

BENZIE COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required and other
supplementary information)

YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Benzie County
Beulah, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benzie County, Michigan (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County Medical Care Facility, which represents 70%, 63%, and 82%, respectively, of the assets, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Benzie County Road Commission or the Benzie County Transportation Authority, which represent 99%, 99%, and 99%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Medical Care Facility, Benzie County Road Commission, and the Benzie County Transportation Authority, are based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Benzie County, Michigan, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The 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.

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

The continuing disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021, 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 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 the County's internal control over financial reporting and compliance.

Maney Costerian PC

March 25, 2021

BENZIE COUNTY, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Benzie County's (the County's) financial performance and position, providing an overview of the activities for the year ended September 30, 2020. This analysis should be read in conjunction with the *Independent Auditor's Report*, beginning on page 1 of this report, and with the County's financial statements, which follow this section.

Certain limited financial information is presented with respect to the Benzie County Road Commission and Benzie County Transportation Authority. The reader should refer to the Road Commission's and Transportation Authority's separately issued financial statements for more detailed information.

FINANCIAL HIGHLIGHTS

Government-wide

- Total net position as of September 30, 2020, was \$29,890,845 (excluding component units).
- Governmental activities net position was \$11,343,823.
- Business-type activities net position was \$18,547,022.
- Component Unit net position was \$24,627,642.

Fund Level

- At the close of the fiscal year, the County's governmental funds reported a total ending fund balance of \$5,514,254 with \$3,610,213 being nonspendable, restricted, committed, or assigned for specific purposes.
- The General Fund realized \$228,902 more in revenue and other financing sources than anticipated for the fiscal year. General Fund operations also expended \$259,709 less than appropriated.
- Overall, the General Fund balance increased by \$292,181 as a result of current year operations with \$1,904,041 being considered unassigned or available for general purposes.

Capital and Long-term Debt Activities

- The total long-term obligations for the primary government were \$5,183,022 with a net decrease of \$154,600 from the prior year.
- The long-term obligations for the Road Commission was \$351,194.
- The County remains well below its authorized legal debt limit.
- The total additions to the capital assets for the primary government were \$631,245.

BENZIE COUNTY, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) *Independent Auditors Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and proprietary funds and other financial data.

Government-wide Financial Statements (Reporting the County as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the County as a whole, and about its activities. Their purpose is to assist in answering the question, is the County, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned*, and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position (page 15) presents all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as "net position". Over time, increases or decreases in net position measure whether the County's financial position is improving or deteriorating.

The Statement of Activities (page 16) presents information showing how the County's net position changed during 2020. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- ***Governmental Activities*** - Most of the County's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the County's general government departments, law enforcement, the courts, the Board of Commissioner operations, and other countywide elected official operations are reported under these activities. This also includes the special revenue funds such as the Jail Operations, Commission on Aging and Friend of the Court Funds.
- ***Business-type Activities*** - These activities operate like private businesses. The County charges fees to recover the cost of the services provided. The Medical Care Facility and Delinquent Tax Revolving Fund are examples of these activities.
- ***Discretely Presented Component Units*** - Discretely Presented Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Five organizations are included as component units: The Benzie County Road Commission, Benzie Transportation Authority, Land Bank Authority, Brownfield Redevelopment Authority, and Economic Development Corporation.

BENZIE COUNTY, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 18 and 20 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however, depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term obligations, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's general capital assets such as buildings, land, vehicles, computer equipment, etc. These values are not included in the fund financial statements.

Fund Financial Statements (Reporting the County's Major Funds)

The fund financial statements, which begin on page 17, provide information on the County's significant (major) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Jail Operations, Commission on Aging and Child Care Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations; these include the enterprise funds such as the Medical Care Facility and Delinquent Tax Revolving Fund.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. GASB Statement No. 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues, or total expenditures/expenses that equal at least 10% of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds 5% of those categories for governmental and enterprise funds combined. The major funds for Benzie County include the General Fund, the Jail Operations Fund, the Medical Care Facility, the Delinquent Tax Revolving Fund, and the Emergency Medical Services Fund. All other funds, unless specifically designated by management as major, are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The County includes detailed information on its nonmajor funds in the other supplementary information section of this report.

BENZIE COUNTY, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

The County's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).
- **Proprietary Funds** - Services for which the County charges customers (whether outside the County structure or a County department) a fee is generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Delinquent Tax Revolving Fund. *Internal Service funds* report activities that provide supplies or service to the County's other operations. Benzie County does not currently any internal service funds. Internal Service funds are reported as governmental activities on the government-wide statements.
- **Fiduciary Funds** - The County acts as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in the Statement of Assets and Liabilities on page 25. These funds, which include trust and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 28 of this report.

Required Supplementary Information

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund and the major Special Revenue Funds.

Other Supplementary Information

Other Supplementary Information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

**BENZIE COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Benzie County's combined net position was \$29,890,845 at the end of this fiscal year's operations. The net position of the governmental activities was \$11,343,823; the business-type activities were \$18,547,022. The following table shows, in a condensed format, a comparative analysis of the net position, as of September 30, 2020 and 2019.

Net Position as of September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	Restated 2019	2020	2019	2020	2019
Current and other assets	\$ 6,167,873	\$ 5,668,402	\$ 12,978,633	\$ 11,393,416	\$ 19,146,506	\$ 17,061,818
Capital assets	10,601,342	10,946,529	14,164,060	14,658,017	24,765,402	25,604,546
Total assets	16,769,215	16,614,931	27,142,693	26,051,433	43,911,908	42,666,364
Deferred outflows of resources	938,518	1,289,140	808,850	1,234,262	1,747,368	2,523,402
Current liabilities	614,046	385,285	1,095,175	1,073,322	1,709,221	1,458,607
Noncurrent liabilities	5,693,755	6,314,133	8,087,388	7,992,265	13,781,143	14,306,398
Total liabilities	6,307,801	6,699,418	9,182,563	9,065,587	15,490,364	15,765,005
Deferred inflows of resources	56,109	155,340	221,958	138,575	278,067	293,915
Net position						
Net investment in capital assets	10,598,189	10,938,190	9,539,255	9,421,146	20,137,444	20,359,336
Restricted	3,154,543	1,777,255	371,270	121,730	3,525,813	1,898,985
Unrestricted	(2,408,909)	(1,666,132)	8,636,497	8,538,657	6,227,588	6,872,525
Total net position	\$ 11,343,823	\$ 11,049,313	\$ 18,547,022	\$ 18,081,533	\$ 29,890,845	\$ 29,130,846

**BENZIE COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Changes in Net Position for the fiscal year ending September 30, 2020 and 2019

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's primary government net position changed during the fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenue						
Charges for services	\$ 2,406,533	\$ 2,911,886	\$ 11,425,481	\$ 11,256,495	\$ 13,832,014	\$ 14,168,381
Operating grants and contributions	1,440,615	900,485	433,213	-	1,873,828	900,485
Capital grants and contributions	-	23,105	-	-	-	23,105
General revenues						
Property taxes	7,531,581	8,056,519	2,344,470	2,260,617	9,876,051	10,317,136
Revenue sharing	272,125	348,152	-	-	272,125	348,152
Investment earnings	55,479	230,333	170,232	137,629	225,711	367,962
Miscellaneous	162,714	57,637	164,071	-	326,785	57,637
Extraordinary item	-	-	-	418,573	-	418,573
Transfers	232,980	157,171	(232,980)	(157,171)	-	-
Total revenues	12,102,027	12,685,288	14,304,487	13,916,143	26,406,514	26,601,431
Program expenses						
Governmental activities						
General government	1,728,682	2,484,587	-	-	1,728,682	2,484,587
Judicial	1,423,691	1,262,541	-	-	1,423,691	1,262,541
Public safety	5,441,203	4,705,086	-	-	5,441,203	4,705,086
Public works	525,925	359,247	-	-	525,925	359,247
Health and welfare	2,350,437	2,620,893	-	-	2,350,437	2,620,893
Community and economic development	188,141	146,386	-	-	188,141	146,386
Recreation and culture	149,078	61,442	-	-	149,078	61,442
Interest on long-term debt	360	5,442	-	-	360	5,442
Other expenses	-	1,559,336	-	-	-	1,559,336
Business-type activities						
Medical Care Facility	-	-	11,371,253	10,360,209	11,371,253	10,360,209
Delinquent Tax Revolving	-	-	1,993	203	1,993	203
Emergency Medical Services	-	-	2,372,728	1,808,674	2,372,728	1,808,674
Other	-	-	93,024	88,610	93,024	88,610
Total expenses	11,807,517	13,204,960	13,838,998	12,257,696	25,646,515	25,462,656
Change in net position	\$ 294,510	\$ (519,672)	\$ 465,489	\$ 1,658,447	\$ 759,999	\$ 1,138,775

