000	1,392,322	619,777
FUND BALANCES				
Nonspendable:				
Prepaid items	85,724	-	-	-
Inventory	-	-	-	48,373
Restricted	-	-	202,270	220,101
Committed	4,529,251	-	-	-
Assigned	-	7,578	-	798,090
Unassigned	1,636,702	-	-	-
Total fund balances	6,251,677	7,578	202,270	1,066,564
Total liabilities, deferred inflows of resources, and fund balances	$ 12,362,999	$ 338,638	$ 1,594,592	$ 2,576,757

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 3,392,712	$ 7,873,171
675,753	895,854
-	8,221,108
91,555	1,825,330
-	389,832
74,191	327,593
-	-
-	752,174
-	282,537
-	405,501
-	48,373
32,865	118,589
$ 4,267,076	$ 21,140,062
$ 486,615	$ 1,517,973
-	815,053
-	287,451
-	49,660
42,587	263,867
193,003	405,501
-	268,000
-	4,360,839
722,205	7,968,344
-	408,034
-	1,392,322
-	15,866
-	282,536
-	2,098,758
32,865	118,589
-	48,373
2,975,940	3,398,311
-	4,529,251
553,104	1,358,772
(17,038)	1,619,664
3,544,871	11,072,960
$ 4,267,076	$ 21,140,062

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2023

Total fund balances for governmental funds	$ 11,072,960
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.	
Net governmental capital, lease, & subscription assets	43,369,808
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 of resources - unavailable revenues:	
Grants	408,034
Opioid settlement payments	1,392,322
Charges for service	15,866
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	6,707,167
Deferred inflow of resources related to recording the net pension liability	(2,075,679)
Net pension liability	(17,310,644)
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.	
Total net position of internal service funds	6,201,515
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	(21,063)
Leases & subscriptions payable	(1,221,660)
Bonds payable	(14,225,000)
Unamortized bond premium	(454,668)
Compensated absences	(831,763)
Total net position of governmental activities	$ 33,027,195

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, 2023

	General Fund	Road Patrol	Opioid Settlement	Airport
REVENUES:				
Taxes	$ 7,282,811	$ 1,716,204	$ -	$ -
Licenses and permits	3,750	8,351	-	-
Federal sources	2,371,580	6,318	-	-
State sources	2,020,233	221,949	-	99,933
Local sources	105,000	4,500	-	-
Charges for services	1,147,122	41,304	-	1,234,976
Fines and forfeits	360,057	-	-	-
Interest and rentals	355,401	-	-	189,984
Other	118,050	55,910	202,270	30
Total revenues	13,764,004	2,054,536	202,270	1,524,923
EXPENDITURES:				
Current:				
General government	2,761,226	-	-	-
Judicial	3,761,944	-	-	-
Public safety	4,571,770	1,929,210	-	-
Public works	1,540	-	-	2,124,242
Health and welfare	800,449	-	-	-
Community development	231,117	-	-	-
Recreation and culture	228,008	-	-	-
Capital outlay	435,817	179,614	-	-
Debt service:				
Principal	18,960	-	-	-
Interest	2,494	-	-	-
Total expenditures	12,813,325	2,108,824	-	2,124,242
Excess revenues (expenditures)	950,679	(54,288)	202,270	(599,319)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	1,980	462	-	-
Insurance recoveries	-	14,596	-	-
Transfer in	85,308	123,650	-	150,000
Transfer out	(2,174,828)	(105,724)	-	-
Total other financing sources (uses)	(2,087,540)	32,984	-	150,000
Net change in fund balance	(1,136,861)	(21,304)	202,270	(449,319)
Fund balances - beginning of year	7,388,538	28,882	-	1,515,883
Restatement to beginning fund balance	-	-	-	-
Fund balances - beginning, restated	7,388,538	28,882	-	1,515,883
Fund balances - end of year	$ 6,251,677	$ 7,578	$ 202,270	$ 1,066,564

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 3,562,375	$ 12,561,390
236,155	248,256
94,930	2,472,828
1,536,691	3,878,806
378,995	488,495
725,976	3,149,378
4,500	364,557
19,145	564,530
14,880	391,140
6,573,647	24,119,380
111,474	2,872,700
553,094	4,315,038
1,406,491	7,907,471
556,166	2,681,948
2,048,495	2,848,944
396,933	628,050
12,897	240,905
1,102,819	1,718,250
728,617	747,577
475,445	477,939
7,392,431	24,438,822
(818,784)	(319,442)
-	2,442
-	14,596
1,854,912	2,213,870
(71,607)	(2,352,159)
1,783,305	(121,251)
964,521	(440,693)
2,130,605	11,063,908
449,745	449,745
2,580,350	11,513,653
$ 3,544,871	$ 11,072,960

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, 2023

Net changes in fund balances - total governmental funds	$ (440,693)
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.	
Depreciation expense	(1,950,240)
Amortization expense	(106,395)
Capital outlay	1,718,250
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	308,436
Change in unavailable opioid settlement payments	1,392,322
Change in unavailable charges for service	15,866
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	(79,950)
Interest earnings (loss) from governmental internal service funds	2,329
Transfers made to (from) governmental internal service funds	138,289
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	
Principal repayments	747,577
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	(36,276)
Amortization of bond premium	21,651
Accrued interest on bonds	3,871
Net pension liability and deferrals	(23,385)
Changes in net position of governmental activities	$ 1,711,652

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 2,302,442	$ 2,986,748	$ 223,838	$ 5,513,028	$ 5,301,177
Investments	-	301,131	-	301,131	-
Receivables:					
Accounts	86,759	62,716	19,304	168,779	-
Notes	-	-	-	-	147,374
Delinquent taxes	-	945,383	-	945,383	-
Interest & admin fee	-	180,283	-	180,283	-
Total current assets	2,389,201	4,476,261	243,142	7,108,604	5,448,551
Noncurrent assets:					
Investments	-	1,270,072	-	1,270,072	-
Delinquent taxes receivable	-	196,215	-	196,215	-
Advances to other funds	-	-	-	-	268,000
Notes receivable	-	-	-	-	494,769
Capital assets, net	-	8,958	3,172	12,130	-
Total noncurrent assets	-	1,475,245	3,172	1,478,417	762,769
Total assets	$ 2,389,201	$ 5,951,506	$ 246,314	$ 8,587,021	$ 6,211,320
LIABILITIES					
Current liabilities:					
Accounts payable	$ 2,750	$ 11,859	$ 884	$ 15,493	$ 5,893
Accrued payroll	-	18,556	-	18,556	3,912
Total liabilities	2,750	30,415	884	34,049	9,805
NET POSITION					
Net investment in capital assets	-	8,958	3,172	12,130	-
Restricted - expendable	2,386,451	-	-	2,386,451	150,000
Unrestricted	-	5,912,133	242,258	6,154,391	6,051,515
Total net position	2,386,451	5,921,091	245,430	8,552,972	6,201,515
TOTAL LIABILITIES AND NET POSITION	$ 2,389,201	$ 5,951,506	$ 246,314	$ 8,587,021	$ 6,211,320

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, 2023

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Charges for services	$ 204,775	$ 126,121	$ 582,989	$ 913,885	$ -
Rental and interest income	-	176,707	-	176,707	46,750
Miscellaneous	-	56	-	56	5,362
Total operating revenue	204,775	302,884	582,989	1,090,648	52,112
OPERATING EXPENSES:					
Salaries and fringes	-	47,904	-	47,904	30,931
Supplies	-	543	555,862	556,405	13,401
Contracted services	32,893	4,867	-	37,760	593
Repairs and maintenance	-	-	-	-	67,492
Printing and postage	9,960	2,780	-	12,740	-
Utilities	-	-	-	-	6,355
Recording fees	18,930	-	-	18,930	-
Depreciation	-	1,250	3,806	5,056	-
Miscellaneous	-	4,840	-	4,840	13,290
Total operating expenses	61,783	62,184	559,668	683,635	132,062
Operating income (loss)	142,992	240,700	23,321	407,013	(79,950)
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	-	136,402	1,909	138,311	2,329
Total nonoperating revenue (expense)	-	136,402	1,909	138,311	2,329
Income (loss) before transfers and contributions	142,992	377,102	25,230	545,324	(77,621)
Transfer in	70,131	-	-	70,131	138,289
Transfer out	-	(70,131)	-	(70,131)	-
Change in net position	213,123	306,971	25,230	545,324	60,668
Total net position - beginning	2,173,328	5,614,120	220,200	8,007,648	6,140,847
Total net position - ending	$ 2,386,451	$ 5,921,091	$ 245,430	$ 8,552,972	$ 6,201,515

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	P.A. 123 Foreclosure	Delinquent Tax Revolving	Nonmajor Jail Commissary	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 200,161	$ 203,231	$ 573,512	$ 976,904	$ -
Receipts from interest and rents	-	133,920	-	133,920	46,950
Cash received for collection of taxes	-	2,278,952	-	2,278,952	-
Payments to suppliers	(130,259)	(1,171)	(558,109)	(689,539)	(102,030)
Payments for wages and related benefits	-	(47,178)	-	(47,178)	(31,597)
Cash payments for taxes	-	(2,506,351)	-	(2,506,351)	-
Payments of excess proceeds	(70,131)	-	-	(70,131)	-
Other receipts (payments)	-	56	-	56	5,362
Net cash provided (used) by operating activities	(229)	61,459	15,403	76,633	(81,315)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	70,131	-	-	70,131	138,289
Transfers out	-	(70,131)	-	(70,131)	-
Sale of investments to other fund	-	-	-	-	5,352,261
Repayment of advances from other funds	-	-	-	-	(656,387)
Net cash provided (used) by noncapital financing activities	70,131	(70,131)	-	-	4,834,163
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	-	(250,000)	-	(250,000)	-
Loan proceeds paid to borrower	-	-	-	-	(250,000)
Principal collected on loans	-	-	-	-	23,677
Interest earnings	-	92,675	1,909	94,584	2,329
Net cash provided (used) by investing activities	-	(157,325)	1,909	(155,416)	(223,994)
Net increase (decrease) in cash and equivalents	69,902	(165,997)	17,312	(78,783)	4,528,854
Cash and equivalents, beginning of year	2,232,540	3,152,745	206,526	5,591,811	772,323
Cash and equivalents, end of year	$ 2,302,442	$ 2,986,748	$ 223,838	$ 5,513,028	$ 5,301,177
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 142,992	$ 240,700	$ 23,321	$ 407,013	$ (79,950)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	-	1,250	3,806	5,056	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	(74,745)	(193,076)	(9,477)	(277,298)	200
Increase (decrease) in accounts payable	(68,476)	11,859	(2,247)	(58,864)	(899)
Increase (decrease) in accrued payroll	-	726	-	726	(666)
Total adjustments	(143,221)	(179,241)	(7,918)	(330,380)	(1,365)
Net cash provided (used) by operating activities	$ (229)	$ 61,459	$ 15,403	$ 76,633	$ (81,315)

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents:	
Unrestricted	$ 120,201
Other receivables	20,620
Total assets	$ 140,821
LIABILITIES	
Due to other governmental units	$ 42,384
Undistributed taxes	-
Other liabilities	90,689
Total liabilities	133,073
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	7,748
TOTAL LIABILITIES AND NET POSITION	$ 140,821

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, 2023

	Custodial Funds
ADDITIONS	
Tax collections for other governments	$ 9,743,517
Collection of fines and fees	441,789
Inmate collections	414,947
Total additions	10,600,253
DEDUCTIONS	
Tax disbursements to other governments	9,743,517
Disbursement of fines and fees	441,789
Inmate distributions	413,875
Total deductions	10,599,181
Change in Net Position	1,072
Net Position, Beginning of Year	6,676
Net Position, End of Year	$ 7,748

See accompanying notes to financial statements.

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 and the Delta County Road Commission. 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. During the year ended September 30, 2023, the County made expenditures of $38,417 to the Road Commission for various services. Complete financial statements can be obtained from:

Delta County Road Commission
3000 32nd Avenue North
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, 2022, the Facility had $17.7 million in assets, $1.8 million in liabilities and $15.9 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 – Measurement focus describes "which" transactions are recorded in the financial statements, while basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The government-wide, proprietary fund, and fiduciary fund financial statements use the economic resources measurement focus and full accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, changes in net position, financial position, and cash flows. Equity is reported as net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the related liability is incurred or asset is used, regardless of the timing of cash flows.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current liabilities are generally included on their balance sheets, and only current assets generally contribute to fund equity. The operating statements present sources and uses of available financial resources during a given period. Equity is reported as fund balance. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. 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, with the exception of property taxes. Because the County operating millage is levied on July 1st for each year ended September 30, it is the County's policy to fully recognize revenue from the tax levy in the year when the proceeds of this levy are budgeted and made available for County operations. While this policy is an exception to the standard availability period of 60 days, Management believes that fully recognizing property taxes in the year in which they are intended to finance operations better reflects the matching concept of generally accepted accounting principles. Any uncollected taxes are settled by the Delinquent Tax Revolving Fund in March of the following year. Expenditures, including capital outlay, 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.

Opioid Settlements – The Opioid Settlement fund accounts for the activity related to several settlements of litigation with manufacturers, distributors, and retailers of opioids. These funds are restricted for use on substance abuse and related programs.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 approved budgets of the County were adopted on the department (activity) level for the General Fund and at the fund level basis for all other governmental funds, which is the legal level of control. 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.

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."

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Budgets have been amended during 2023. 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, 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. 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. Investments are stated at cost or amortized cost which approximates market value. The County's shares in Michigan CLASS, a municipal investment pool, are reported using net asset value per share.

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. On the government-wide statement of net position, these items are eliminated, except where amounts are owed between the governmental activities and business-type activities.

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. Nonspendable fund balances have been recorded in the applicable governmental funds to indicate that inventory is not a currently spendable component of fund balance.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Leases and Subscription-Based Information Technology Arrangements – The County reports capital assets and liabilities in the government-wide financial statements related to leases and subscription-based information technology arrangements (SBITAs). A lease is defined as a contract that conveys control of the right to use another entity's (the lessor) nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. 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.

Asset or subscription liabilities are initially recorded at the present value of lease or subscription payments expected to be made/received during the lease or subscription term. The amortization of the discount on the liability is reported as interest expense throughout the term. Payments made are allocated first to the interest liability and then to the lease or subscription liability. The lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Lease and subscription assets are initially measured at the amount of the lease or subscription liability, plus payments made at the commencement of the term and initial implementation costs. The County amortizes its lease and subscription assets and liabilities on a straight line basis over the shorter of the contract term or the useful life of the underlying assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key estimates and judgments related to leases/subscriptions include how the County determines (1) the discount rate it uses to discount the expected lease/subscription payments/receipts to present value, (2) lease/subscription term, and (3) lease/subscription payments/receipts. The County uses the interest rate charged by the lessor or SBITA vendor as the discount rate for leases/subscriptions for liabilities. The County uses its estimated incremental borrowing rate as the discount rate for leases/subscriptions for receivables. When the interest rate charged by the lessor or SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases/subscriptions. The lease/subscription term includes the noncancellable period of the lease/subscription. Lease/subscription payments included in the measurement of the lease/subscription liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the lease/subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/subscription liability.

The County is a lessee for noncancellable leases of equipment and a subscriber of software. The County recognizes a lease/subscription liability and an intangible right-to-use lease/subscription asset in the government-wide financial statements. The County is a lessor for noncancellable leases of land and buildings and improvements. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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.

Long-Term Obligations – At this time, the County's long-term obligations relate to its pension plan, compensated absences, long-term debt, and long-term leases and IT subscriptions. The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as "other financing sources" and bond discounts as "other financing uses" during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

Unearned Revenue - The County reports unearned revenue on its statement of net position and governmental funds balance sheet. Unearned revenue is reported when cash or other assets are received prior to their being earned. Unearned revenue may also arise when resources are received by the County before it has a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. As the revenue is earned or as the government obtains legal claim to the resources, the amount of unearned revenue is reduced, and revenue is recognized.

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, lease, and bond premium items that qualify for reporting in this category in the statement of net position and unavailable revenues in the governmental funds. In the governmental fund financial statements, assets which do not meet the availability criterion for revenue recognition are offset by deferred inflows of resources. As the assets become available, the deferred inflows of resources are reduced and revenue is recognized.

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

Government-wide, Proprietary Fund, and Fiduciary Fund 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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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."

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.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, budget stabilization funds in the amount of $2,529,251 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.

Revenues and Expenditures/Expenses

Government-wide Financial Statements – In the statement of activities, revenues are segregated by activity (governmental or business-type) and classified as either a program revenue or a general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions, and capital grants and contributions. General revenues are all those revenues which do not meet the criteria of program revenues and include property taxes, interest earnings, and grants not restricted to a particular program, such as state revenue sharing payments. Expenses are segregated by activity and classified by program.

Fund Financial Statements – In the governmental funds, revenues are reported by source, such as federal grants, state grants, and taxes. Expenditures are classified by character (current, capital outlay, or debt service) and government function or program.

In the proprietary funds, revenues are reported by source and classified as operating or nonoperating. Expenses are classified as operating or nonoperating and subclassified by function such as personnel costs, supplies, contracted services, and depreciation. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Transfers and 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. Interfund transfers represent flows of assets without equivalent flows in return or an expectation of repayment. Interfund transfers are classified as other financing sources/uses in the governmental fund financial statements and as nonoperating items in the proprietary fund financial statements. Certain other inflows in governmental funds that are outside the County's normal operations, such as proceeds from debt issuance and sales of capital assets, are also classified as other financing sources.

As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements. Exceptions to this rule are activities between funds reported as governmental activities and funds reported as business-type activities, and activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

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 2022 taxable valuation of Delta County amounted to $1,331,961,448 on which ad valorem taxes of .13000 mills for county road patrol, .8000 mills for senior citizens programs, .7500 mills for 911 central dispatch, .3000 mills for Delta Solid Waste Management Authority recycling, and .8524 for county jail construction were levied. The December 2022 tax levy raised approximately $1,694,000 for road patrol, $1,040,000 for senior citizens programs, $977,000 for emergency dispatch services, $391,000 for recycling programs, and $1,108,000 for debt payments related to jail construction. The 2023 taxable valuation of Delta County amounted to $1,385,842,961 on which ad valorem taxes of 5.0317 mills were levied for County general fund operations in July 2023, which should raise approximately $6,847,000.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Contributions – Certain expenses for airport capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Aeronautics Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred and reimbursement has been requested.

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.

Change in Financial Reporting Entity – As of October 1, 2022, the Delta County Central Dispatch Authority (DCCDA), formerly component unit of Delta County, ceased operations as a legally separate entity and was absorbed into the County. DCCDA continues to operate as an advisory board of the County. The governing boards of the County and DCCDA made the decision to merge DCCDA into the County to allow for more efficient oversight and management of DCCDA's finances. See Note U for additional information.

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. The approved budgets of the County were adopted on the department (activity) level for the General Fund and at the fund level basis for all other governmental funds, which is the legal level of control. Expenditures exceeded the appropriations in the following funds:

	Budget	Actual	Variance
General Fund			
General government:			
Administration	$ 625,336	$ 630,220	$ (4,884)
Elections	58,962	59,035	(73)
Insurance and bonding	137,043	220,212	(83,169)
Judicial:			
Circuit court	358,672	674,304	(315,632)
Probate court	504,217	508,663	(4,446)
Public Safety:			
Corrections	3,667,531	3,668,838	(1,307)
Health and welfare:			
Other health and welfare	88,935	89,271	(336)
Community development:			
Register of deeds	134,884	135,637	(753)
Debt service:			
Principal	-	18,960	(18,960)
Interest	-	2,494	(2,494)
Transfers out	2,166,769	2,174,828	(8,059)
Airport Fund	2,053,024	2,124,242	(71,218)
County Parks Fund	-	12,897	(12,897)
Community Action Fund	1,100,303	1,196,881	(96,578)
Sanitary Landfill Fund	429,047	552,369	(123,322)
Concealed Pistol Licensing Fund	17,876	24,205	(6,329)
Drug Enforcement Fund	163,814	167,099	(3,285)

Deficit Fund Balances – Deficits existed in the unassigned fund balances of the following funds as of September 30, 2023:

	Deficit
Drug Enforcement Fund	$ 17,038

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.

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.

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

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

Following is a reconciliation of deposits and investments as of September 30, 2023:

	Primary Government	Component Units	Fiduciary Fund	Total
Cash & equivalents and investments:				
Imprest	$ 2,549	$ 1,100	$ 5,500	$ 9,149
Deposits:				
Checking and savings accounts	16,226,209	6,183,436	114,701	22,524,346
Certificates of deposit	3,354,473	-	-	3,354,473
Investments:				
Michigan CLASS investment pool	2,754,531	-	-	2,754,531
Brokered certificates of deposits	249,562	-	-	249,562
Mutual funds	123,217	-	-	123,217
Municipal bonds	1,414,496	-	-	1,414,496
Government securities	5,250,505	-	-	5,250,505
Total cash & equivalents and investments	$ 29,375,542	$ 6,184,536	$ 120,201	$ 35,680,279
Government-Wide Statement of Net Position Presentation:				
Current:				
Cash and equivalents - Unrestricted & restricted	$ 19,583,231	$ 6,184,536	$ -	$ 25,767,767
Investments	4,172,500	-	-	4,172,500
Noncurrent:				
Investments	5,619,811	-	-	5,619,811
Statement of Fiduciary Net Position:				
Cash and equivalents - Unrestricted:	-	-	120,201	120,201
Total cash & equivalents and investments	$ 29,375,542	$ 6,184,536	$ 120,201	$ 35,680,279

Cash has been restricted in the Airport Fund in the amount of $220,101 for 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 $237,607 for debt payments on the jail. Cash has been restricted in the Airport Improvement Fund in the amount of $198,196 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 $237,279 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 $2,671 for Department of Justice equitable sharing forfeitures per grant guidelines.

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

The composition of investments as of September 30, 2023 is presented below:

	Fair Value	Moody Credit Rating	S&P Credit Rating	Maturity Date
Investments:				
Municipal Bonds:				
Armada Michigan Area Schools	$ 145,793	-	AA	5/1/2024
Chippewa Valley Michigan Schools	63,199	WR	-	5/1/2024
Chippewa Valley Michigan Schools	45,015	AA1	-	5/1/2026
East Grand Rapids Michigan Schools	45,488	-	AA	5/1/2026
Genesee Michigan Schools	223,213	-	AA	5/1/2026
Walled Lake Michigan District Schools	121,355	AA1	-	5/1/2027
Allendale Public School District	214,346	-	AA	5/1/2028
Whitmore Lake Michigan District Schools	210,148	-	AA	5/1/2029
Grand Rapids Community College	107,399	-	AA	5/1/2030
Ishpeming Michigan AGM	198,977	-	AA	5/1/2031
Madison Michigan District Schools	39,563	-	AA	5/1/2031
U.S. Government Securities:				
United States Treasury Note	137,621	WR	-	4/30/2024
Federal Home Loan Bank Tranche	698,576	AAA	AA+	5/24/2024
Federal Home Loan Bank Bond	282,825	AAA	AA+	12/17/2024
Federal Home Loan Bank Bond	122,495	AAA	AA+	12/27/2024
Federal Home Loan Bank Bond	189,221	WR	NR	1/17/2025
Federal Home Loan Mortgage Corp	163,507	AAA	AA+	1/21/2025
Federal Home Loan Bank Bond	152,720	AAA	AA+	2/28/2025
Federal Home Loan Bank Bond	293,247	AAA	AA+	5/23/2025
Federal Home Loan Mortgage Corp	307,443	AAA	AA+	8/28/2025
Federal Home Loan Mortgage Corp	122,883	NR	NR	9/15/2025
Federal Home Loan Mortgage Corp	999,607	AAA	AA+	11/25/2025
Federal Home Loan Bank Cons Bd	893,060	AAA	AA+	7/28/2026
Federal Farm Credit Bank Securities	174,824	AAA	AA+	4/28/2027
Federal Home Loan Mortgage Corp	270,465	AAA	AA+	12/15/2027
Federal National Mortgage Association	211,642	AAA	-	12/29/2027
Federal Farm Credit Bank Securities	147,376	AAA	AA+	10/12/2028
Federal Farm Credit Bank Securities	82,992	AAA	AA+	12/7/2029
Mutual Funds:				
Invesco Government & Agency Reserve	50,332	NR	NR	10/1/2023
Federated Hermes Government Reserves	51,568	NR	NR	10/1/2023
Fidelity Money Market Government	21,317	NR	NR	10/1/2023
Brokered Certificate of Deposit				
Parkside Credit Union	249,563	NR	NR	2/21/2024
Investment Pool at Net Asset Value	2,754,531	-	-	-
Total Investments	$ 9,792,311			

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

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 for deposits 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 of deposits. As of September 30, 2023, the County held $21,070,412 in checking and savings accounts and certificates of deposits. Of this amount, $19,137,440 was uninsured and uncollateralized. Although such deposits exceed federally insured limits, they are, in the opinion of management, subject to minimal risk. The County holds an additional $6,138,291 of bank deposits for component units that are not included in the $21,070,412. There is no additional insurance coverage for these deposits.

Public Health Department:

The Public Health Department has a bank balance of cash of $2,403,890 which was deposited in checking and savings accounts. Of this amount, $113,506 was covered by federal depository insurance and the remaining amount of $2,290,384 was uninsured and uncollateralized.

County Road Commission:

The County Road Commission has a bank balance of cash of $4,168,106 which was deposited in checking and savings accounts and certificates of deposit. Of this amount, $250,000 was covered by federal depository insurance and the remaining amount of $3,918,106 was uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk for investments 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. Management believes the County's policy minimizes custodial credit risk of investments by limiting investment to the safest types of securities, structuring the investment portfolio so that securities meet cash requirements for ongoing operations, and diversifying the portfolio to minimize loss on individual securities. The County's investments, in the table above are held in the name of the agent and not in the name of the County.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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)

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, 2023 are listed in the table below.

		Investment Maturities		
	Fair Value	Less than 1 Year	1-5 Years	More than 5 Years
Primary Government				
Fixed income securities:				
Brokered certificates of deposit	$ 249,563	$ 249,563	$ -	$ -
Federal government bonds	5,250,504	836,197	4,331,315	82,992
Municipal bonds	1,414,496	208,992	859,565	345,939
Mutual funds	123,217	123,217	-	-
Government investment pool:				
Michigan CLASS	2,754,531	2,754,531	-	-
Total	$ 9,792,311	$ 4,172,500	$ 5,190,880	$ 428,931

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires that it shall diversify its investments by security type and institution by limiting exposure to 25 percent of the total portfolio, with the exception of investments issued by the U.S. Government, mutual funds, or pooled investments. At September 30, 2023, the County had no investment concentrations greater than 25 percent of its total investment portfolio.

Risks and Uncertainties

Due to the level of risk associated with certain investment securities, as described above, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

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.

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

The County had the following recurring fair value measurements as of September 30, 2023:

- Brokered certificates of deposit are considered Level 2.
- Fixed income U.S. Government Securities are considered Level 2.
- Fixed income 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, 2023, the fair value of Michigan CLASS pooled account investments was $2,754,531. 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. As of September 30, 2023, the investments in the Michigan CLASS investment pool were rated AAAm by Standard & Poor's. 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. The dollar weighted average days to maturity of Michigan CLASS at September 30, 2023 was 47 days and the weighted average life was 65 days.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at September 30, 2023 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	$ 405,501	Road Patrol Fund	$ 212,498
		Non-major Governmental	193,003
	$ 405,501		$ 405,501

NOTE D - INTERFUND RECEIVABLES AND PAYABLES (continued)

Individual interfund advance balances at September 30, 2023 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 – RECEIVABLES

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, 2023, the loan balance is $392,143.

On July 18, 2023, the County approved a loan to Visit Escanaba in the amount of $250,000 for the purpose of making improvements at the U.P. State Fairgrounds. The note calls for two annual payments due on July 19th 2024 and 2025 and bears a 3% interest rate. As of September 30, 2023, the loan balance is $250,000.