Governmental Activities

The result of 2020 governmental activity was an increase of \$294,510 to raise net position to \$11,343,823. Of the total governmental activities' net position, \$10,598,189 is considered an investment in capital assets; \$3,154,543 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the County government. The balance is listed as unrestricted, having no legal commitment.

**BENZIE COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Revenues

The three largest revenue categories for governmental activities were property taxes at 62%, operating grants and contributions at 12%, and charges for services at 20%. The County levied property tax millages for the 2019 tax levy which is recognized as revenue in 2020, including 0.7898 mills for ambulance operations, 0.0975 mills for animal control, 0.1248 mills for conservation district, 0.8828 mills for jail operations, 0.3602 mills for medical care facility operations, 0.6350 for medical care facility debt, 0.0984 mills for TNT officer, 0.9986 mills for roads, 0.8449 mills for commission on aging, 0.1797 mills for resource officer, and 0.0400 mills for veterans. The County also levied 3.4334 mills for general operations in July of 2020 which is recognized as revenue in 2020. Charges for services, which reimburse the County for specific activities, are the second largest source of governmental activity revenue. Examples include District Court fees and services, Clerk's office filing fees, Register of Deeds filing fees, and inmate telephone charges. Grants and contributions are the third largest source of governmental activity revenue. Overall, revenues decreased approximately 5% from the prior year as property taxes decreased approximately 7% and charges for services decreased approximately 17%, primarily related to decreased operations as a result of the COVID-19 pandemic.

Expenses

Public safety is the largest governmental activity, expending \$5,441,203 of the \$11,807,517 governmental activities total and includes sheriff and jail operations. General Government is the second largest area, expending \$1,728,682 and includes offices such as Board of Commissioners, Treasurer, Clerk, Elections, and Building and grounds. Overall, expenses decreased by approximately 11% as the County made a conscience effort to minimize spending and increase equity to the extent possible.

Business-type Activities

Net position in business-type activities increased by \$465,489 during 2020.

Of the total business-type activities net position, \$9,539,255 is invested in capital assets, net of related debt, and \$371,270 is reported as restricted. The remaining balance, \$8,636,497, is reported as unrestricted. However, it is important to note that although reported as unrestricted, many of these assets are anticipated to be designated through Board of Commissioners action to be spent on General Fund activities and self-funding of delinquent tax payments in future years.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

As the County completed 2020, its governmental funds reported *combined* fund balances of \$5,514,254 a net increase of \$400,419. The net changes of the major governmental funds are summarized in the following chart:

	General Fund	Jail Operations
Fund Balance 9/30/2020	\$ 2,069,255	\$ 49,198
Fund Balance 9/30/2019	1,777,074	68,802
Net Change	\$ 292,181	\$ (19,604)

**BENZIE COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As the County completed 2020, its enterprise funds reported *combined* net position of \$18,547,022 a net increase of \$465,489. The net change of the major enterprise fund is summarized in the following chart:

	Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services
Net Position 9/30/2020	\$ 11,637,708	\$ 5,913,273	\$ 282,869
Net Position 9/30/2019	<u>11,051,630</u>	<u>5,651,309</u>	<u>644,328</u>
Net Change	<u>\$ 586,078</u>	<u>\$ 261,964</u>	<u>\$ (361,459)</u>

General Fund

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or Board policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2020, the General Fund reported a fund balance of \$2,069,255. This amount is an increase of \$292,181 from the fund balance of \$1,777,074 reported as of September 30, 2019. Of the total fund balance, \$165,214 is nonspendable, restricted, or assigned for specific purposes.

The General Fund 2020 revenues exceeded 2020 expenditures by \$786,052. After including other financing sources and uses, there was a net increase of \$292,181 in fund balance.

General Fund Budgetary Highlights

Benzie County's budget is a dynamic document. Although adopted in September (prior to the start of the year), the budget is frequently amended during the course of the year to reflect changing operational demands.

The County increased the budget for revenues and other financing sources during the year by \$45,144, or less than 1%. Actual General Fund revenue and other financing sources totaled \$6,763,418, \$228,902 above the final amended budget. Significantly, charges for services and property taxes were \$130,123 and \$116,790, respectively, more than budgeted amounts. The County ended with more revenue than anticipated because District Court fees and real estate recording fees were approximately \$30,000 and \$40,000, respectively, more than planned.

The County increased the budget for expenditures and other financing uses during the year by \$121,619, or approximately 2%. The County's General Fund total expenditures and other financing uses during 2020 were \$259,709 less than budgeted expenditures and other financing uses. Significantly, general government and judicial expenditures were \$110,779 and \$93,679, respectively, less than budgeted as the County worked tirelessly to minimize spending, increase equity, and be below budget wherever possible with significant savings noted in insurance.

Jail Operations Fund

The Jail Operations fund used \$19,604 of fund balance during the year ended September 30, 2020, ending the year with a restricted fund balance of \$49,198.

**BENZIE COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2020, the County had invested \$24,765,402 for the primary government, net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$12,866,058 for the primary government. Depreciation charges for the fiscal year totaled \$1,458,510 for the primary government. Additions to capital assets totaled \$631,245 for the primary government and included building and land improvements as well as vehicle and other equipment acquisitions. Additional information on capital assets can be found in Note 5 of this report.

	Governmental Activities	Business-type Activities	Total
Land	\$ 5,931,926	\$ 47,424	\$ 5,979,350
Construction in progress	-	81,133	81,133
Buildings and improvements	3,974,691	12,644,174	16,618,865
Land improvements	116,449	114,704	231,153
Machinery and equipment	578,276	1,276,625	1,854,901
	<u>\$ 10,601,342</u>	<u>\$ 14,164,060</u>	<u>\$ 24,765,402</u>
Capital Assets, net	<u>\$ 10,601,342</u>	<u>\$ 14,164,060</u>	<u>\$ 24,765,402</u>

Long-term Debt

At the end of Fiscal Year 2020, the County had net outstanding debt of \$5,183,022 for the primary government (see table below). During the year, the County refunding bonds recorded in the Medical Care Facility proprietary fund as well as making scheduled payments on installment loans. Additional information on long-term debt can be found in Note 6 of this report.

	Balance Oct. 1, 2019	Change	Balance Sept. 30, 2020
PRIMARY GOVERNMENT			
Governmental Activities			
Installment loan	\$ 8,339	\$ (5,186)	\$ 3,153
Compensated absences	139,077	56,305	195,382
Business-type Activities			
Bonds payable	4,855,000	(950,000)	3,905,000
Bond premium	-	663,711	663,711
Installment loans	184,877	(128,783)	56,094
Compensated absences	150,329	209,353	359,682
	<u>\$ 5,337,622</u>	<u>\$ (154,600)</u>	<u>\$ 5,183,022</u>

**BENZIE COUNTY, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

COUNTY ECONOMIC OUTLOOK

One large capital project is expected to continue in FY 2020-2021, notably construction with the Point Betsie Lighthouse. These projects will impact two operational departments, notably the Treasurer's office (who provides grant administration and support to the County Building Authority) and the Building Department (permits and inspections).