NOTE E – RECEIVABLES (continued)

Future note payments are as follows:

For the Year Ending September 30,	Principal	Interest
2024	$ 147,374	$ 19,264
2025	151,795	14,843
2026	25,697	10,289
2027	26,468	9,518
2028	27,262	8,724
2029-2033	149,078	30,852
2034-2037	114,469	7,759
Total	$ 642,143	$ 101,249

Opioid Settlements

The County is party to nationwide settlements of litigation involving the opioid epidemic which were brought by state and local governments against pharmaceutical manufacturers, distributors, and retailers. The amounts to be received by the County are governed by state subdivision agreements with the State of Michigan, and the schedules of payments vary by party. Under the state subdivision agreement for the 2021 settlement with distributors McKesson, Cardinal Health, and AmerisourceBergen and manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson, Delta County is allocated to receive about .2698% of the total amount distributed to local units of government in Michigan. Under the state subdivision agreement for the 2022 settlement with CVS, Walgreens, Walmart, Allergan, and Teva, Delta County is allocated to receive about .2604% of the total amount distributed to local units of government in Michigan.

During the year ended September 30, 2023, the County received $201,778 in connection with these settlements. Estimated future payments are summarized in the table below. While there are other settlements still in negotiation which may result in additional payments to local units in Michigan, a potential receivable for those other settlements cannot be reasonably estimated at this time.

For the Year Ending September 30,	Payments Expected
2024	$ 245,487
2025	94,104
2026	101,057
2027	101,057
2028	109,037
2029-2033	461,786
2034-2037	299,525
Total	$ 1,412,053

NOTE F – LEASES

Lessor - The County is involved in agreements, with various third parties as a lessor, that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended September 30, 2023 was $31,402.

The assets leased by the County include land for a solar garden as well as a building, office space, and related improvements. The remaining term for the land lease is 54 years and payments are at fixed annual rates with escalation in payments every five years over the term of the lease. The remaining terms for the building leases are three to six years and payments are at fixed monthly or semi-annual rates and do not include escalation clauses.

Lease receivable activity for the year ended September 30, 2023 was as follows:

	Balance 10/1/2022	Additions	Deductions	Balance 9/30/2023	Due Within One Year
Governmental activities:					
Leases receivable	$ 329,280	$ -	$ 46,743	$ 282,537	$ 32,562
Total governmental activities leases receivable	$ 329,280	$ -	$ 46,743	$ 282,537	$ 32,562

NOTE F – LEASES (continued)

Future lease payments are as follows:

For the Year Ending September 30,	Principal	Interest
2024	$ 32,562	$ 8,655
2025	33,773	7,444
2026	35,039	6,178
2027	14,205	5,108
2028	15,143	4,285
2029-2033	21,130	14,127
2034-2038	7,573	12,776
2039-2043	8,996	11,963
2044-2048	10,587	11,002
2049-2053	12,363	9,873
2054-2058	14,343	8,560
2059-2063	16,551	7,039
2064-2068	19,010	5,287
2069-2073	21,748	3,279
2074-2077	19,514	985
Total	$ 282,537	$ 116,561

Regulated lease agreements - Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and aeronautical users. The Delta County Airport has two long-term leases with aeronautical users for hangar space. This activity is regulated by the U.S. Department of Transportation and Federal Aviation Administration. In accordance with GASB Statement No. 87, *Leases*, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases.

The Airport's long-term leases range in duration and have a remaining term of two years. Users make monthly payments based on a base rate for hangar space. The County recognized $89,790 in hangar rent revenue of which $22,538 related to long-term Airport leases during the year ended September 30, 2023. Following is a schedule of minimum expected future inflows related to the Airport's long-term leases:

For the Year Ending September 30,	Minimum Payment Expected
2024	$ 22,538
2025	22,538
Total	$ 45,076

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance at 10/1/2022*	Additions	Disposals	Transfers	Balance at 09/30/23
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 2,313,001	$ -	$ -	$ -	$ 2,313,001
Construction in progress	28,000	814,511	-	(28,000)	814,511
Total non-depreciable capital assets	2,341,001	814,511	-	(28,000)	3,127,512
Capital assets being depreciated:					
Land improvements	694,958	-	-	-	694,958
Buildings and improvements	38,216,607	420,124	-	18,000	38,654,731
Infrastructure	17,024,140	-	-	-	17,024,140
Machinery and equipment	5,572,912	291,028	87,858	10,000	5,786,082
Vehicles	2,115,232	161,634	-	-	2,276,866
Total depreciable capital assets	63,623,849	872,786	87,858	28,000	64,436,777
Total capital assets	65,964,850	1,687,297	87,858	-	67,564,289
Less accumulated depreciation:					
Land improvements	598,434	6,598	-	-	605,032
Buildings and improvements	11,782,169	866,274	-	-	12,648,443
Infrastructure	7,044,837	510,719	-	-	7,555,556
Machinery and equipment	3,611,801	304,969	87,858	-	3,828,912
Vehicles	836,973	261,680	-	-	1,098,653
Total accumulated depreciation	23,874,214	1,950,240	87,858	-	25,736,596
Net depreciable capital assets	39,749,635	(1,077,454)	-	28,000	38,700,181
Lease & subscription assets being amortized:					
Machinery and equipment	1,647,391	-	-	-	1,647,391
IT subscriptions	99,493	30,953	-	-	130,446
Total lease & subscription assets	1,746,884	30,953	-	-	1,777,837
Less accumulated amortization:					
Machinery and equipment	121,593	82,370	-	-	203,963
IT subscriptions	7,734	24,025	-	-	31,759
Total accumulated amortization	129,327	106,395	-	-	235,722
Net lease & subscription assets	1,617,557	(75,442)	-	-	1,542,115
Governmental activities capital, lease, & subscription assets, net	$ 43,708,193	$ (338,385)	$ -	$ -	$ 43,369,808

* The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* during the year. In addition, Governmental Activities now include central dispatch assets as described in Note U. Beginning balances have been restated to reflect these changes.

NOTE G – CAPITAL ASSETS (continued)

	Balance at 10/01/22	Additions	Disposals	Transfers	Balance at 09/30/23
Business-type activities:					
Capital assets being depreciated:					
Machinery and equipment	$ 26,641	$ -	$ -	$ -	$ 26,641
Vehicles	12,500	-	-	-	12,500
Total depreciable capital assets	39,141	-	-	-	39,141
Less accumulated depreciation:					
Machinery and equipment	19,663	3,806	-	-	23,469
Vehicles	2,292	1,250	-	-	3,542
Total accumulated depreciation	21,955	5,056	-	-	27,011
Net depreciable capital assets	17,186	(5,056)	-	-	12,130
Business-type activities capital assets, net	$ 17,186	$ (5,056)	$ -	$ -	$ 12,130

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

Governmental activities:		Business-type activities:	
General government	$ 225,414	Delinquent Tax	$ 1,250
Judicial	112,367	Jail Commissary	3,806
Public safety	679,984		
Public works	840,133		
Health and welfare	70,668		
Community development	10,957		
Recreation and culture	10,717		
Total governmental activities depreciation expense	$ 1,950,240	Total business-type activities depreciation expense	$ 5,056

Amortization expense for lease and subscription assets was charged to functions/programs of the primary government as follows:

Governmental activities:	Leases	IT Subscriptions	Total
General government	$ -	$ 5,339	$ 5,339
Judicial	-	9,932	9,932
Public safety	82,370	6,404	88,774
Public works	-	747	747
Health and welfare	-	320	320
Community development	-	-	-
Recreation and culture	-	1,283	1,283
Total governmental activities amortization expense	$ 82,370	$ 24,025	$ 106,395

NOTE H – COMPONENT UNIT CAPITAL ASSETS

County Road Commission

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

	Balance at 10/01/22	Additions	Deductions	Balance at 09/30/23
Capital assets not being depreciated:				
Land	$ 1,563,904	$ -	$ -	$ 1,563,904
Construction in progress	33,602	45,355	3,389	75,568
Infrastructure land improvements	7,333,338	271,565	-	7,604,903
Total non-depreciable capital assets	8,930,844	316,920	3,389	9,244,375
Capital assets being depreciated:				
Buildings and improvements	6,887,307	57,295	-	6,944,602
Machinery and equipment	12,604,193	536,827	59,939	13,081,081
Leased equipment	294,242	-	-	294,242
Infrastructure - roads	33,915,660	2,560,903	608,718	35,867,845
Infrastructure - bridges	11,935,908	37,502	-	11,973,410
Total depreciable capital assets	65,637,310	3,192,527	668,657	68,161,180
Total capital assets	74,568,154	3,509,447	672,046	77,405,555
Less accumulated depreciation:				
Buildings and improvements	4,371,760	224,227	-	4,595,987
Machinery and equipment	10,228,540	845,641	59,939	11,014,242
Leased equipment	136,496	58,849	-	195,345
Infrastructure - roads	16,299,453	1,727,648	608,718	17,418,383
Infrastructure - bridges	1,779,673	250,907	-	2,030,580
Total accumulated depreciation	32,815,922	3,107,272	668,657	35,254,537
Net depreciable capital assets	32,821,388	85,255	-	32,906,643
Capital assets, net	$ 41,752,232	$ 402,175	$ 3,389	$ 42,151,018

NOTE H – 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 10/01/22	Additions	Disposals	Balance at 09/30/23
Capital assets being depreciated:				
Machinery and equipment	$ 685,823	$ 330,034	$ 11,171	$ 1,004,686
Less accumulated depreciation:				
Machinery and equipment	596,019	35,542	11,171	620,390
Net depreciable capital assets	89,804	294,492	-	384,296
Subscription assets being amortized:				
Information technology subscriptions	-	16,667	-	16,667
Less accumulated amortization:				
Information technology subscriptions	-	4,167	-	4,167
Net subscription assets	-	12,500	-	12,500
Capital and subscription assets, net	$ 89,804	$ 306,992	$ -	$ 396,796

NOTE I – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

Type of Obligation	Balance 10/1/2022*	Additions	Deductions	Balance 9/30/2023	Amounts Due Within One Year
Governmental activities:					
Direct Borrowings & Placements:					
2022 Jail Refunding Bond	$ 14,740,000	$ -	$ 515,000	$ 14,225,000	$ -
Motorola Lease Liability	1,362,478	-	213,617	1,148,861	218,829
Telnet IT Subscription	91,759	-	18,960	72,799	19,536
Other Obligations:					
Compensated absences	795,486	36,277	-	831,763	207,941
Total governmental activities long-term obligations	$ 16,989,723	$ 36,277	$ 747,577	$ 16,278,423	$ 446,306

* The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during the year. In addition, Governmental Activities now include central dispatch obligations as described in Note U. Beginning balances have been restated to reflect these changes.

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

NOTE I – LONG-TERM OBLIGATIONS (continued)

Debt service requirements on long-term debt at September 30, 2023 are as follows:

For the Year Ending September 30,	Governmental Activities					
	Bonds Payable		Lease Liabilities		IT Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ -	$ 213,375	$ 218,829	$ 28,033	$ 19,536	$ 1,917
2025	530,000	418,800	224,169	22,693	20,131	1,323
2026	545,000	402,675	229,639	17,223	20,743	710
2027	565,000	386,025	235,242	11,620	12,389	124
2028	575,000	368,925	240,982	5,880	-	-
2029-2033	3,175,000	1,569,375	-	-	-	-
2034-2038	3,670,000	1,056,000	-	-	-	-
2039-2043	4,240,000	463,950	-	-	-	-
2044-2048	925,000	13,875	-	-	-	-
Total	$14,225,000	$ 4,893,000	$ 1,148,861	$ 85,449	$ 72,799	$ 4,074

Governmental Activities

Bonds Payable

2022 Jail Refunding Bond – 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 bonds called for annual principal payments beginning October 1, 2018 and semi-annual interest payments which began April 1, 2018. The bonds were set to mature in 2047 and had an interest rate of 3.25%. On March 30, 2022, the County issued General Obligation Unlimited Tax Refunding Bonds, Series 2022 in the amount of $14,740,000 for the purpose of refunding the outstanding principal amount of the County's General Obligation Unlimited Tax Bond Series 2017A and 2017B and to pay the costs of issuing and insuring the Bonds. The refunding was done to reduce the total future debt service payments and included a contribution from the Jail Building Debt Service Fund of $1,540,000. The difference between the present values of the two debt service streams of $2,275,341 constitutes the economic gain of the transaction and a reduction of $3,898,134 (excluding the $1,540,000 contribution from the debt service fund) in future debt service payments over 26 years. The County will continue to utilize a separate tax levy for the purpose of making the future debt payments. The 2022 bonds call for annual principal payments beginning October 1, 2023 and semi-annual interest payments beginning October 1, 2022. The bonds mature in 2043 and have an interest rate of 3.00%.

NOTE I – LONG-TERM OBLIGATIONS (continued)

Lease Liability

Motorola Lease – In 2020, the Delta County Central Dispatch Authority (DCCDA) entered into a lease-purchase agreement for $1,560,641 with Motorola Solutions, Inc. for portable dispatch radios. Title to the equipment vested with DCCDA upon shipment of the equipment, which occurred in 2021. The County assumed responsibility for all DCCDA obligations in 2023. The lease 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 County 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 lease assets in the government-wide financial statements net of accumulated amortization. As of September 30, 2023, the total cost is $1,647,391 and the total accumulated amortization is $203,963.

IT Subscription Liability

Telnet IT Subscription – In 2022, the County entered into an agreement with Telnet-Worldwide to provide internet-based voice and fax service. The agreement calls for monthly payments of $1,788 for a term of five years with the final payment due in April 2027. Although the agreement does not specify an interest rate, the County has estimated an interest rate of 3 percent, which is the County's estimate of its own incremental borrowing rate based on other arrangements executed around the same time.

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 $831,763 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 J – 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, 2023:

Type of Obligation	Balance 10/1/2022	Additions	Deductions	Balance 9/30/2023	Amounts Due Within One Year
2016 MTF Refunding Bonds	$ 2,190,000	$ -	$ 295,000	$ 1,895,000	$ 305,000
Cat Financial Lease Liability	119,096	-	58,813	60,283	60,283
Compensated Absences	229,259	-	28,629	200,630	120,000
Total long-term obligations	$ 2,538,355	$ -	$ 382,442	$ 2,155,913	$ 485,283

Debt service requirements on long-term debt at September 30, 2023 are as follows:

For the Year Ending September 30,	2016 Refunding Bond Series			Cat Financial Lease Liability		
	Principal	Interest	Total	Principal	Interest	Total
2024	$ 305,000	$ 30,563	$ 335,563	$ 60,283	$ 1,507	$ 61,790
2025	305,000	25,214	330,214	-	-	-
2026	315,000	19,776	334,776	-	-	-
2027	320,000	14,207	334,207	-	-	-
2028	320,000	8,595	328,595	-	-	-
2029	330,000	2,894	332,894	-	-	-
Total	$ 1,895,000	$ 101,249	$ 1,996,249	$ 60,283	$ 1,507	$ 61,790

Bonds Payable

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

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

Lease Liability

Cat Financial Lease – The Road Commission leases road equipment with a historical cost and accumulated depreciation of $294,242 and $195,345, respectively, under lease arrangements with Cat Financial. Annual lease payments of $61,790 are payable through 2024.

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 $200,630 for the year ended September 30, 2023.

Public Health Department

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

Type of Obligation	Balance 10/1/2022	Additions	Deductions	Balance 9/30/2023	Amounts Due Within One Year
IT Subscription Liability	$ -	$ 6,667	$ -	$ 6,667	$ 6,667
Compensated Absences	203,060	135,116	176,555	161,621	40,405
Total long-term obligations	$ 203,060	$ 141,783	$ 176,555	$ 168,288	$ 47,072

IT Subscription Liability

IT Subscription – The Health Department is party to a long-term agreement for the use of environmental health software. The agreement calls for two equal payments of $7,000, one of which was made in 2023 and the other due in 2024. The debt service requirement for fiscal year 2024 includes principal of $6,667 and interest of $333. The agreement may be extended for an additional two years at the mutual option of the Health Department and the vendor. The liability has been discounted using an interest rate of 5%, which is the Health Department's estimate of its own incremental borrowing rate. Subsequent to year end, the Health Department entered into another agreement for the use of healthcare service software. That agreement calls for five annual payments totaling $169,672 and will first be reported with a subscription asset and liability in the Health Department's fiscal year 2024.

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

Compensated Absences

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 $161,621 for the year ended September 30, 2023.

NOTE K - 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, 2023:

	Transfers In						
Transfers Out	General Fund	Road Patrol	Airport	Nonmajor Govt'l Funds	Enterprise - Foreclosure Fund	Internal Service Funds	Total
General Fund	$ -	$ 123,650	$ 150,000	$1,762,889	$ -	$ 138,289	$2,174,828
Road Patrol	13,701	-	-	92,023	-	-	105,724
Nonmajor govt'l funds	71,607	-	-	-	-	-	71,607
Enterprise - DTRF Fund	-	-	-	-	70,131	-	70,131
							2,422,290
	$ 85,308	$ 123,650	$ 150,000	$1,854,912	$ 70,131	$ 138,289	$2,422,290

NOTE L - 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, 2022.

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 L – RETIREMENT PLANS (continued)

	Divisions - For the 2022 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 2022 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, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	16
Active employees	26
	168

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

NOTE L – 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, 2023, the County's contributions totaling $2,478,240 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2021.

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

		Employer Contribution Amount			Member Contribution Percentage		
Valuation Division		10/1/24 *	10/1/23 *	10/1/22 *	10/1/24 *	10/1/23 *	10/1/22 *
Circuit Court Employees	@	$ 17,069	$ 17,143	$ 17,734	0.50%	0.50%	0.50%
Sheriff	@	$ 24,163	$ 17,473	$ 20,665	1.00%	1.00%	1.00%
General AFSCME	@	$ 42,846	$ 38,390	$ 41,993	1.00%	1.00%	0.50%
Elected Department Heads	@	$ 55,359	$ 49,504	$ 53,519	0.00%	0.00%	0.00%
District Court Employees	@	$ 12,523	$ 11,201	$ 11,816	1.50%	1.50%	1.50%
Probate Court Employees	@	$ 29,552	$ 27,454	$ 23,476	0.50%	0.50%	0.50%
Non-Union Contract Employees	@	$ 5,466	$ 7,761	$ 8,128	0.00%	0.00%	0.00%
Road Patrol Deputies	@	$ 33,996	$ 27,450	$ 29,189	1.75%	1.75%	1.75%

* 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, 2022, 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, 2021 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	7.00 percent, net of investment and administrative expense, including inflation

NOTE L – RETIREMENT PLANS (continued)

Although no specific price inflation assumptions are needed for the valuation, the 3.00% 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 PubG-2010 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 2014 through 2018.

Beginning with the actuarial valuation as of December 31, 2021, the investment rate of return was reduced from 7.35 percent to 7.00 percent. Investment performance measured for the year ended December 31, 2022 did not result in excess gains for use in lowering the assumed rate of investment return. As a result, this assumption remains at 7.00% in the December 31, 2022 valuation.

Effective for the valuation as of December 31, 2021, MERS has adopted a dedicated gains policy which allows for recognition of asset gains in excess of a set threshold in combination with lowering the assumed rate of investment return. Changes to these assumptions and methods were effective for contributions beginning in 2023.

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 Gross Return Contribution	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%

NOTE L – RETIREMENT PLANS (continued)

Discount Rate: The discount rate used to measure the total pension liability is 7.25% for 2022. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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, 2021	$ 46,400,986	$ 34,525,377	$ 11,875,609
Service cost	269,775	-	269,775
Interest on total pension liability	3,272,268	-	3,272,268
Changes in benefits	-	-	-
Difference between expected and actual experience	509,212	-	509,212
Changes in assumptions	-	-	-
Employer contributions	-	2,239,362	(2,239,362)
Employee contributions	-	19,895	(19,895)
Net investment income (loss)	-	(3,579,506)	3,579,506
Benefit payments, including employee refunds	(2,802,273)	(2,802,273)	-
Administrative expense	-	(63,530)	63,530
Other changes	1	-	1
Net changes	1,248,983	(4,186,052)	5,435,035
Balances as of December 31, 2022	$ 47,649,969	$ 30,339,325	$ 17,310,644

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	**Current Discount Rate 7.25%**	**1% Increase 8.25%**
Net pension liability (NPL) at 12/31/22	$ 17,310,644	$ 17,310,644	$ 17,310,644
County's change in NPL at 12/31/22	5,497,759	-	(4,598,958)
	$ 22,808,403	$ 17,310,644	$ 12,711,686

NOTE L – 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, 2023, the County recognized pension expense of $2,501,628. At September 30, 2023, 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	4,848,487	2,075,679
Contributions subsequent to the measurement date *	1,858,680	-
Total	$ 6,707,167	$ 2,075,679

* 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, 2024.

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:	
2023	$ 229,193
2024	522,376
2025	809,117
2026	1,212,122
	$ 2,772,808

At September 30, 2023, the County reported a payable of $207,711 for outstanding contributions to the pension plan for September 2023.

NOTE L – 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 three separate plans; one covers Elected Officials and Department Heads, the second plan covers Central Dispatch employees, and the third plan covers essentially all other County employees. The first plan had 27 active participants and 50 terminated participants. The second plan had 12 active participants and 4 terminated participants. The third plan had 74 active participants and 46 terminated participants. The Plans are 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 Central Dispatch Plan is also available to part time employees. The deferred compensation will not be available to employees until termination, retirement, death or disability. Loans are permitted under the Elected Officials/Department Head Plan and the Other Employee Plan, but are not permitted under the Central Dispatch Plan. 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 Central Dispatch 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. 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 $528,200 were expensed and accrued in fiscal year ended September 30, 2023. Employee contributions totaled $154,690 in fiscal year 2023. Any amendments to the plan would be subject to the approval of the County Board of Commissioners.

All 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 $38,191 in 2023, the County used forfeitures of $38,191 in 2023, and there were forfeiture balances available for use by the County in the amount of $0 at September 30, 2023.

General County – Deferred Compensation Plan

The County offers its employees deferred compensation plans created in accordance with Section 457 of the Internal Revenue Code (IRC). The Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Employees shall vest in employer contributions immediately. As such, these amounts have not been included in the financial statements. The County will match employee contributions up to 5% of employee compensation. The County contributed $43,749 and employees contributed $99,486 to the Section 457 plans.

NOTE M – 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 2022 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%	0.00%
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, 2022 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	9
Active employees	37
	96

NOTE M – 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, 2023, the Road Commission's contribution rate was $10,544 per month for supervisory employees, 6.69% for Teamsters and 22.65% 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, 2023, was determined using a measure of the total pension liability and the pension net pension position as of December 31, 2022.

Actuarial Assumptions: The total pension liability in the December 31, 2022 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	7.00 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 a version of Pub-2010 and Fully generational MP-2019, based upon the experience study dated February 14, 2020.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study covering the period from 2014 through 2018.

NOTE M – COMPONENT UNIT RETIREMENT PLANS (continued)

Beginning with the actuarial valuation as of December 31, 2021, the investment rate of return was reduced from 7.35 percent to 7.00 percent. Investment performance measured for the year ended December 31, 2022 did not result in excess gains for use in lowering the assumed rate of investment return. As a result, this assumption remains at 7.00% in the December 31, 2022 valuation.

Effective for the valuation as of December 31, 2021, MERS has adopted a dedicated gains policy which allows for recognition of asset gains in excess of a set threshold in combination with lowering the assumed rate of investment return. Changes to these assumptions and methods will be effective for contributions beginning in 2023.

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 Gross Return Contribution	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%

Discount Rate: The discount rate used to measure the total pension liability was 7.25% for 2022. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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 M – 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, 2021	$ 14,499,013	$ 10,005,737	$ 4,493,276
Service cost	198,996	-	198,996
Interest on total pension liability	1,023,054	-	1,023,054
Changes in benefits	-	-	-
Difference between expected and actual experience	(11,462)	-	(11,462)
Changes in assumptions	-	-	-
Employer contributions	-	968,594	(968,594)
Employee contributions	-	32,609	(32,609)
Net investment income	-	(1,023,886)	1,023,886
Benefit payments, including employee refunds	(974,871)	(974,871)	-
Administrative expense	-	(18,544)	18,544
Other changes	-	-	-
Net changes	235,717	(1,016,098)	1,251,815
Balances as of December 31, 2022	$ 14,734,730	$ 8,989,639	$ 5,745,091

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability (NPL) at 12/31/22	$ 5,745,091	$ 5,745,091	$ 5,745,091
Commission's change in NPL at 12/31/22	1,595,453	-	(1,347,207)
	$ 7,340,544	$ 5,745,091	$ 4,397,884

NOTE M – 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, 2023, the Road Commission recognized pension expense of $110,687. At September 30, 2023, 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	$ -	$ 38,538
Changes in assumptions	162,979	-
Net difference between projected and actual earnings on pension plan investments	835,086	-
Contributions subsequent to the measurement date *	777,881	-
Total	$ 1,775,946	$ 38,538

* 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, 2024.

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:	
2024	$ 214,695
2025	157,627
2026	237,289
2027	349,916
	$ 959,527

NOTE M – 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 2022 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, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	25
Active employees	48
	110

In addition, there were 24 inactive employees with pending refunds.

NOTE M – 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:

		Employer Contribution Percentage			Member Contribution Percentage		
Valuation Division		10/1/24 *	10/1/23 *	10/1/22 *	10/1/24 *	10/1/23 *	10/1/22 *
General	@	$ 8,763	$ 8,177	$ 8,803	2.00%	2.00%	2.00%
Non Union	@	$19,978	$19,335	$21,197	2.00%	2.00%	2.00%
General -open		7.89%	8.21%	6.64%	2.00%	2.00%	2.00%

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

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

Net Pension Liability

The Department's net pension liability was measured as of December 31, 2022, 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, 2022 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	7.00 percent, net of investment and administrative expense, including inflation

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

NOTE M – COMPONENT UNIT RETIREMENT PLANS (continued)

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Beginning with the actuarial valuation as of December 31, 2021, the investment rate of return was reduced from 7.35 percent to 7.00 percent. Investment performance measured for the year ended December 31, 2022 did not result in excess gains for use in lowering the assumed rate of investment return. As a result, this assumption remains at 7.00% in the December 31, 2022 valuation.

Effective for the valuation as of December 31, 2021, MERS has adopted a dedicated gains policy which allows for recognition of asset gains in excess of a set threshold in combination with lowering the assumed rate of investment return. Changes to these assumptions and methods were effective for contributions beginning in 2023.

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 Gross Return Contribution	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%

NOTE M – COMPONENT UNIT RETIREMENT PLANS (continued)

Discount Rate. The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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, 2021	$ 14,567,605	$ 12,895,543	$ 1,672,062
Service cost	191,493	-	191,493
Interest on total pension liability	1,038,300	-	1,038,300
Changes in benefits	-	-	-
Difference between expected and actual experience	(200,308)	-	(200,308)
Changes in assumptions	-	-	-
Employer contributions	-	506,759	(506,759)
Employee contributions	-	32,283	(32,283)
Net investment income	-	(1,340,112)	1,340,112
Benefit payments, including employee refunds	(683,943)	(683,943)	-
Administrative expense	-	(23,861)	23,861
Other changes	-	-	-
Net changes	345,542	(1,508,874)	1,854,416
Balances as of December 31, 2022	$ 14,913,147	$ 11,386,669	$ 3,526,478

NOTE M – COMPONENT UNIT RETIREMENT PLANS (continued)

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability (NPL) at 12/31/22	$ 3,526,478	$ 3,526,478	$ 3,526,478
Departments' change in NPL at 12/31/22	1,959,624	-	(1,623,643)
	$ 5,486,102	$ 3,526,478	$ 1,902,835

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, 2023, the Department recognized pension expense of $1,056,207. At September 30, 2023, 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	$ 20,380	$ 133,539
Changes in assumptions	199,631	-
Net difference between projected and actual earnings on pension plan investments	1,815,137	774,367
Contributions subsequent to the measurement date *	346,136	-
Total	$ 2,381,284	$ 907,906

* 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, 2024.