Benzie County's financial challenges are being addressed through a new strategic plan that will eventually provide multi-year budgeting and projections. The County will also establish processes to closely monitor capital and operational expenses. While the fiscal performance in FY 2019-2020 was significantly better than expected, the concerns with personal property tax reduction, court reform and state revenue sharing, along with containing operational costs will be diligently monitored.

COVID-19 has created uncertainties that are likely to negatively impact our operations and financial condition. While it is difficult to estimate the financial impact of COVID-19, we expect certain revenues, including state shared revenue, to decline.

CONTACTING THE COUNTY

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Benzie County, 448 Court Place, Beulah, Michigan, 49617.

BASIC FINANCIAL STATEMENTS

BENZIE COUNTY, MICHIGAN
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 4,457,853	\$ 10,066,049	\$ 14,523,902	\$ 3,225,094
Cash and investments - restricted	-	447,106	447,106	-
Receivables				
Accounts, net	268,383	1,243,301	1,511,684	701,679
Loans	836,973	-	836,973	-
Taxes	573,007	1,026,690	1,599,697	-
Due from other governmental units	-	-	-	371,078
Prepays	31,657	195,487	227,144	105,573
Inventories	-	-	-	459,895
Capital assets not being depreciated	5,931,926	128,557	6,060,483	1,699,861
Capital assets, net of accumulated depreciation	4,669,416	14,035,503	18,704,919	22,851,519
Net pension asset	-	-	-	197,471
TOTAL ASSETS	16,769,215	27,142,693	43,911,908	29,612,170
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	938,518	808,850	1,747,368	970,285
Deferred outflows of resources related to OPEB	-	-	-	67,189
TOTAL DEFERRED OUTFLOWS OF RESOURCES	938,518	808,850	1,747,368	1,037,474
LIABILITIES				
Accounts payable	220,419	152,200	372,619	424,306
Accrued liabilities	195,092	508,508	703,600	87,702
Due to others	-	34,071	34,071	-
Noncurrent liabilities:				
Due within one year:				
Current portion of compensated absences	195,382	-	195,382	-
Current portion of long-term debt	3,153	400,396	403,549	36,617
Due in more than one year				
Advance from other governmental units	-	-	-	361,900
Noncurrent portion of compensated absences	-	359,682	359,682	86,103
Noncurrent portion of long-term debt	-	4,224,409	4,224,409	228,474
Net pension liability	5,693,755	3,503,297	9,197,052	4,194,848
Net other post-employment benefits liability	-	-	-	438,579
TOTAL LIABILITIES	6,307,801	9,182,563	15,490,364	5,858,529
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	56,109	221,958	278,067	115,913
Deferred inflows of resources related to OPEB	-	-	-	47,560
TOTAL DEFERRED INFLOWS OF RESOURCES	56,109	221,958	278,067	163,473
NET POSITION				
Net investment in capital assets	10,598,189	9,539,255	20,137,444	24,286,289
Restricted				
Public safety	813,019	-	813,019	-
Health and welfare	1,400,287	-	1,400,287	-
Capital projects	14,861	-	14,861	-
Other purposes	926,376	-	926,376	-
Debt service	-	371,270	371,270	-
Unrestricted	(2,408,909)	8,636,497	6,227,588	341,353
TOTAL NET POSITION	\$ 11,343,823	\$ 18,547,022	\$ 29,890,845	\$ 24,627,642

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 1,728,682	\$ 257,499	\$ 544,615	\$ -	\$ (926,568)	\$ -	\$ (926,568)	\$ -
Judicial	1,423,691	228,748	296,271	-	(898,672)	-	(898,672)	-
Public safety	5,441,203	1,160,172	304,377	-	(3,976,654)	-	(3,976,654)	-
Public works	525,925	335,279	37,725	-	(152,921)	-	(152,921)	-
Health and welfare	2,350,437	39,509	143,605	-	(2,167,323)	-	(2,167,323)	-
Community and economic development	188,141	385,326	-	-	197,185	-	197,185	-
Recreation and culture	149,078	-	114,022	-	(35,056)	-	(35,056)	-
Interest on long-term debt	360	-	-	-	(360)	-	(360)	-
Total governmental activities	11,807,517	2,406,533	1,440,615	-	(7,960,369)	-	(7,960,369)	-
Business-type activities								
Medical Care Facility	11,371,253	10,076,966	431,685	-	-	(862,602)	(862,602)	-
Delinquent Tax Revolving	1,993	331,867	-	-	-	329,874	329,874	-
Emergency Medical Services	2,372,728	922,188	1,528	-	-	(1,449,012)	(1,449,012)	-
Other	93,024	94,460	-	-	-	1,436	1,436	-
Total business-type activities	13,838,998	11,425,481	433,213	-	-	(1,980,304)	(1,980,304)	-
Total primary government	\$ 25,646,515	\$ 13,832,014	\$ 1,873,828	\$ -	(7,960,369)	(1,980,304)	(9,940,673)	-
Component units								
Road Commission	\$ 5,702,067	\$ 1,212,855	\$ 2,665,498	\$ 2,747,460	-	-	-	923,746
Benzie Transportation Authority	2,113,539	119,742	1,283,394	609,656	-	-	-	(100,747)
Land Bank Authority	6,418	6,524	10,000	-	-	-	-	10,106
Brownfield Redevelopment Authority	-	-	800	-	-	-	-	800
Economic Development Corporation	37,583	1,698	-	-	-	-	-	(35,885)
Total component units	\$ 7,859,607	\$ 1,340,819	\$ 3,959,692	\$ 3,357,116	-	-	-	798,020
General revenues								
Property taxes					7,531,581	2,344,470	9,876,051	1,776,215
Revenue sharing					272,125	-	272,125	-
Investment earnings					55,479	170,232	225,711	3,783
Gain on disposal					-	-	-	10,250
Miscellaneous					162,714	164,071	326,785	79,966
Transfers					232,980	(232,980)	-	-
Total general revenues and transfers					8,254,879	2,445,793	10,700,672	1,870,214
Change in net position					294,510	465,489	759,999	2,668,234
Restated net position, beginning of the year					11,049,313	18,081,533	29,130,846	21,959,408
Net position, end of the year					\$ 11,343,823	\$ 18,547,022	\$ 29,890,845	\$ 24,627,642

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2020**

		Special Revenue		
	General	Jail Operations	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments	\$ 1,892,662	\$ 103,474	\$ 2,461,717	\$ 4,457,853
Receivables				
Accounts	39,578	3,062	225,743	268,383
Loans	-	-	836,973	836,973
Taxes	573,007	-	-	573,007
Due from other funds	22,612	-	-	22,612
Prepaid expenditures	26,535	2,872	2,250	31,657
TOTAL ASSETS	<u>\$ 2,554,394</u>	<u>\$ 109,408</u>	<u>\$ 3,526,683</u>	<u>\$ 6,190,485</u>
LIABILITIES				
Accounts payable	\$ 111,658	\$ 28,897	\$ 79,864	\$ 220,419
Accrued liabilities	135,373	31,313	28,406	195,092
Due to other funds	-	-	22,612	22,612
TOTAL LIABILITIES	<u>247,031</u>	<u>60,210</u>	<u>130,882</u>	<u>438,123</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	238,108	-	-	238,108
FUND BALANCES				
Nonspendable	26,535	2,872	839,223	868,630
Restricted	-	46,326	2,266,399	2,312,725
Committed	-	-	43,831	43,831
Assigned	138,679	-	246,348	385,027
Unassigned	1,904,041	-	-	1,904,041
TOTAL FUND BALANCES	<u>2,069,255</u>	<u>49,198</u>	<u>3,395,801</u>	<u>5,514,254</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,554,394</u>	<u>\$ 109,408</u>	<u>\$ 3,526,683</u>	<u>\$ 6,190,485</u>

See accompanying notes to financial statements.