NOTE M – COMPONENT UNIT RETIREMENT PLANS (continued)

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:	
2023	$ 241,993
2024	128,261
2025	303,210
2026	453,778
	$ 1,127,242

At September 30, 2023, the Department did not have outstanding contributions to the pension plan.

NOTE N – FUND BALANCE CLASSIFICATIONS

Fund balance has been classified in the funds as follows:

	Restricted	Committed	Assigned
General Fund:			
Budget Stabilization-Pension	$ -	$ 2,529,251	$ -
Retirement Funding	-	2,000,000	-
Road Patrol Fund:			
Public Safety	-	-	7,578
Opioid Settlement Fund:			
Opioid Remediation	202,270	-	-
Airport Fund:			
Renaissance Zone Capital Projects	220,101	-	-
Operations	-	-	798,090
Nonmajor Funds:			
Restricted based on fund purpose	2,647,018	-	-
Public Safety Forfeitures	2,671	-	-
Wells Township-Potential Water/Sewer Project	185,000	-	-
Capital Projects	-	-	333,617
Assigned based on fund purpose	-	-	205,443
Sheriff Department	140,381	-	14,044
Animal Shelter	870	-	-
	$ 3,398,311	$ 4,529,251	$ 1,358,772

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 O – CONTINGENT LIABILITIES

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

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

During 2020 through 2023, 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, 2023, a pollution remediation liability cannot be reasonably estimated at this time.

The County is a defendant in litigation related to provisions of the Michigan General Property Tax Act and surplus proceeds generated through the auction of property tax-foreclosed properties under the statute, with similarly situated counties in the state. Proceedings are currently stayed while an appeal pending in the U.S. Circuit Court of Appeals is heard. It is likely that the County may be required to pay surplus proceeds to former owners of property tax foreclosed properties for the tax-foreclosed property dispositions 2013 through 2020 in the future. Accordingly, the County has estimated a contingent liability of $175,000.

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.

NOTE P – RISK MANAGEMENT (continued)

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, 2023, the County had no outstanding claims which exceeded the plan's limits and there has been no significant reduction in insurance coverage over the past three years.

NOTE Q – JOINT VENTURE - DELTA SOLID WASTE LANDFILL

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

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

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

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

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

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

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

The Delta Solid Waste Management Authority has one outstanding note payable and two outstanding bond issues: 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, 2022 of $41,922. 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, 2022 of $3,000,000. 3.) 2021 general obligation limited tax bonds issued in the amount of $1,250,000 for the purpose of constructing landfill cell 6 have an outstanding balance as of December 31, 2022 of $1,000,000. 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 $5,020,757 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, 2022. The County has signed a $1,100,000 open letter of credit for the landfill which will expire December 31, 2023. There was no outstanding balance on this letter of credit as of December 31, 2022. 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 2022 tax levy raised approximately $391,000 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, 2023, the Federal grants received and expended by the Road Commission was $1,391,610 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, 2023, the Road Commission received and expended $40,376 in funds from Federal grants for negotiated projects (force accounts). 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, 2023, the Health Department expended $1,150,408 in Federal awards and received a separate single audit.

NOTE S – SUBSEQUENT EVENT

General County

The County initiated the process of reclaiming operational control of its parks, recreational facilities, land and forests form the Delta Conservation District during the fiscal year. The District had previously provided management services for Delta County parks, which were intended to offer economic, social, and recreational opportunities for both residents and visitors to the County. As of January 2024, Delta County will assume full responsibility for managing these assets. To ensure a smooth transition, the County will be actively hiring necessary staff and developing comprehensive operational procedures. The County is currently in the process of determining the financial benefits and burdens of this change.

Delta County recently received notification that it is eligible for up to $500,000 in reimbursement for current capital improvement expenditures through the City of Escanaba's Blight Elimination Brownfield Grant program.

Subsequent to year end, the County agreed to guarantee repayment of the financing loan for the Delta Solid Waste Management Authority's purchase of a TANA380 Compactor with a financed amount of $862,572.

NOTE T – FUTURE CHANGES IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this Statement is to improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

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 2023-2024 fiscal year.

The Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.

NOTE T – FUTURE CHANGES IN ACCOUNTING PRINCIPLE (continued)

Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

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 2024-2025 fiscal year.

The Governmental Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

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 2024-2025 fiscal year.

NOTE U – RESTATEMENT OF BEGINNING NET POSITION & FUND BALANCE

Transfer of Operations - During 2022, the Delta County Central Dispatch Authority (DCCDA) Board along with the Delta County Board of Commissioners agreed to a transfer of dispatch service operations from the Authority (a discretely presented component unit) to Delta County. The transfers of operations was effective October 1, 2022. The beginning net position and fund balance of the County's statement of net position and nonmajor governmental funds reflect the addition of DCCDA as part of the primary government. At the merger date of October 1, 2022, the County's governmental activities recognized total assets of $2,598,327 ($467,706 current and $2,130,621 capital), total liabilities of $1,430,115 ($262,698 current and $1,167,417 long-term), and total net position of $1,168,212 ($768,143 net investment in capital assets and $400,069 restricted) as a result of the merger. At the same time, the 911 Millage Fund, a nonmajor special revenue fund, recognized total assets of $467,706, total liabilities of $17,961, and total fund balance of $449,745 ($15,453 nonspendable and $434,292 restricted) as a result of the merger.

NOTE U – RESTATEMENT OF BEGINNING NET POSITION (continued)

The Authority and Delta County agreed to the transfer of operations after the City of Escanaba terminated its administrative services agreement with the Authority effective October 1, 2021. Under that administrative services agreement, the City of Escanaba retained the responsibility of all aspects of employment for all personnel necessary to operate the emergency telephone dispatch services since the Authority's creation in 2005. During fiscal year 2022, the Authority took on the responsibility of all personnel and Delta County assisted the Authority in a fiduciary capacity. During fiscal year 2023, Delta County took on the responsibility of all personnel. The transfer of operations is intended to ease any future administrative burden.

The County's beginning net position and fund balance has been restated to reflect the cumulative effect of prior year adjustments. A summary of the restatements is as follows:

	Governmental Activities	Component Unit Central Dispatch Authority
Beginning net position as previously reported on September 30, 2022	$ 30,147,331	$ 1,168,212
Restatement of beginning net position for transfer of operations	1,168,212	(1,168,212)
Net position as restated, October 1, 2022	$ 31,315,543	$ -

	911 Millage	Component Unit Central Dispatch Authority
Beginning fund balance as previously reported on September 30, 2022	$ -	$ 449,745
Restatement of beginning fund balance for transfer of operations	449,745	(449,745)
Fund balance as restated, October 1, 2022	$ 449,745	$ -

New Accounting Pronouncement - The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which improves 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.

NOTE U – RESTATEMENT OF BEGINNING NET POSITION (continued)

GASB Statement No. 96 was required to be implemented at the beginning of fiscal year 2023. This change in principle had no effect on the County's beginning fund balance of net position. However, beginning balances of capital assets and long-term obligations were restated to reflect the right-to-use subscription asset and offsetting liability.

The County component units did not require restatement.

Required Supplementary 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, 2023

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 8,628,213	$ 7,452,722	$ 7,282,811	$ (169,911)
Licenses and permits	4,100	2,703	3,750	1,047
Federal sources	902,600	1,382,036	2,371,580	989,544
State sources	2,202,419	1,964,896	2,020,233	55,337
Local sources	85,000	125,000	105,000	(20,000)
Charges for services	1,080,900	1,503,496	1,147,122	(356,374)
Fines and forfeits	61,700	61,393	360,057	298,664
Interest and rentals	15,900	72,464	355,401	282,937
Other	73,000	2,541,336	118,050	(2,423,286)
Total revenues	13,053,832	15,106,046	13,764,004	(1,342,042)
EXPENDITURES:				
Current:				
General government:				
Board of Commissioners	229,804	203,266	202,545	721
Administration	464,421	625,336	630,220	(4,884)
Clerk	306,857	306,411	306,334	77
Information technology	229,952	268,387	237,165	31,222
Treasurer	250,047	253,858	250,897	2,961
Equalization	235,407	258,490	255,862	2,628
Elections	70,504	58,962	59,035	(73)
Record copying	11,500	14,978	14,684	294
Building and grounds	475,808	549,592	529,549	20,043
Equipment repair	2,000	2,000	1,749	251
Insurance and bonding	128,900	137,043	220,212	(83,169)
Professional fees	44,681	52,066	46,021	6,045
Other general government	6,695	8,928	6,953	1,975
Judicial:				
Child Advocacy Center	-	2,095	2,095	-
Circuit court	365,954	358,672	674,304	(315,632)
District court	1,149,178	1,047,151	1,035,185	11,966
Friend of the court	807,223	710,402	698,592	11,810
Probate court	491,942	504,217	508,663	(4,446)
Prosecuting attorney	803,567	725,147	663,455	61,692
Jury commission	2,300	2,300	2,002	298
Juvenile court	121,152	178,074	177,648	426
Public safety:				
Sheriff	672,489	743,796	730,401	13,395
Marine safety	53,351	30,680	26,913	3,767
Corrections	3,567,028	3,667,531	3,668,838	(1,307)
Emergency management	93,951	98,569	90,929	7,640
Animal control	44,440	44,490	44,489	1
Other public safety	11,000	11,000	10,200	800
Public works:				
Drain commissioner	1,535	1,541	1,540	1
Landfill	-	-	-	-
Health and welfare:				
Medical examiner	67,550	69,992	68,324	1,668
Health department	270,231	265,731	265,731	-
Mental health	275,608	275,608	275,608	-
Veterans' affairs	68,832	68,684	67,365	1,319
Solider burial	10,000	10,000	7,200	2,800
Soil conservation district	25,350	25,350	25,350	-
Rescue squads	1,600	1,600	1,600	-
Other health and welfare	78,400	88,935	89,271	(336)
Community development:				
Cooperative extenstion	19,388	19,439	19,438	1
Register of deeds	140,768	134,884	135,637	(753)
Other community development	81,820	81,042	76,042	5,000
Recreation and culture:				
Parks	102,060	193,433	177,008	16,425
Library	-	-	-	-
Other recreation and culture	51,000	51,000	51,000	-
Capital outlay	7,000	465,217	435,817	29,400
Debt service:				
Principal	-	-	18,960	(18,960)
Interest	-	-	2,494	(2,494)
Total expenditures	11,841,293	12,615,897	12,813,325	(197,428)
Excess revenues (expenditures)	1,212,539	2,490,149	950,679	(1,539,470)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,000	1,980	1,980	-
Transfer in	65,000	71,607	85,308	13,701
Transfer out	(882,572)	(2,166,769)	(2,174,828)	(8,059)
Total other financing sources (uses)	(815,572)	(2,093,182)	(2,087,540)	5,642
Net changes in fund balances	396,967	396,967	(1,136,861)	(1,533,828)
Fund balances - beginning	7,388,538	7,388,538	7,388,538	-
Fund balances - ending	$ 7,785,505	$ 7,785,505	$ 6,251,677	$ (1,533,828)

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD PATROL
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	$ 2,145,085	$ 1,716,899	$ 1,716,204	$ (695)
Licenses and permits	6,000	8,351	8,351	-
Federal sources	-	14,385	6,318	(8,067)
State sources	206,550	307,065	221,949	(85,116)
Local sources	9,700	7,500	4,500	(3,000)
Charges for services	48,630	38,975	41,304	2,329
Fines and forefeits	500	-	-	-
Other	58,517	318,690	55,910	(262,780)
Total revenue	2,474,982	2,411,865	2,054,536	(357,329)
EXPENDITURES:				
Current:				
Public safety:				
Sheriff	1,968,917	1,828,348	1,717,165	111,183
Forest service	2,410	3,571	3,894	(323)
School resource officer	-	10,064	9,885	179
ORV law enforcement	19,972	20,972	638	20,334
Weighmaster	5,313	5,313	3,010	2,303
Airport patrol	8,674	24,671	24,049	622
Snowmobile law enforcement	14,752	27,702	3,781	23,921
Secondary road patrol	135,009	145,158	142,664	2,494
Operation Stonegarden	-	24,043	24,124	(81)
Capital outlay	115,000	216,756	179,614	37,142
Total expenditures	2,270,047	2,306,598	2,108,824	197,774
Excess revenues (expenditures)	204,935	105,267	(54,288)	(159,555)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	4,000	462	462	-
Insurance recoveries	-	-	14,596	14,596
Transfer in	-	103,206	123,650	20,444
Transfer out	(89,179)	(89,179)	(105,724)	(16,545)
Total other financing sources (uses)	(85,179)	14,489	32,984	18,495
Net changes in fund balances	119,756	119,756	(21,304)	(141,060)
Fund balances - beginning	28,882	28,882	28,882	-
Fund balances - ending	$ 148,638	$ 148,638	$ 7,578	$ (141,060)

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OPIOID SETTLEMENT FUND
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Settlement payments	$ -	$ 182,539	$ 202,270	$ 19,731
Total revenue	-	182,539	202,270	19,731
EXPENDITURES:				
Current:				
Health and welfare	-	-	-	-
Total expenditures	-	-	-	-
Excess revenues (expenditures)	-	182,539	202,270	19,731
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ 182,539	$ 202,270	$ 19,731

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Federal sources	$ 1,003,576	$ 729,469	$ -	$ (729,469)
State sources	-	-	99,933	99,933
Charges for services	998,060	1,179,594	1,234,976	55,382
Interest and rentals	156,800	182,688	189,984	7,296
Other	101,438	322,864	30	(322,834)
Total revenues	2,259,874	2,414,615	1,524,923	(889,692)
EXPENDITURES:				
Current:				
Public works:				
Personnel	620,286	578,220	587,908	(9,688)
Airport board	1,200	1,200	871	329
Airport services	598,000	845,984	846,043	(59)
Operations	145,659	126,986	158,268	(31,282)
Equipment and maintenance	155,500	122,996	531,152	(408,156)
Capital outlay	377,638	377,638	-	377,638
Total expenditures	1,898,283	2,053,024	2,124,242	(71,218)
Excess revenues (expenditures)	361,591	361,591	(599,319)	(960,910)
OTHER FINANCING SOURCES (USES):				
Transfer in	150,000	150,000	150,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	150,000	150,000	150,000	-
Net changes in fund balances	511,591	511,591	(449,319)	(960,910)
Fund balances - beginning	1,515,883	1,515,883	1,515,883	-
Fund balances - ending	$ 2,027,474	$ 2,027,474	$ 1,066,564	$ (960,910)

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	2021	2022
Total pension liability									
Service cost	$ 370,738	$ 355,421	$ 321,967	$ 308,654	$ 273,612	$ 274,927	$ 263,116	$ 258,801	$ 269,775
Interest	2,619,381	2,700,647	2,880,075	2,920,694	2,962,631	3,044,527	3,050,864	3,258,929	3,272,268
Changes in benefits	-	-	-	-	-	1,768	496	196	-
Difference between expected and actual experience	-	376,689	(478,274)	(371,018)	200,904	(141,847)	200,922	(396,859)	509,212
Change in assumptions	-	1,971,406	-	-	-	1,415,866	1,826,568	1,852,972	-
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)	(2,648,598)	(2,802,273)
Other	(1)	1	2	-	-	-	2	1	1
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	2,325,442	1,248,983
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	44,075,544	46,400,986
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	$ 46,400,986	$ 47,649,969
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	$ 1,810,392	$ 2,239,362
Contributions - employee	35,737	28,599	40,542	13,101	12,400	16,279	54,478	19,827	19,895
Net investment income	1,567,230	(374,464)	2,691,573	3,314,698	(1,096,297)	3,518,229	3,564,031	4,341,955	(3,579,506)
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)	(2,648,598)	(2,802,273)
Administrative expense	(57,465)	(55,499)	(53,549)	(52,570)	(53,662)	(60,591)	(56,923)	(49,831)	(63,530)
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	3,473,745	(4,186,052)
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	31,051,632	34,525,377
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	$ 34,525,377	$ 30,339,325
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	$ 11,875,609	$ 17,310,644
Plan fiduciary net position as a percentage of the total pension liability	76%	66%	68%	72%	67%	69%	70%	74%	64%
Covered - employee payroll	$ 2,508,801	$ 2,410,300	$ 2,123,797	$ 2,051,194	$ 1,829,445	$ 1,818,374	$ 1,728,768	$ 1,696,224	$ 1,599,061
County's net pension liability as a percentage of covered-employee payroll	319%	527%	565%	512%	705%	699%	753%	700%	1083%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%	12%	14%	-11%

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
2021 reflects a change in the investment rate of return assumption from 7.35% to 7.00%.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contributior	$ 872,928	$ 1,018,896	$ 879,024	$ 1,169,472	$ 1,262,949	$ 1,397,970	$ 1,694,280	$ 2,159,736	$ 2,478,240
Contributions in relation to the actuarially determined contributior	955,842	1,018,896	879,024	2,169,472	1,262,949	1,397,970	1,694,280	2,159,736	2,478,240
Contribution deficiency (excess)	$ (82,914)	$ -	$ -	$ (1,000,000)	$ -	$ -	$ -	$ -	$ -
Covered - employee payrol	$ 2,508,801	$ 2,410,300	$ 2,123,797	$ 2,051,194	$ 1,829,445	$ 1,818,374	$ 1,728,768	$ 1,696,224	$ 1,599,061
Contributions as a percentage of covered-employee payrol	38%	42%	41%	106%	69%	77%	98%	127%	155%

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 reporte
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closec
Remaining amortization period	10-12 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.00%
Retirement age	Experienced-based tables of rates that are specific to the type of eligibility condition
Mortality	MP-2019 applied fully generationally from the Pub-2010 base year 201(
Assumption changes	In the 2019 MERS valuation, the investment rate of return was reduced from 7.75% to 7.35%, which first impacted 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 first impacted 2022 contributions. In the 2021 MERS valuation, the investment rate of return was reduced from 7.35% to 7.00%, which first impacted 2023 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	2021	2022
Total pension liability									
Service cost	$ 160,837	$ 180,914	$ 187,284	$ 204,234	$ 180,125	$ 165,168	$ 175,228	$ 184,407	$ 191,493
Interest	662,144	697,023	759,262	794,390	848,848	885,838	898,597	998,586	1,038,300
Difference between expected and actual experience	-	88,285	(53,870)	171,098	(54,317)	(123,398)	102,720	61,142	(200,308)
Changes in assumptions	-	517,032	-	-	-	379,726	757,575	598,894	-
Benefit payments, including refund of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)	(522,312)	(601,085)	(645,027)	(683,943)
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	1,198,002	345,542
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	13,369,603	14,567,605
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	$ 14,567,605	$ 14,913,147
Plan fiduciary net position									
Contributions - employer	$ 149,618	$ 186,133	$ 238,951	$ 330,202	$ 334,134	$ 307,302	$ 323,350	$ 439,662	$ 506,759
Contributions - employee	27,549	29,564	30,057	31,965	32,920	30,585	30,869	33,119	32,283
Net investment income	516,019	(125,857)	921,012	1,172,985	(389,696)	1,271,131	1,322,242	1,617,269	(1,340,112)
Benefit payments, including refunds of member contributions	(389,151)	(431,337)	(457,522)	(466,575)	(487,299)	(522,312)	(601,085)	(645,027)	(683,943)
Administrative expense	(18,941)	(18,480)	(18,180)	(18,556)	(19,240)	(21,901)	(20,923)	(18,546)	(23,861)
Other	-	1	-	2	-	-	(1)	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	1,426,478	(1,508,874)
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	11,469,065	12,895,543
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	$ 12,895,543	$ 11,386,669
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	$ 1,672,062	$ 3,526,478
Plan fiduciary net position as a percentage of the total pension liability	99%	84%	88%	92%	83%	87%	86%	89%	76%
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,574,497	$ 1,418,717	$ 1,601,945	$ 1,658,168	$ 1,609,842
Department's net pension liability as a percentage of covered-employee payroll	8%	102%	83%	55%	121%	114%	119%	101%	219%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%	12%	14%	-11%

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
2021 reflects a change in the investment rate of return assumption from 7.35% to 7.00%.

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 113,342	$ 159,261	$ 191,089	$ 235,854	$ 240,848	$ 265,827	$ 306,859	$ 378,300	$ 393,930
Contributions in relation to the actuarially determined contribution	166,235	233,984	319,441	334,557	304,565	305,265	438,679	474,559	477,804
Contribution deficiency (excess)	$ (52,893)	$ (74,723)	$ (128,352)	$ (98,703)	$ (63,717)	$ (39,438)	$ (131,820)	$ (96,259)	$ (83,874)
Covered - employee payroll	$ 1,314,026	$ 1,480,198	$ 1,480,531	$ 1,617,942	$ 1,574,497	$ 1,418,717	$ 1,601,945	$ 1,658,168	$ 1,609,842
Contributions as a percentage of covered-employee payrol	13%	16%	22%	21%	19%	22%	27%	29%	30%

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 reportec
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	11-16 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.00%
Retirement age	50-57 years of age based on years of credited service
Mortality	MP-2019 applied fully generationally from the Pub-2010 base year 2010
Assumption changes	In the 2019 MERS valuation, the investment rate of return was reduced from 7.75% to 7.35%, which first impacted 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 first impacted 2022 contributions. In the 2021 MERS valuation, the investment rate of return was reduced from 7.35% to 7.00%, which first impacted 2023 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	2021	2022
Total pension liability									
Service cost	$ 114,334	$ 119,662	$ 126,660	$ 127,523	$ 140,799	$ 162,581	$ 164,931	$ 173,802	$ 198,996
Interest	848,222	872,732	906,491	940,940	955,343	987,049	987,684	1,024,356	1,023,054
Difference between expected and actual experience	-	(44,201)	180,625	(60,442)	175,235	32,176	(3,409)	(89,822)	(11,462)
Change in assumptions	-	534,196	-	-	-	413,023	303,729	488,935	-
Benefit payments, including refund of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)	(906,345)	(970,201)	(979,475)	(974,871)
Other	-	-	-	-	-	-	-	-	-
Net change in total pension liability	329,507	779,212	450,297	204,298	405,852	688,484	482,734	617,796	235,717
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	13,881,217	14,499,013
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	$ 14,499,013	$ 14,734,730
Plan fiduciary net position									
Contributions - employer	$ 660,540	$ 735,719	$ 439,534	$ 640,593	$ 1,084,965	$ 550,232	$ 930,224	$ 1,417,854	$ 968,594
Contributions - employee	7,208	12,958	55,473	19,017	22,241	26,583	27,617	31,857	32,609
MERS adjustment	-	-	-	168,880	-	-	-	-	-
Net investment income (loss)	339,991	(78,578)	637,694	815,891	(286,674)	913,767	960,818	1,200,645	(1,023,886)
Benefit payments, including refunds of member contributions	(633,049)	(703,177)	(763,479)	(803,723)	(865,525)	(906,345)	(970,201)	(979,475)	(974,871)
Administrative expense	(12,525)	(12,611)	(12,598)	(12,906)	(13,606)	(15,738)	(14,934)	(13,706)	(18,544)
Net change in plan fiduciary net position	362,165	(45,689)	356,624	827,752	(58,599)	568,499	933,524	1,657,175	(1,016,098)
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	8,348,562	10,005,737
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	$ 10,005,737	$ 8,989,639
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	$ 4,493,276	$ 5,745,091
Plan fiduciary net position as a percentage of the total pension liability	53%	49%	50%	56%	54%	55%	60%	69%	61%
Covered - employee payroll	$ 1,306,931	$ 1,371,526	$ 1,451,488	$ 1,450,708	$ 1,586,458	$ 1,793,272	$ 1,768,538	$ 1,886,032	$ 1,980,841
Commission's net pension liability as a percentage of covered-employee payroll	391%	432%	415%	372%	370%	334%	313%	238%	290%
Annual money-weighted rate of return, net of investment expense	6%	-2%	11%	13%	-4%	13%	13%	14%	-10%

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
2021 reflects a change in the investment rate of return assumption from 7.35% to 7.00%.

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

COUNTY ROAD COMMISSION - COMPONENT UNIT

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 354,186	$ 360,540	$ 385,719	$ 439,535	$ 432,069	$ 484,965	$ 612,462	$ 699,535	$ 758,249	$ 767,342
Contributions in relation to the actuarially determined contribution	554,186	660,540	735,719	589,535	640,592	1,084,965	912,462	1,399,535	958,249	967,342
Contribution deficiency (excess)	$ (200,000)	$ (300,000)	$ (350,000)	$ (150,000)	$ (208,523)	$ (600,000)	$ (300,000)	$ (700,000)	$ (200,000)	$ (200,000)
Covered - employee payroll	$ 1,235,451	$ 1,306,931	$ 1,371,526	$ 1,451,488	$ 1,450,708	$ 1,586,458	$ 1,793,272	$ 1,768,838	$ 1,886,032	$ 1,952,556
Contributions as a percentage of covered-employee payroll	45%	51%	54%	41%	44%	68%	51%	79%	51%	50%

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 9 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	16 years
Asset valuation method	5 years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.00%
Retirement age	Experienced-based tables of rates that are specific to the type of eligibility condition.
Mortality	MP-2019 applied fully generationally from the Pub-2010 base year 2010
Assumption changes	In the 2019 MERS valuation, the investment rate of return was reduced from 7.75% to 7.35%, which first impacted 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 first impacted 2022 contributions. In the 2021 MERS valuation, the investment rate of return was reduced from 7.35% to 7.00%, which first impacted 2023 contributions.
Note	Above dates on based on fiscal year and not the measurement date

Other Supplementary Information

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Funds				
	County Parks	Title III Forest Projects	Friend of Court	Circuit Court Counseling	Community Action
ASSETS					
Cash and equivalents:					
Unrestricted	$ 304,466	$ 154,376	$ 56,397	$ 106,010	$ 1,964
Restricted	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	594
Due from State of Michigan	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	$ 304,466	$ 154,376	$ 56,397	$ 106,010	$ 2,558
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ 36,000	$ -	$ -	$ 2,558
Due to other funds	-	-	-	-	-
Accrued payroll and related liabilities	-	-	-	-	-
Total liabilities	-	36,000	-	-	2,558
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	304,466	118,376	56,397	106,010	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	304,466	118,376	56,397	106,010	-
Total liabilities and fund balances	$ 304,466	$ 154,376	$ 56,397	$ 106,010	$ 2,558

See accompanying notes to financial statements.

Special Revenue Funds							
Sanitary Landfill	Hannahville Funding	Donations	County Survey	Building and Zoning	Homestead P.A. 105	Register of Deeds Automation
$ 123,305	$ 50,000	$ 156,245	$ 120,480	$ 82,023	$ 12,187	$ 149,523
-	-	-	-	-	-	-
-	-	-	-	-	-	15
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 123,305	$ 50,000	$ 156,245	$ 120,480	$ 82,023	$ 12,187	$ 149,538
$ 123,305	$ -	$ 950	$ -	$ 7,263	$ 1,904	$ 1,379
-	-	-	-	6,172	-	-
-	-	-	-	4,771	-	284
123,305	-	950	-	18,206	1,904	1,663
-	-	-	-	-	-	-
-	-	141,251	-	63,817	-	147,875
-	-	-	-	-	-	-
-	50,000	14,044	120,480	-	10,283	-
-	-	-	-	-	-	-
-	50,000	155,295	120,480	63,817	10,283	147,875
$ 123,305	$ 50,000	$ 156,245	$ 120,480	$ 82,023	$ 12,187	$ 149,538

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Funds				
	Indigent Defense Counsel	Concealed Pistol Licensing	PA 124 Training	Drug Enforcement	Law Library
ASSETS					
Cash and equivalents:					
Unrestricted	$ -	$ 67,871	$ 23,453	$ -	$ 14,850
Restricted	237,279	-	-	2,671	-
Receivables:					
Accounts	-	-	-	-	-
Due from State of Michigan	-	-	-	5,935	-
Prepaid items	-	-	-	-	-
Total assets	$ 237,279	$ 67,871	$ 23,453	$ 8,606	$ 14,850
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 8,284	$ 241	$ -	$ 3,248	$ 996
Due to other funds	-	-	-	14,115	-
Accrued payroll and related liabilities	5,019	697	-	5,610	-
Total liabilities	13,303	938	-	22,973	996
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	223,976	66,933	23,453	2,671	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	13,854
Unassigned	-	-	-	(17,038)	-
Total fund balances (deficit)	223,976	66,933	23,453	(14,367)	13,854
Total liabilities and fund balances	$ 237,279	$ 67,871	$ 23,453	$ 8,606	$ 14,850

See accompanying notes to financial statements.