BENZIE COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total fund balances - governmental funds \$ 5,514,254

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 18,365,045	
Accumulated depreciation is	<u>(7,763,703)</u>	
Capital assets, net		10,601,342

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	938,518	
Deferred inflows of resources related to pensions	<u>(56,109)</u>	
		882,409

Long-term receivables are not available to pay for current period expenditures and are therefore deferred inflows of resources in the funds. 238,108

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Direct County obligations	(3,153)	
Compensated absences	(195,382)	
Net pension liability	<u>(5,693,755)</u>	
		<u>(5,892,290)</u>

Net position of governmental activities **\$ 11,343,823**

BENZIE COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	General	Special Revenue Jail Operations	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 4,778,490	\$ 1,157,139	\$ 1,535,465	\$ 7,471,094
Licenses and permits	35,353	-	368,072	403,425
Intergovernmental	908,512	59,195	644,406	1,612,113
Charges for services	745,789	47,048	1,137,114	1,929,951
Fines and forfeits	4,621	-	5,331	9,952
Interest and rents	102,585	-	39,115	141,700
Other	71,068	23,094	146,163	240,325
TOTAL REVENUES	6,646,418	1,286,476	3,875,666	11,808,560
EXPENDITURES				
Current				
General government	1,272,161	-	157,819	1,429,980
Judicial	1,203,449	-	20,452	1,223,901
Public safety	1,109,849	1,651,899	1,689,007	4,450,755
Public works	19,703	-	366,138	385,841
Health and welfare	483,399	-	1,521,952	2,005,351
Community and economic development	158,855	-	-	158,855
Recreation and culture	14,518	-	94,981	109,499
Other	1,598,432	-	-	1,598,432
Capital outlay	-	-	272,961	272,961
Debt service	-	5,546	-	5,546
TOTAL EXPENDITURES	5,860,366	1,657,445	4,123,310	11,641,121
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	786,052	(370,969)	(247,644)	167,439
OTHER FINANCING SOURCES (USES)				
Transfers in	117,000	351,365	375,486	843,851
Transfers out	(610,871)	-	-	(610,871)
TOTAL OTHER FINANCING SOURCES (USES)	(493,871)	351,365	375,486	232,980
NET CHANGE IN FUND BALANCES	292,181	(19,604)	127,842	400,419
Restated fund balances, beginning of year	1,777,074	68,802	3,267,959	5,113,835
Fund balances, end of year	<u>\$ 2,069,255</u>	<u>\$ 49,198</u>	<u>\$ 3,395,801</u>	<u>\$ 5,514,254</u>

See accompanying notes to financial statements.

BENZIE COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds **\$ 400,419**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	180,888
Depreciation expense		<u>(526,075)</u>

Excess of depreciation expense over capital outlay	(345,187)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in long-term receivables reported in the funds is:	60,487
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Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but are reflected as increases or decreases of the applicable deferred outflows of resources or liabilities in the statement of net position. In the current year, these amounts consist of:

Principal retirement	5,186
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Some items reported in the statement of activities do not add to or require the use of current financial resources and therefore are not reported in governmental funds. These activities consist of:

(Increase) in compensated absences	(56,305)	
Decrease in net pension liability		481,301
(Decrease) in deferred outflows of resources related to pensions		(350,622)
Decrease in deferred inflows of resources related to pensions		<u>99,231</u>

173,605

Change in net position of governmental activities	<u>\$ 294,510</u>
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**BENZIE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	Business-type Activities				
	Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	Total
ASSETS					
Cash and investments	\$ 3,777,100	\$ 4,791,483	\$ 784,294	\$ 713,172	\$ 10,066,049
Cash and investments - restricted	447,106	-	-	-	447,106
Receivables					
Accounts, net	966,603	634	276,064	-	1,243,301
Delinquent taxes	-	1,026,690	-	-	1,026,690
Due from other funds	-	110,000	-	-	110,000
Prepays	192,546	-	2,941	-	195,487
Capital assets not being depreciated	93,557	-	35,000	-	128,557
Capital assets, net of accumulated depreciation	13,548,513	-	486,990	-	14,035,503
TOTAL ASSETS	19,025,425	5,928,807	1,585,289	713,172	27,252,693
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	574,221	-	234,629	-	808,850
LIABILITIES					
Accounts payable	127,427	15,534	9,239	-	152,200
Accrued liabilities	474,258	-	34,250	-	508,508
Due to others	34,071	-	-	-	34,071
Due to other funds	110,000	-	-	-	110,000
Noncurrent liabilities:					
Due within one year:					
Current portion of long-term debt	353,050	-	47,346	-	400,396
Due in more than one year:					
Compensated absences	359,682	-	-	-	359,682
Long-term debt	4,215,661	-	8,748	-	4,224,409
Net pension liability	2,079,858	-	1,423,439	-	3,503,297
TOTAL LIABILITIES	7,754,007	15,534	1,523,022	-	9,292,563
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	207,931	-	14,027	-	221,958
NET POSITION					
Net investment in capital assets	9,073,359	-	465,896	-	9,539,255
Restricted for debt service	371,270	-	-	-	371,270
Unrestricted	2,193,079	5,913,273	(183,027)	713,172	8,636,497
TOTAL NET POSITION	\$ 11,637,708	\$ 5,913,273	\$ 282,869	\$ 713,172	\$ 18,547,022

See accompanying notes to financial statements.

BENZIE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities				
	Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	Total
OPERATING REVENUES					
Charges for services	\$ 10,076,966	\$ 87,604	\$ 922,188	\$ 94,460	\$ 11,181,218
Interest and penalties on taxes	-	244,263	-	-	244,263
Other revenue	110,411	-	52,413	-	162,824
TOTAL OPERATING REVENUES	10,187,377	331,867	974,601	94,460	11,588,305
OPERATING EXPENSES					
Personnel costs	7,491,515	-	1,837,235	-	9,328,750
Contractual services	670,161	-	40,414	-	710,575
Utilities	245,034	-	22,506	-	267,540
Repairs and maintenance	105,295	-	41,008	-	146,303
Insurance	-	-	54,999	-	54,999
Other supplies and expenses	1,983,315	1,993	159,210	93,024	2,237,542
Depreciation	722,270	-	216,236	-	938,506
TOTAL OPERATING EXPENSES	11,217,590	1,993	2,371,608	93,024	13,684,215
OPERATING INCOME (LOSS)	(1,030,213)	329,874	(1,397,007)	1,436	(2,095,910)
NONOPERATING REVENUES (EXPENSES)					
Property taxes	1,309,330	-	1,035,140	-	2,344,470
Intergovernmental	431,685	-	1,528	-	433,213
Interest revenue	27,692	135,070	-	7,470	170,232
Other revenue	1,247	-	-	-	1,247
Interest expense	(153,663)	-	(1,120)	-	(154,783)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,616,291	135,070	1,035,548	7,470	2,794,379
INCOME (LOSS) BEFORE TRANSFERS	586,078	464,944	(361,459)	8,906	698,469
Transfers in	-	14,020	-	-	14,020
Transfers out	-	(217,000)	-	(30,000)	(247,000)
CHANGE IN NET POSITION	586,078	261,964	(361,459)	(21,094)	465,489
Net position, beginning of year	11,051,630	5,651,309	644,328	734,266	18,081,533
Net position, end of year	<u>\$ 11,637,708</u>	<u>\$ 5,913,273</u>	<u>\$ 282,869</u>	<u>\$ 713,172</u>	<u>\$ 18,547,022</u>

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

	Business-type Activities				
	Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 9,418,593	\$ 316,751	\$ 981,935	\$ 94,460	\$ 10,811,739
Cash paid to employees	(7,462,175)	-	(896,653)	-	(8,358,828)
Cash paid to suppliers	(2,047,316)	(1,993)	(655,408)	(94,024)	(2,798,741)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(90,898)	314,758	(570,126)	436	(345,830)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property taxes	472,199	-	1,035,140	-	1,507,339
Other income	4,855	-	-	-	4,855
Intergovernmental sources	618,335	-	1,528	-	619,863
Transfers in/(out)	-	(202,980)	-	(30,000)	(232,980)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,095,389	(202,980)	1,036,668	(30,000)	1,899,077
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital purchases	(333,357)	-	(200,324)	-	(533,681)
Proceeds from sale of capital assets	2,200	-	-	-	2,200
Property taxes	837,131	-	-	-	837,131
Interest paid	(170,450)	-	(2,147)	-	(172,597)
Issuance of long-term debt	4,585,498	-	-	-	4,585,498
Payments on borrowings	(4,855,000)	-	(128,783)	-	(4,983,783)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	66,022	-	(331,254)	-	(265,232)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	44,479	135,070	-	7,470	187,019
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	1,114,992	246,848	135,288	(22,094)	1,475,034
Cash and investments, beginning of year	3,109,214	4,544,635	649,006	735,266	9,038,121
Cash and investments, end of year	<u>\$ 4,224,206</u>	<u>\$ 4,791,483</u>	<u>\$ 784,294</u>	<u>\$ 713,172</u>	<u>\$ 10,513,155</u>

See accompanying notes to financial statements.

BENZIE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (continued)
YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities				
	Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (1,030,213)	\$ 329,874	\$ (1,397,007)	\$ 1,436	\$ (2,095,910)
Adjustments to reconcile operating income (loss) to net cash and investments provided (used) by operating activities					
Depreciation	722,270	-	216,236	-	938,506
Provision for bad debts	41,888	-	-	-	41,888
Amortization of premiums and deferrals	224,623	-	-	-	224,623
(Increase) decrease in:					
Receivables	(236,844)	(30,650)	7,334	-	(260,160)
Prepays	(31,374)	-	650	-	(30,724)
Deferred outflows of resources related to pensions	103,757	-	(41,998)	-	61,759
Increase (decrease) in:					
Accounts payable	(25,400)	15,534	(234)	(1,000)	(11,100)
Accrued liabilities	279,005	-	10,513	-	289,518
Net pension liability	(353,422)	-	643,566	-	290,144
Deferred inflows of resources related to pensions	214,812	-	(9,186)	-	205,626
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (90,898)</u></u>	<u><u>\$ 314,758</u></u>	<u><u>\$ (570,126)</u></u>	<u><u>\$ 436</u></u>	<u><u>\$ (345,830)</u></u>

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2020**

ASSETS

Cash and investments	<u>\$ 5,747,169</u>
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LIABILITIES

Due to other governmental units	\$ 5,595,129
Due to individuals and agencies	<u>152,040</u>

TOTAL LIABILITIES	<u>\$ 5,747,169</u>
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**BENZIE COUNTY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	Road Commission	Benzie Transportation Authority	Land Bank Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
ASSETS						
Cash and investments	\$ 2,610,224	\$ 454,031	\$ 139,282	\$ 21,557	\$ -	\$ 3,225,094
Receivables	699,349	2,330	-	-	-	701,679
Due from other governmental units	-	371,078	-	-	-	371,078
Prepays and deposits	98,187	7,386	-	-	-	105,573
Inventories	435,339	24,556	-	-	-	459,895
Capital assets not being depreciated	1,699,861	-	-	-	-	1,699,861
Capital assets, net of accumulated depreciation	20,215,490	2,636,029	-	-	-	22,851,519
Net pension asset	-	197,471	-	-	-	197,471
TOTAL ASSETS	25,758,450	3,692,881	139,282	21,557	-	29,612,170
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	854,129	116,156	-	-	-	970,285
Deferred outflows of resources related to OPEB	67,189	-	-	-	-	67,189
TOTAL DEFERRED OUTFLOWS OF RESOURCES	921,318	116,156	-	-	-	1,037,474
LIABILITIES						
Accounts payable	375,076	49,230	-	-	-	424,306
Accrued liabilities	32,112	55,590	-	-	-	87,702
Noncurrent liabilities:						
Due within one year:						
Current portion of long-term debt	36,617	-	-	-	-	36,617
Due in more than one year:						
Advance from other governmental units	361,900	-	-	-	-	361,900
Noncurrent portion of compensated absences	86,103	-	-	-	-	86,103
Noncurrent portion of long-term debt	228,474	-	-	-	-	228,474
Net pension liability	4,194,848	-	-	-	-	4,194,848
Net other post-employment benefits liability	438,579	-	-	-	-	438,579
TOTAL LIABILITIES	5,753,709	104,820	-	-	-	5,858,529
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pensions	8,013	107,900	-	-	-	115,913
Deferred inflows of resources related to OPEB	47,560	-	-	-	-	47,560
TOTAL DEFERRED INFLOWS OF RESOURCES	55,573	107,900	-	-	-	163,473
NET POSITION						
Net investment in capital assets	21,650,260	2,636,029	-	-	-	24,286,289
Unrestricted	(779,774)	960,288	139,282	21,557	-	341,353
TOTAL NET POSITION	\$ 20,870,486	\$ 3,596,317	\$ 139,282	\$ 21,557	\$ -	\$ 24,627,642

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position					Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Benzie Transportation Authority	Land Bank Authority	Brownfield Redevelopment Authority	Economic Development Corporation	
Road Commission	\$ 5,702,067	\$ 1,212,855	\$ 2,665,498	\$ 2,747,460	\$ 923,746	\$ -	\$ -	\$ -	\$ -	\$ 923,746
Benzie Transportation Authority	2,113,539	119,742	1,283,394	609,656	-	(100,747)	-	-	-	(100,747)
Land Bank Authority	6,418	6,524	10,000	-	-	-	10,106	-	-	10,106
Brownfield Redevelopment Authority	-	-	800	-	-	-	-	800	-	800
Economic Development Corporation	37,583	1,698	-	-	-	-	-	-	(35,885)	(35,885)
Total component units	<u>\$ 7,859,607</u>	<u>\$ 1,340,819</u>	<u>\$ 3,959,692</u>	<u>\$ 3,357,116</u>	<u>923,746</u>	<u>(100,747)</u>	<u>10,106</u>	<u>800</u>	<u>(35,885)</u>	<u>798,020</u>
General revenues										
Property taxes					1,126,947	643,468	5,164	636	-	1,776,215
Investment earnings					-	3,776	-	-	7	3,783
Gain on disposal					10,250	-	-	-	-	10,250
Miscellaneous					-	79,966	-	-	-	79,966
Total general revenues					<u>1,137,197</u>	<u>727,210</u>	<u>5,164</u>	<u>636</u>	<u>7</u>	<u>1,870,214</u>
CHANGE IN NET POSITION					2,060,943	626,463	15,270	1,436	(35,878)	2,668,234
Restated net position, beginning of year					<u>18,809,543</u>	<u>2,969,854</u>	<u>124,012</u>	<u>20,121</u>	<u>35,878</u>	<u>21,959,408</u>
Net position, end of year					<u>\$ 20,870,486</u>	<u>\$ 3,596,317</u>	<u>\$ 139,282</u>	<u>\$ 21,557</u>	<u>\$ -</u>	<u>\$ 24,627,642</u>

See accompanying notes to financial statements.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Benzie, Michigan (the County), was organized in 1869 and covers an area of approximately 316 square miles in northwest Michigan. The County seat is located in Beulah, Michigan. The County operates under an elected Board of Commissioners (seven members) with an appointed County Administrator who assists with day-to-day operations. The County provides services to its more than 17,500 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the Benzie County (primary government) and its component units, entities for which the government is considered to be financially accountable. The component units described below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are, in substance, part of the County's operations, so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended Component Unit

The Benzie County Building Authority is an entity legally separate from the County. The Authority is governed by a board, appointed by the Commission, and is reported as if it were part of the County's operations because its primary purpose is the procurement and management of debt financing for the County.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Benzie County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Benzie County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Benzie County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a five-member board of county road commissioners elected by the voters of Benzie County. Although the County does not have the authority to approve or modify the Road Commission's operational and capital budgets, bonded debt must be approved by the County Commission. This component unit is audited individually, and the financial statements may be obtained from the administrative office of the Road Commission.