Special Revenue Funds							
911 Millage	Co-Probation	Child Care	Soldiers and Sailors	Sobriety Court	Northcare Sobriety Court	Prosecutors Grant
$ 685,531	$ 851	$ 354,382	$ 10,596	$ 13,637	$ 83,654	$ 230
-	-	-	-	-	-	-
75,307	-	-	-	-	8,989	-
21,752	-	46,504	-	-	-	-
24,115	-	8,750	-	-	-	-
$ 806,705	$ 851	$ 409,636	$ 10,596	$ 13,637	$ 92,643	$ 230
$ 11,192	$ -	$ 19,775	$ -	$ 1,349	$ 1,648	$ -
-	-	-	-	-	-	-
17,724	851	6,603	-	627	401	-
28,916	851	26,378	-	1,976	2,049	-
24,115	-	8,750	-	-	-	-
753,674	-	374,508	-	11,661	90,594	-
-	-	-	-	-	-	-
-	-	-	10,596	-	-	230
-	-	-	-	-	-	-
777,789	-	383,258	10,596	11,661	90,594	230
$ 806,705	$ 851	$ 409,636	$ 10,596	$ 13,637	$ 92,643	$ 230

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds	
	Brownfield	Jail Building Debt	Capital Outlay	Airport Improvement
ASSETS				
Cash and equivalents:				
Unrestricted	$ 11,002	$ -	$ 775,422	$ -
Restricted	-	237,607	-	198,196
Receivables:				
Accounts	-	49	6,601	-
Due from State of Michigan	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 11,002	$ 237,656	$ 782,023	$ 198,196
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 263,406	$ 3,117
Due to other funds	-	100,000	-	72,716
Accrued payroll and related liabilities	-	-	-	-
Total liabilities	-	100,000	263,406	75,833
Fund balances:				
Nonspendable	-	-	-	-
Restricted	11,002	137,656	185,000	122,363
Committed	-	-	-	-
Assigned	-	-	333,617	-
Unassigned	-	-	-	-
Total fund balances (deficit)	11,002	137,656	518,617	122,363
Total liabilities and fund balances	$ 11,002	$ 237,656	$ 782,023	$ 198,196

See accompanying notes to financial statements.

Capital Projects Funds		Total Nonmajor Governmental Funds
Renaissance Zone	Jail Building	
$ 7,491	$ 26,766	$ 3,392,712
-	-	675,753
-	-	91,555
-	-	74,191
-	-	32,865
$ 7,491	$ 26,766	$ 4,267,076
$ -	$ -	$ 486,615
-	-	193,003
-	-	42,587
-	-	722,205
-	-	32,865
7,491	26,766	2,975,940
-	-	-
-	-	553,104
-	-	(17,038)
7,491	26,766	3,544,871
$ 7,491	$ 26,766	$ 4,267,076

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, 2023

	Special Revenue Funds				
	County Parks	Title III Forest Projects	Friend of Court	Circuit Court Counseling	Community Action
REVENUES:					
Taxes	$ -	$ -	$ -	$ -	$ 1,050,583
Licenses and permits	-	-	-	-	-
Federal sources	-	59,455	-	-	-
State sources	-	-	-	-	145,871
Local sources	-	-	-	-	-
Charges for services	316,205	-	7,135	2,905	-
Fines and forfeits	-	-	-	-	-
Interest and rentals	1,158	-	-	-	-
Other	-	-	-	-	-
Total revenues	317,363	59,455	7,135	2,905	1,196,454
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Judicial	-	-	5,912	-	-
Public safety	-	150,480	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	1,196,881
Community development	-	-	-	-	-
Recreation and culture	12,897	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	12,897	150,480	5,912	-	1,196,881
Excess revenues (expenditures)	304,466	(91,025)	1,223	2,905	(427)
OTHER FINANCING SOURCES (USES):					
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net changes in fund balance	304,466	(91,025)	1,223	2,905	(427)
Fund balance (deficit) - beginning	-	209,401	55,174	103,105	427
Restatement to beginning fund balance	-	-	-	-	-
Fund balance (deficit) - beginning, restated	-	209,401	55,174	103,105	427
Fund balance (deficit) - ending	$ 304,466	$ 118,376	$ 56,397	$ 106,010	$ -

See accompanying notes to financial statements.

Special Revenue Funds							
Sanitary Landfill	Hannahville Funding	Donations	County Survey	Building and Zoning	Homestead P.A. 105	Register of Deeds Automation
$ 394,980	$ -	$ -	$ -	$ -	$ 4,962	$ -
-	-	-	12,780	223,375	-	-
-	-	-	-	-	-	-
35,258	-	-	92,625	-	-	-
-	193,571	68,061	-	-	-	-
-	-	400	-	-	-	35,875
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,244	-	-
430,238	193,571	68,461	105,405	227,619	4,962	35,875
-	-	-	107,721	-	-	-
-	-	-	-	-	-	-
-	10,000	50,135	-	-	-	-
552,370	-	-	-	-	-	-
-	90,071	-	-	-	-	-
-	93,500	-	-	278,307	-	25,126
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
552,370	193,571	50,135	107,721	278,307	-	25,126
(122,132)	-	18,326	(2,316)	(50,688)	4,962	10,749
-	-	2,844	-	110,260	-	-
-	-	-	-	-	-	-
-	-	2,844	-	110,260	-	-
(122,132)	-	21,170	(2,316)	59,572	4,962	10,749
122,132	50,000	134,125	122,796	4,245	5,321	137,126
-	-	-	-	-	-	-
122,132	50,000	134,125	122,796	4,245	5,321	137,126
$ -	$ 50,000	$ 155,295	$ 120,480	$ 63,817	$ 10,283	$ 147,875

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, 2023

	Special Revenue Funds				
	Indigent Defense Counsel	Concealed Pistol Licensing	PA 124 Training	Drug Enforcement	Law Library
REVENUES:					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-
Federal sources	-	-	-	35,475	-
State sources	446,891	-	-	-	-
Local sources	-	-	-	-	-
Charges for services	-	25,362	4,760	13,995	-
Fines and forfeits	-	-	-	-	4,500
Interest and rentals	-	-	-	26	-
Other	-	20	-	-	-
Total revenues	446,891	25,382	4,760	49,496	4,500
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Judicial	533,009	-	-	-	14,173
Public safety	-	24,206	150	167,099	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	533,009	24,206	150	167,099	14,173
Excess revenues (expenditures)	(86,118)	1,176	4,610	(117,603)	(9,673)
OTHER FINANCING SOURCES (USES):					
Transfer in	110,449	-	-	89,179	7,000
Transfer out	-	-	-	-	-
Total other financing sources (uses)	110,449	-	-	89,179	7,000
Net changes in fund balance	24,331	1,176	4,610	(28,424)	(2,673)
Fund balance (deficit) - beginning	199,645	65,757	18,843	14,057	16,527
Restatement to beginning fund balance	-	-	-	-	-
Fund balance (deficit) - beginning, restated	199,645	65,757	18,843	14,057	16,527
Fund balance (deficit) - ending	$ 223,976	$ 66,933	$ 23,453	$ (14,367)	$ 13,854

See accompanying notes to financial statements.

Special Revenue Funds							
911 Millage	Co-Probation	Child Care	Soldiers and Sailors	Sobriety Court	Northcare Sobriety Court	Prosecutors Grant	
$ 989,776	$ -	$ -	$ -	$ -	$ -	$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
263,827	-	436,862	-	35,495	-	-	
-	-	-	-	-	40,762	-	
311,847	-	7,492	-	-	-	-	
-	-	-	-	-	-	-	
3,029	-	-	-	-	-	-	
10,572	-	-	-	44	-	-	
1,579,051	-	444,354	-	35,539	40,762	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
1,004,145	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	699,962	3,930	39,387	18,264	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
213,617	-	-	-	-	-	-	
33,245	-	-	-	-	-	-	
1,251,007	-	699,962	3,930	39,387	18,264	-	
328,044	-	(255,608)	(3,930)	(3,848)	22,498	-	
-	-	348,631	2,000	-	-	-	
-	-	(71,607)	-	-	-	-	
-	-	277,024	2,000	-	-	-	
328,044	-	21,416	(1,930)	(3,848)	22,498	-	
-	-	361,842	12,526	15,509	68,096	230	
449,745	-	-	-	-	-	-	
449,745	-	361,842	12,526	15,509	68,096	230	
$ 777,789	$ -	$ 383,258	$ 10,596	$ 11,661	$ 90,594	$ 230	

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds	
	Brownfield	Jail Building Debt	Capital Outlay	Airport Improvement
REVENUES:				
Taxes	$ -	$ 1,122,074	$ -	$ -
Licenses and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	32,862	47,000	-
Local sources	-	-	76,601	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rentals	-	13,171	-	1,761
Other	-	-	-	-
Total revenues	-	1,168,107	123,601	1,761
EXPENDITURES:				
Current:				
General government	-	-	3,753	-
Judicial	-	-	-	-
Public safety	-	276	-	-
Public works	-	-	-	3,796
Health and welfare	-	-	-	-
Community development	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	1,102,819	-
Debt service:				
Principal	-	515,000	-	-
Interest	-	442,200	-	-
Total expenditures	-	957,476	1,106,572	3,796
Excess revenues (expenditures)	-	210,631	(982,971)	(2,035)
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	1,184,549	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	1,184,549	-
Net changes in fund balance	-	210,631	201,578	(2,035)
Fund balance (deficit) - beginning	11,002	(72,975)	317,039	124,398
Restatement to beginning fund balance	-	-	-	-
Fund balance (deficit) - beginning, restated	11,002	(72,975)	317,039	124,398
Fund balance (deficit) - ending	$ 11,002	$ 137,656	$ 518,617	$ 122,363

See accompanying notes to financial statements.

Capital Projects Funds		Total Nonmajor Governmental Funds
Renaissance Zone	Jail Building	
$ -	$ -	$ 3,562,375
-	-	236,155
-	-	94,930
-	-	1,536,691
-	-	378,995
-	-	725,976
-	-	4,500
-	-	19,145
-	-	14,880
-	-	6,573,647
-	-	111,474
-	-	553,094
-	-	1,406,491
-	-	556,166
-	-	2,048,495
-	-	396,933
-	-	12,897
-	-	1,102,819
-	-	728,617
-	-	475,445
-	-	7,392,431
-	-	(818,784)
-	-	1,854,912
-	-	(71,607)
-	-	1,783,305
-	-	964,521
7,491	26,766	2,130,605
-	-	449,745
7,491	26,766	2,580,350
$ 7,491	$ 26,766	$ 3,544,871

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2023

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents				
Unrestricted	$ 392,966	$ 4,471,880	$ 436,331	$ 5,301,177
Notes	-	147,374	-	147,374
Total current assets	392,966	4,619,254	436,331	5,448,551
Noncurrent assets:				
Advances to other funds	-	268,000	-	268,000
Notes receivable	-	494,769	-	494,769
Total noncurrent assets	-	762,769	-	762,769
Total assets	$ 392,966	$ 5,382,023	$ 436,331	$ 6,211,320
LIABILITIES				
Current liabilities:				
Accounts payable	$ -	$ -	$ 5,893	$ 5,893
Accrued payroll	-	-	3,912	3,912
Total liabilities	-	-	9,805	9,805
NET POSITION				
Restricted	150,000	-	-	150,000
Unrestricted	242,966	5,382,023	426,526	6,051,515
Total net position	392,966	5,382,023	426,526	6,201,515
TOTAL LIABILITIES AND NET POSITION	$ 392,966	$ 5,382,023	$ 436,331	$ 6,211,320

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, 2023

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
OPERATING REVENUES:				
Rental and interest income	$ -	$ -	$ 46,750	$ 46,750
Miscellaneous	-	-	5,362	5,362
Total operating revenue	-	-	52,112	52,112
OPERATING EXPENSES:				
Salaries and fringes	-	-	30,931	30,931
Supplies	-	-	13,401	13,401
Contracted services	-	-	593	593
Repairs and maintenance	-	-	67,492	67,492
Utilities	-	-	6,355	6,355
Miscellaneous	-	-	13,290	13,290
Total operating expenses	-	-	132,062	132,062
Operating income (loss)	-	-	(79,950)	(79,950)
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	-	2,329	-	2,329
Income (loss) before transfers and contributions	-	2,329	(79,950)	(77,621)
Transfer in	-	-	138,289	138,289
Change in net position	-	2,329	58,339	60,668
Total net position - beginning	392,966	5,379,694	368,187	6,140,847
Total net position - ending	$ 392,966	$ 5,382,023	$ 426,526	$ 6,201,515

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2023

	Termination/ Sick Leave	Residual Equity Transfer	Service Center	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rents	$ -	$ -	$ 46,950	$ 46,950
Payments to suppliers	-	-	(102,030)	(102,030)
Payments for wages and related benefits	-	-	(31,597)	(31,597)
Payments to other funds	-	-	-	-
Other cash receipts (payments)	-	-	5,362	5,362
Net cash provided (used) by operating activities	-	-	(81,315)	(81,315)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	-	-	138,289	138,289
Sale of investments to other fund	-	5,352,261	-	5,352,261
Repayments of advances from other funds	-	(656,387)	-	(656,387)
Net cash provided (used) by noncapital financing activities	-	4,695,874	138,289	4,834,163
CASH FLOWS FROM INVESTING ACTIVITIES				
Loan proceeds paid to borrower	-	(250,000)	-	(250,000)
Principal collected on loans	-	23,677	-	23,677
Interest earnings	-	2,329	-	2,329
Net cash provided (used) by investing activities	-	(223,994)	-	(223,994)
Net increase (decrease) in cash and equivalents	-	4,471,880	56,974	4,528,854
Cash and equivalents, beginning of year	392,966	-	379,357	772,323
Cash and equivalents, end of year	$ 392,966	$ 4,471,880	$ 436,331	$ 5,301,177
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ -	$ -	$ (79,950)	$ (79,950)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in receivables	-	-	200	200
Increase (decrease) in accounts payable	-	-	(899)	(899)
Increase (decrease) in accrued payroll	-	-	(666)	(666)
Total adjustments	-	-	(1,365)	(1,365)
Net cash provided (used) by operating activities	$ -	$ -	$ (81,315)	$ (81,315)

See accompanying notes to financial statements.