The Benzie Transportation Authority, which is established under Public Act 196 of 1986, is governed by an eight-member board of directors appointed by the County Board. The County does not exercise oversight responsibly and does not have accountability of fiscal matters. This component unit is audited individually, and the financial statements may be obtained from the administrative office of the Transportation Authority.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Discretely Presented Component Units (continued)

The Benzie County Land Bank Authority was organized pursuant to the Michigan Land Bank Fast Track Act and an intergovernmental agreement between the Michigan Land Bank Fast Track Authority and the Treasurer of the Benzie County.

The Benzie County Brownfield Redevelopment Authority, which was established under MCL 125.2651 et al., is governed by a nine-member Board appointed by the County's Board of Commissioners. The County is responsible for promoting the revitalization, redevelopment, and reuse of certain properties.

The Benzie County Economic Development Corporation, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is a legally separate non-profit corporation whose primary purpose is to promote economic development in the County of Benzie. The board of the Economic Development Corporation is appointed by the Board of Commissioners. The corporation's annual budget is subject to the approval of the Board of Commissioners and is financially accountable to the County.

Joint Ventures

The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of the organization by contractual agreement between two or more participants that maintain joint control, financial interest, and financial responsibility.

The County is a member of the City-County Airport Authority, which is a joint venture between Benzie County, the City of Frankfort, and Crystal Lake Township. The Authority is governed by a seven-member board. Two members are appointed from the County; two members are appointed from the City of Frankfort; two members are appointed from Crystal Lake Township, and the seventh member is appointed by the other members. For financial reporting purposes, the Authority is reported as a separate unit because the Authority can legally issue debt (although it has a letter of understanding with the City of Frankfort that no debt will be issued); levy tax revenue if desired; and adopt and amend its own budget. In the event of the Authority being dissolved, it will be reverted to the City of Frankfort. The Authority operates on a June 30 year end. Benzie County's contribution for the year ended September 30, 2020, was \$12,000.

The County is a member of the Benzie-Leelanau District Health Department, which is a joint venture between the Benzie and Leelanau Counties and was established to provide public health services. The District Health Board has representation from and provides services to Benzie and Leelanau Counties. Each County provides annual appropriations and passes through the statutory amounts of cigarette and hotel liquor tax funding to subsidize operations. The Benzie-Leelanau District Health Department is reported in the County's fiduciary funds financial statements since it is material to the County's financial statements and the County has some fiduciary responsibility for the entity. Benzie County's contribution for the year ended September 30, 2020, was \$239,702. Separate audited financial statements are available at the District Health Department's administrative offices.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, except for inter-fund services provided and used, inter-fund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major governmental funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Jail Operations Fund is used to account for expenditures incurred related to the County's jail operations that are financed primarily through property taxes, state and federal grants, and user charges.

The major enterprise funds of the County are:

- a. The County Medical Care Facility is used to account for long-term care services provided to residents of Benzie County.
- b. The Delinquent Tax Revolving Fund accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Presentation (continued)

- c. The Emergency Medical Services is used to account for expenditures incurred related to emergency services provided within the County that are financed primarily through property taxes and user changes.

The County also reports agency funds to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured.

Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for fiduciary funds since assets equal liabilities.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unearned/unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and agency funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/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.

Cash and Investments

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments. Cash and investments consist of checking and savings accounts as well as temporary investments in certificates of deposit, money market accounts, pooled investments funds, commercial paper, and municipal bonds. Earnings from deposits are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances. Investments are recorded at market (fair) value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

The County's pooled cash and investments are utilized by the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Fiduciary Funds, and Component Unit Funds. Each fund's portion of these pooled accounts is included in the cash and investments caption on the combined balance sheet and statement of net position.

The other funds of the County utilize separate savings and interest-bearing checking accounts. In addition, certificates of deposit and investment trust funds are separately held by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds and other direct 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 State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Cash and Investments (continued)

- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs; taxes; accounts; and other receivables related to current and delinquent tax levies, charges for services, interest, and other related activities. The County also has loans receivable from low to moderate income homeowners for major home repairs. The loans are provided through the County's Community Development Block Grant.

Inventories

Inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, equipment repairs, and operations as used.

Prepays

Prepays consist of certain insurance premiums and other expenditures representing costs applicable to future accounting periods and are recorded in both government-wide and fund financial statements. Prepays do not reflect current expendable resources of the governmental funds and, therefore, an equal portion of fund balance is nonspendable.

Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND TRANSPORTATION AUTHORITY)

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than two years. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Capital Assets (continued)

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND TRANSPORTATION AUTHORITY) (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	40-60 years
Buildings improvements	15-30 years
Vehicles	3-5 years
Office equipment	5-7 years
Computer equipment	3-7 years

COMPONENT UNIT - ROAD COMMISSION

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements (statement of net position and statement of activities). Capital assets are defined by the Road Commission as assets with an initial, individual cost of more than \$10,000 and with an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation is computed on the sum-of-years' digits method for road equipment and straight-line method for all other assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30-50 years
Road Equipment	5-8 years
Shop Equipment	10 years
Engineer's Equipment	4-10 years
Yard and Storage	7-15 years
Office Equipment	3-10 years
Infrastructure - Roads	8-20 years
Infrastructure - Bridges	12-30 years

COMPONENT UNIT - TRANSPORTATION AUTHORITY

Capital assets are stated at cost or estimated acquisition value at date of gift. Costs relating to maintenance and repairs are charged expense, whereas those for renewals and betterments, when significant in amount, are capitalized. Provisions for depreciation of equipment are computed on the straight-line method. Depreciation rates are designed to amortize the cost of the assets over their estimated useful lives. The Authority's policy is to capitalize qualified purchases in excess of \$1,000 unless they are part of a capital grant where as there is no minimum threshold.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Net Pension Liability (Asset) and Net Other Post-Employment Benefits Liability

The net pension liability (asset) and net other post-employment benefits liability are deemed to be noncurrent liabilities (asset) and are recognized on the statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The County reports deferred amounts which correspond to the pension and OPEB benefits and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred in the government-wide financial statements and are recognized as an outflow or inflow of resources in the period to which they apply.

The County also reports deferred inflows of resources which arise only under a modified accrual basis of accounting and which qualify for reporting in this category. Accordingly, *unavailable revenue* is reported only on the governmental funds balance sheet for revenues collected subsequent to 60 days after year end.

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. Vested vacation and sick leave earned as of September 30, 2020, including related payroll taxes, is recorded in the government-wide and proprietary fund financial statements.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Fund Balance

The County classifies governmental fund balance as follows:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the County's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Board Resolution.

For assigned fund balance, the Board of Commissioners has not approved a policy indicating who is to assign amounts to a specific purpose. As a result, this authority is retained by the Board of Commissioners.

The County has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first. When an expenditure is incurred for which both restricted and unrestricted fund balance is available, restricted fund balance will be used first. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the Fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level for the General Fund and total expenditure level for special revenue funds. The County employs the following procedures in establishing budgets:

- a. Each August, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing October 1 and lapses on September 30. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through a resolution passed by the Board of Commissioners.
- d. The budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.
- g. Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended.

Comparative Data

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS

As of September 30, 2020, the County had deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of September 30, 2020, \$13,598,829 of the County's bank balance of \$16,351,286 was exposed to custodial credit risk because it was uninsured and uncollateralized. The County's carrying value on the books for deposits at the end of the year was \$16,501,325. The County had \$2,400 of imprest cash at September 30, 2020.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and investing through pre-approved third-party custodians.

Interest Rate Risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing the portfolio with the objective of attaining a rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
PRIMARY GOVERNMENT		
Municipal bonds	\$ 1,042,410	11.0244
Michigan CLASS Investment Pool	4,108,552	0.1534
Commercial paper	<u>1,012,744</u>	0.1781
	6,163,706	
COMPONENT UNITS		
Michigan CLASS Investment Pool	1,174,117	0.1534
FIDUCIARY FUNDS		
Michigan CLASS Investment Pool	<u>101,723</u>	0.1534
Total fair value	<u>\$ 7,439,546</u>	
Portfolio weighted average maturity		<u>1.6799</u>

One day maturity equals 0.0027; one year equals 1.00

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

State law limits investments in certain types of investments to a prime or better rating by nationally recognized statistical rating organizations (NSRO's). As of September 30, 2020, rating information on the County's investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>
PRIMARY GOVERNMENT		
Municipal bonds (Sanilac County, MI)	\$ 459,242	AA-
Municipal bonds (Wayne State Univ., MI)	583,168	A+
Michigan CLASS Investment Pool	4,108,552	AAAm
Commercial paper	<u>1,012,744</u>	A1+
	6,163,706	
COMPONENT UNITS		
Michigan CLASS Investment Pool	1,174,117	AAAm
FIDUCIARY FUNDS		
Michigan CLASS Investment Pool	<u>101,723</u>	AAAm
Total fair value	<u><u>\$ 7,439,546</u></u>	

Concentration of Credit Risk

The County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Foreign Currency Risk

The County is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

As of September 30, 2020, the carrying amounts and fair values for each investment type are as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
PRIMARY GOVERNMENT			
Municipal bonds	\$ -	\$ 1,042,410	\$ -
Commercial paper	-	1,012,744	-
Total primary government	<u>\$ -</u>	<u>\$ 2,055,154</u>	<u>\$ -</u>

Investments in Entities that Calculate Net Asset Value Per Share

The County holds shares in the Michigan CLASS investment pool where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At September 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
PRIMARY GOVERNMENT				
Michigan CLASS Investment Pool	\$ 4,108,552	\$ -	No restrictions	None
COMPONENT UNITS				
Michigan CLASS Investment Pool	1,174,117	-	No restrictions	None
FIDUCIARY FUNDS				
Michigan CLASS Investment Pool	<u>101,723</u>	<u>-</u>	No restrictions	None
Total investments at NAV	<u>\$ 5,384,392</u>	<u>\$ -</u>		

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The cash, cash equivalents, and investments referred to above have been reported in the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of September 30, 2020:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 14,523,902	\$ 3,225,094	\$ 5,747,169	\$ 23,496,165
Restricted cash and cash equivalents	<u>447,106</u>	<u>-</u>	<u>-</u>	<u>447,106</u>
	<u><u>\$ 14,971,008</u></u>	<u><u>\$ 3,225,094</u></u>	<u><u>\$ 5,747,169</u></u>	<u><u>\$ 23,943,271</u></u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule details primary government interfund receivables and payables at September 30, 2020:

Due to General Fund from:	
Nonmajor governmental funds	<u><u>\$ 22,612</u></u>
Due to Delinquent Tax Revolving Fund from:	
Medical Care Facility	<u><u>\$ 110,000</u></u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE 4 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and component units have been eliminated.

Transfers to General Fund from:	
Delinquent Tax Revolving Fund	\$ 87,000
Nonmajor enterprise funds	<u>30,000</u>
	<u><u>\$ 117,000</u></u>
Transfers to Jail Operations Fund from:	
General Fund	<u><u>\$ 351,365</u></u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERFUND TRANSFERS (continued)

Transfers to nonmajor governmental funds from:	
General Fund	\$ 245,486
Delinquent Tax Revolving Fund	<u>130,000</u>
	<u>\$ 375,486</u>
Transfers to Delinquent Tax Revolving Fund from:	
General Fund	<u>\$ 14,020</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 - CAPITAL ASSETS

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

PRIMARY GOVERNMENT

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,931,926	\$ -	\$ -	\$ 5,931,926
Capital assets being depreciated				
Buildings and improvements	8,718,815	-	-	8,718,815
Land improvements	169,287	-	-	169,287
Machinery and equipment	3,371,718	180,888	(7,589)	3,545,017
Subtotal	<u>12,259,820</u>	<u>180,888</u>	<u>(7,589)</u>	<u>12,433,119</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,514,974)	(229,150)	-	(4,744,124)
Land improvements	(41,277)	(11,561)	-	(52,838)
Machinery and equipment	(2,688,966)	(279,293)	1,518	(2,966,741)
Subtotal	<u>(7,245,217)</u>	<u>(520,004)</u>	<u>1,518</u>	<u>(7,763,703)</u>
Net capital assets being depreciated	<u>5,014,603</u>	<u>(339,116)</u>	<u>(6,071)</u>	<u>4,669,416</u>
Capital assets, net	<u>\$ 10,946,529</u>	<u>\$ (339,116)</u>	<u>\$ (6,071)</u>	<u>\$ 10,601,342</u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

PRIMARY GOVERNMENT (continued)

The current period depreciation expense of \$520,004 has been adjusted by \$6,071 for the loss on disposal of capital assets during the period, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

Depreciation expense was charged to the following governmental activities:

General government	\$ 144,349
Judicial	3,354
Public safety	274,770
Public works	79,398
Health and welfare	2,500
Recreation and culture	<u>21,704</u>
Total depreciation expense	<u><u>\$ 526,075</u></u>

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 47,424	\$ -	\$ -	\$ 47,424
Construction in progress	57,986	23,147	-	81,133
Subtotal	<u>105,410</u>	<u>23,147</u>	<u>-</u>	<u>128,557</u>
Capital assets being depreciated				
Buildings and improvements	15,777,639	57,414	-	15,835,053
Land improvements	117,433	36,860	-	154,293
Machinery and equipment	2,822,499	332,936	(6,923)	3,148,512
Subtotal	<u>18,717,571</u>	<u>427,210</u>	<u>(6,923)</u>	<u>19,137,858</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,583,839)	(607,040)	-	(3,190,879)
Land improvements	(31,717)	(7,872)	-	(39,589)
Machinery and equipment	(1,549,408)	(323,594)	1,115	(1,871,887)
Subtotal	<u>(4,164,964)</u>	<u>(938,506)</u>	<u>1,115</u>	<u>(5,102,355)</u>
Net capital assets being depreciated	<u>14,552,607</u>	<u>(511,296)</u>	<u>(5,808)</u>	<u>14,035,503</u>
Capital assets, net	<u><u>\$ 14,658,017</u></u>	<u><u>\$ (488,149)</u></u>	<u><u>\$ (5,808)</u></u>	<u><u>\$ 14,164,060</u></u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

PRIMARY GOVERNMENT (continued)

Depreciation expense was charged to the following business-type activities:

Medical Care Facility	\$ 722,270
Emergency Medical Services	<u>216,236</u>
Total depreciation expense	<u><u>\$ 938,506</u></u>