COUNTY OF DELTA, MICHIGAN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023

	Custodial Funds			
	General Trust and Agency	Sheriff Inmate Trust	Library Penal Fines	Totals
ASSETS				
Cash and cash equivalents:				
Unrestricted	$ 91,207	$ 11,804	$ 17,190	$ 120,201
Accounts receivable	-	20,620	-	20,620
Total assets	$ 91,207	$ 32,424	$ 17,190	$ 140,821
LIABILITIES				
Due to other governmental units	$ 42,384	$ -	$ -	$ 42,384
Other liabilities	48,823	24,676	17,190	90,689
Total liabilities	91,207	24,676	17,190	133,073
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	-	7,748	-	7,748
TOTAL LIABILITIES AND NET POSITION	$ 91,207	$ 32,424	$ 17,190	$ 140,821

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, 2023

	Custodial Funds			
	General Trust and Agency	Sheriff Inmate Trust	Library Penal Fines	Totals
ADDITIONS				
Tax collections for other governments	$ 9,743,517	$ -	$ -	$ 9,743,517
Collection of fines and fees	348,606	-	93,183	441,789
Inmate collections	-	414,947	-	414,947
Total additions	10,092,123	414,947	93,183	10,600,253
DEDUCTIONS				
Tax disbursements to other governments	9,743,517	-	-	9,743,517
Disbursement of fines and fees	348,606	-	93,183	441,789
Inmate distributions	-	413,875	-	413,875
Total deductions	10,092,123	413,875	93,183	10,599,181
Change in Net Position	-	1,072	-	1,072
Net Position, Beginning of Year	-	6,676	-	6,676
Net Position, End of Year	$ -	$ 7,748	$ -	$ 7,748

See accompanying notes to financial statements.

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

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

"A Regional Firm Within the Upper Peninsula of Michigan"

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Delta, Michigan (the "County"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 20, 2024. 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 the County of Delta's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 to be material weaknesses.

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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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-003 and 2023-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2023-005.

County of Delta, Michigan's Response to Findings

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

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

November 20, 2024

COUNTY OF DELTA, MICHIGAN
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2023

FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001: Material Weakness – Material Audit Adjustments and Financial Close & Reporting (repeat)

Criteria: In accordance with GAAP, adequate internal controls should be implemented to ensure that all assets, liabilities, revenues and expenses are properly recorded, processed, and reported. Furthermore, proper accounting principles should be applied and year-end journal entries should be posted to all financial closing accounts and processes, thus resulting in the proper presentation of all County activities and/or funds in a timely manner prior to the commencement of the audit.

Condition: The County's general ledger and underlying accounting records were not reconciled and closed in a timely manner for certain balances. During the audit of the County's financial statements, we identified material misstatements in the County's general ledger account balances which required material audit adjustments. Material audit adjustments were required to adjust fund balance to actual, properly accrue revenues and expenditures, record activity for compliance with GASB Statement No. 84 on fiduciary activities, record activity for compliance with GASB Statement No. 87 on leases, record revenue and related expenditures from the Local Community Stabilization Act in accordance with state guidelines, and recognize grants and capital outlay to present the financial statements in accordance with GAAP.

Effect: The County's financial information as reported was not materially correct or presented in accordance with generally accepted accounting principles. There exists a potential for misstatements in the financial statement to go undetected by management. In addition, untimely preparation of year-end adjustments and supporting reconciliations and accounting records does not provide adequate time for the County to review and creates inefficiencies in the audit process. The 2022 and 2023 financial reporting and audit submission process was untimely.

Cause: The County did not have an adequate process in place to ensure an effective review was conducted of all year-end balances to verify the balances were correct and properly supported in all instances. This condition was caused by the County's lack of formal procedures and controls as well as limited staff with necessary skills. External auditors cannot be part of the County's internal control structure.

Recommendation: The County should develop internal controls and procedures to ensure that all accounting records are properly supported and reflected in the general ledger prior to the commencement of the audit. The County should develop processes throughout the year to help management implement preventative measures to mitigate financial recording errors as opposed to detective measures in fixing financial reporting errors during the financial closing process. The County could look for opportunities to develop the financial skills of personnel outside the traditional accounting team. A sound internal control system includes five elements: 1) control environment, 2) risk assessment, 3) monitoring and review, 4) information and communication, and 5) control activities.

Management Response: County Administration will conduct a comprehensive review of financial procedures to ensure that journal entries are posted accurately and in a timely manner. Additionally, reconciliations will be performed to verify the material correctness of the financial statements. The County will also evaluate and implement necessary internal controls and procedures specifically designed for the financial closing and reporting process.

2023-002: Material Weakness – Tracking of Grant Awards and Expenditures (repeat)

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 grants 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 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 conduct a thorough review of procedures to ensure that capital and other grants and contributions are accurately tracked and accounted for. To enhance efficiency and transparency, the County is currently implementing a comprehensive grant management system within its accounting software. This system will streamline grant tracking and expenditure control, ensuring compliance with grant award terms and conditions.

2023-003: Significant Deficiency– Jail Commissary and Inmate Trust Account Reconciliation (repeat)

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 by fund and activity was not properly classified between inmate fiduciary accounts and jail commissary accounts within the general ledger.

Effect: The County's trial balances required adjustment during the audit, which could lead to 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.

2023-003: Significant Deficiency– Jail Commissary and Inmate Trust Account Reconciliation (repeat)-continued

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 conduct a thorough review of procedures to ensure that all financial activities are accurately reconciled and properly classified according to applicable accounting standards.

2023-004: Significant Deficiency– Implementation of New Accounting Pronouncements (repeat)

Criteria: The County is required to implement and follow accounting standards as promulgated by the Governmental Accounting Standards Board, including recently applicable Statements No. 84, 87, 94, and 96.

Condition: Extensive analysis, calculation, and reconciliation by the auditor was necessary to identify and record lease activity as well as compile information for required note disclosures in accordance with GASB Statement 96 (Subscription-Based IT Arrangements, implemented 2023), Statement 87 (Leases, now in second year), and GASB Statement 84 (Fiduciary Activities, now in third year). In addition, the client was unable to provide an analysis regarding implementation of GASB 94 (PPPs and Availability Payment Arrangements, implemented 2023).

Effect: The County required non-attest assistance at the time of the audit to ensure compliance with GASB Statements 96, 94, 87 and 84.

Cause: The County lacks a process for evaluating and implementing new accounting standards. Personnel with the appropriate understanding of the new accounting standards are not provided the adequate resources to ensure a timely and appropriate implementation. Specifically, the County lacked any process for evaluating its contracts to identify leasing or subscription arrangements. The County also lacked a process to begin recording additions and deductions in the general ledger for the Custodial Funds rather than recording all of the activity in the asset and liability accounts as allowed prior to the implementation of Statement No. 84.

Recommendation: The County should monitor new accounting standards, attend training as necessary, and implement procedures as necessary. The County should develop procedures for evaluating agreements involving buildings or equipment to identify potential leasing and subscription arrangements. The County should begin recording activity in the general ledger so that financial reports properly reflect fiduciary activities.

Management Response: The County will conduct a comprehensive review of its procedures related to leases, IT subscriptions, custodial funds, and the potential implementation of new accounting standards. Based on the findings of this review, the County will make any necessary changes or additions to its policies and procedures to ensure compliance with applicable regulations and best practices.

2023-005: 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, 2023, 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 one fund.

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, it is not practical to provide accurate and honest budget projections as of September 30th. As per state law, budgets are not adjusted after September 30th, even if the additional expenditures are incurred and accrued subsequently. Budgets are reviewed and amended annually on a conservative basis by administration. County management will inform public officials of the potential budgetary implications and remain committed to responsible spending practices. By proactively addressing these issues, the County aims to avoid any appearance of non-compliance.

Report to Management

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

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

"A Regional Firm Within the Upper Peninsula of Michigan"

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 the County of Delta, Michigan (the "County") for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 9, 2024. 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 the County are described in Note A to the financial statements. As described in Note U to the financial statements, the County changed accounting policies by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, during 2023. The County also adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, although this statement had no impact on the County's financial statements or disclosures. The application of existing policies was not changed during 2023. We noted no transactions entered into by the 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 the 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.
>
> Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation time.
>
> Management's estimate of the discount rate used for leases/subscriptions, the term and lease/subscription payments/receipts is based on incremental borrowing rates and consideration of the noncancelable period of the lease/subscription and reasonably certain options.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are 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 disclosures 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. However, the completion of our audit was delayed due to turnover in key management positions at the County accompanied by certain schedules and information not being available in a timely manner.

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 related to:

- Classification and completeness of activity related to leases and subscriptions in accordance with GASB Statement No. 87 and Statement No. 96.
- Completeness of activity related to additions and deductions in the Custodial Fund in accordance with GASB Statement No. 84.
- Completeness and cutoff of expenditures/expenses and accounts payable.
- Completeness and cutoff of revenue and receivables.
- Completeness and classification of grant activity.
- Completeness of fund balance.

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 November 20, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the 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 the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the budgetary comparison schedules, and the schedules of net pension liability and employer contributions, which comprise required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual and combining nonmajor 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 items are informational or relate to upcoming changes that may impact the County. The following informational items do not affect our report dated November 20, 2024 on the financial statements of the County.

Comments & Recommendations (Other Matters)

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 monies 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. Certain departments have subledgers that are independent of the general ledger, which are not reconciled to the general ledger.

Recommendations:
All balances should be examined throughout the year for accuracy and proper classification. Year end 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.

Bank Reconciliations (repeat)

Comment:
Noted that there is no review of bank reconciliations once prepared by the Treasurer and that there is not a formal process for someone other than Treasurer to download and review the bank statements prior to reconciliation. 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. Also noted bank reconciliations were not always performed in a timely manner.

Recommendations:
The County should develop formal review processes for bank reconciliations and downloading of bank statements. 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.

Other Cash Controls (repeat)

Comment:
Noted that there is opportunity for the County to strengthen procedures and controls around cash based on the following observations.

- Members of the Treasurer's office share login credentials for online banking
- Multiple members of the Treasurer's office often access the same cash drawer during a day
- One employee can initiate and approve bank transfers
- The Treasurer is not consistently preparing and the Board is not reviewing quarterly investment reports including gain/loss activity on a quarterly basis as required by the County investment policy.
- There is not a defined segregation of duties in the Treasurer's office as the Treasurer, Chief Deputy Treasurer, and Deputy Treasurer all perform certain duties such as opening the mail, accepting/creating receipts, preparing deposits, and posting receipts to the general ledger.
- There are no formal processes in place to review or reconcile delinquent receivables or for the adjustment of receivable balances.

Recommendations:
The County should review or create internal policies and controls surrounding cash operations.

- Generally, login credentials and cash drawers should not be shared.
- Initiation and approval (release) of transfers should be segregated between two employees.
- The County should begin following its investment policy to ensure that investment activity is reviewed.
- The County should develop defined segregation of duties and formal documentation for cash receipting operations to ensure that one person is not responsible for multiple functions within a given time period. Ideally, no individual employee should handle more than one function (custody of assets, record keeping, authorization, and reconciliation) in a process.
- The County should develop procedures to ensure delinquent receivables and receivable adjustments are reviewed.

Airport Fuel Inventory

Comment:
During testing of inventory, we noted that the County did not take physical inventory of airport fuel on or around 9/30. The closest measurement date was 10/10/23, which is a significant gap between year end given that the Airport sells about 600 gallons per day. The client recorded the year end inventory using the figure from 10/10/23 and did not attempt to adjust for the ten days between year end and measurement. In addition, the client calculated fuel quantities using a flat rate of gallons per inch, which does not provide a precise measurement for a cylindrical fuel tank. The client indicated there was not a more precise measurement method available.

Recommendations:
The County should have procedures requiring regular measurement of fuel quantities, especially on the final day of the fiscal year. The County should ensure that it has the ability to precisely measure the quantity of fuel in the tanks.

Fiduciary Funds (repeat)

Comment:
The County was required to implement GASB 84 in 2021. The County did not ensure that it had procedures and controls in place to appropriately determine and track the activity of fiduciary funds. As of 2023, the County has still not made any significant changes to the way transactions are recorded in its fiduciary funds. Additions and deductions to the funds are not being properly recorded in the general ledger system, and certain items such as bonds and restitutions which do not meet the criteria for fiduciary activities under GASB 84 are still being reported in fiduciary funds. Ultimately, the County requested guidance and assistance from the auditor to ensure the standard was properly implemented and followed.

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 (repeat)

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.

Michigan Chart of Accounts and Fund Classification (repeat)

Comment:
Per review of client trial balances, it was noted that the County is not fully in compliance with the new Michigan Department of Treasury Uniform Chart of Accounts for Local Units of Government. Also, the County has certain funds that have minimal to no activity, especially capital projects funds.

Recommendations:
We recommend the County continue to review its chart of accounts for compliance with the Michigan Uniform Chart of accounts. The County should also perform a detailed analysis of the County's funds to determine appropriate classification.

Informational Items

GASB Statement No. 100 – *Accounting Changes and Error Corrections*

The objective of this Statement is to improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The provisions of this statement are effective for the County's financial statements for the 2023-2024 fiscal year. The County should be evaluating the impact the implementation of the standard will have on the County's funds.

GASB 101 – *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The provisions of this statement are effective for the County's financial statements for the 2024-2025 fiscal year. The County should begin analyzing the impact the implementation of the standard will have on the County's funds.

GASB Statement No. 102 – *Certain Risk Disclosures*

The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The provisions of this statement are effective for the County's financial statements for the 2024-2025 fiscal year. The County should start to evaluate 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 Board of Commissioners and management of the County of Delta, Michigan, 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

November 20, 2024