COMPONENT UNITS

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
Road Commission				
Capital assets not being depreciated				
Land	\$ 12,708	\$ -	\$ -	\$ 12,708
Land improvements	<u>1,687,153</u>	<u>-</u>	<u>-</u>	<u>1,687,153</u>
Subtotal	<u>1,699,861</u>	<u>-</u>	<u>-</u>	<u>1,699,861</u>
Capital assets being depreciated				
Buildings	1,170,808	185,538	-	1,356,346
Road equipment	6,218,584	813,260	(35,996)	6,995,848
Shop equipment	166,256	-	-	166,256
Office equipment	75,585	-	-	75,585
Engineer's equipment	39,345	-	-	39,345
Yard and storage	443,174	-	-	443,174
Infrastructure	<u>23,025,460</u>	<u>2,747,460</u>	<u>(434,486)</u>	<u>25,338,434</u>
Subtotal	<u>31,139,212</u>	<u>3,746,258</u>	<u>(470,482)</u>	<u>34,414,988</u>
Less accumulated depreciation for:				
Buildings	(1,086,458)	(13,611)	-	(1,100,069)
Road equipment	(4,909,259)	(621,028)	28,246	(5,502,041)
Shop equipment	(148,129)	(3,277)	-	(151,406)
Office equipment	(49,359)	(3,291)	-	(52,650)
Engineer's equipment	(39,345)	-	-	(39,345)
Yard and storage	(242,192)	(17,614)	-	(259,806)
Infrastructure	<u>(6,419,664)</u>	<u>(1,109,003)</u>	<u>434,486</u>	<u>(7,094,181)</u>
Subtotal	<u>(12,894,406)</u>	<u>(1,767,824)</u>	<u>462,732</u>	<u>(14,199,498)</u>
Net capital assets being depreciated	<u>18,244,806</u>	<u>1,978,434</u>	<u>(7,750)</u>	<u>20,215,490</u>
Capital assets, net	<u><u>\$ 19,944,667</u></u>	<u><u>\$ 1,978,434</u></u>	<u><u>\$ (7,750)</u></u>	<u><u>\$ 21,915,351</u></u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

COMPONENT UNITS (continued)

Transportation Authority

Capital assets being depreciated

Building and improvements	\$ 2,149,087	\$ 9,778	\$ (2,870)	\$ 2,155,995
Vehicles	1,689,600	410,438	(181,513)	1,918,525
Shop equipment	94,539	35,195	-	129,734
Office equipment	140,833	146,278	(23,110)	264,001
	<u>4,074,059</u>	<u>601,689</u>	<u>(207,493)</u>	<u>4,468,255</u>
Subtotal	4,074,059	601,689	(207,493)	4,468,255
Less accumulated depreciation	<u>(1,764,566)</u>	<u>(275,153)</u>	<u>207,493</u>	<u>(1,832,226)</u>
Capital assets, net	<u>\$ 2,309,493</u>	<u>\$ 326,536</u>	<u>\$ -</u>	<u>\$ 2,636,029</u>

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portions) of the County for the year ended September 30, 2020.

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct borrowings/placements					
Installment loan	\$ 8,339	\$ -	\$ (5,186)	\$ 3,153	\$ 3,153
Other long-term obligations					
Compensated absences	139,077	291,451	(235,146)	195,382	195,382
Total Governmental Activities	<u>147,416</u>	<u>291,451</u>	<u>(240,332)</u>	<u>198,535</u>	<u>198,535</u>
Business-Type Activities					
Bonded debt					
2014 Building Authority Bonds	4,855,000	-	(4,855,000)	-	-
2020 Capital Improvement Refunding Bond	-	3,905,000	-	3,905,000	285,000
Bond premium	-	680,498	(16,787)	663,711	68,050
Total bonded debt	<u>4,855,000</u>	<u>4,585,498</u>	<u>(4,871,787)</u>	<u>4,568,711</u>	<u>353,050</u>
Direct borrowings/placements					
Installment loans	184,877	-	(128,783)	56,094	47,346
Other long-term obligations					
Compensated absences	150,329	209,353	-	359,682	-
Total Business-type Activities	<u>5,190,206</u>	<u>4,794,851</u>	<u>(5,000,570)</u>	<u>4,984,487</u>	<u>400,396</u>
TOTAL PRIMARY GOVERNMENT	<u>5,337,622</u>	<u>5,086,302</u>	<u>(5,240,902)</u>	<u>5,183,022</u>	<u>598,931</u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020	Amounts Due Within One Year
COMPONENT UNITS					
Road Commission					
Direct borrowings/placements					
Installment loans	399,356	-	(134,265)	265,091	36,617
Other long-term obligations					
Compensated absences	69,072	17,031	-	86,103	-
TOTAL COMPONENT UNITS	468,428	17,031	(134,265)	351,194	36,617
TOTAL REPORTING ENTITY	\$ 5,806,050	\$ 5,103,333	\$ (5,375,167)	\$ 5,534,216	\$ 635,548

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT

General Obligation Bond

\$3,905,000 Capital Improvement Refunding Bonds, Series 2020, dated July 16, 2020, due in annual installments ranging from \$285,000 to \$490,000 through September 1, 2030, with interest ranging from 2.00% to 5.00%, payable semi-annually.

\$ 3,905,000

Installment Loans

Governmental Activities

Installment loan payable to finance company, 1.93% interest rate, payable in monthly installments of \$461, secured by equipment.

\$ 3,153

Business-type Activities

Ambulance installment loan payable to financial institution, no interest, monthly installments of \$3,946 secured by the vehicle.

\$ 56,094

The County's outstanding installment loans from direct borrowings related to governmental activities of \$3,153 and business-type activities of \$56,094 are secured with collateral of the equipment being financed. In the event of default, the outstanding amounts may become immediately due.

Compensated Absences - Primary Government (Except Medical Care Facility)

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$195,382 for vacation and sick, at September 30, 2020, and has been recorded as a current liability in the government-wide financial statements under the governmental activities column based on management's estimate.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

PRIMARY GOVERNMENT (continued)

Compensated Absences - Primary Government (Medical Care Facility)

Medical Care Facility employees are granted compensated absences under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$359,682 at September 30, 2020, and has been recorded as a noncurrent liability in the government-wide financial statements under the business-type activities column based on management's estimate.

COMPONENT UNIT - ROAD COMMISSION

Installment Loans

Installment payable to Finance Company, 3.49% interest rate, payable in monthly installments of \$2,875, secured by equipment.	\$ 207,823
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Installment payable to Finance Company, 4.84% interest rate, payable in monthly installments of \$943, secured by equipment	<u>57,268</u>
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	<u><u>\$ 265,091</u></u>
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Compensated Absences

In accordance with Road Commissions personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$86,103 for vacation and sick, at September 30, 2020.

Advance Refunding - Current

During the year, Benzie County issued \$3,905,000 in general obligation bonds with an issuance premium of \$680,498. These bonds had an interest range of 2.00 percent to 5.00 percent. The proceeds of these bonds were used to advance refund \$4,500,000 of outstanding Series 2013 Benzie County Building Authority General Obligation Limited Tax Bond with an interest range of 3.00 percent to 4.00 percent. The net proceeds of \$4,585,498 (after payment of \$86,197 in underwriting fees and other issuance costs). Those securities, along with the principal payment of \$354,028 related to September 1, 2020, for a total of \$4,939,526, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding reduced total debt service payments over the next 10 years by approximately \$645,000, which represents an economic gain of approximately \$545,000.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to pay the debt principal and interest outstanding for the following bonds and notes are as follows:

Year Ending September 30,	Primary Government					
	Governmental Activities		Business-type Activities			
	Installment Loan		Bonds Payable		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,153	\$ 61	\$ 285,000	\$ 181,181	\$ 47,346	\$ -
2022	-	-	315,000	146,800	8,748	-
2023	-	-	335,000	131,050	-	-
2024	-	-	360,000	114,300	-	-
2025	-	-	385,000	96,300	-	-
2026-2030	-	-	2,225,000	267,700	-	-
	<u>\$ 3,153</u>	<u>\$ 61</u>	<u>\$ 3,905,000</u>	<u>\$ 937,331</u>	<u>\$ 56,094</u>	<u>\$ -</u>

Year Ending September 30,	Component Unit (Road Commission)	
	Installment Loans	
	Principal	Interest
2021	\$ 36,617	\$ 9,199
2022	37,846	7,970
2023	160,963	5,770
2024	29,665	565
	<u>\$ 265,091</u>	<u>\$ 23,504</u>

NOTE 7 - PROPERTY TAXES AND TAX RECEIVABLE

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31. Unpaid property taxes are considered to be delinquent as of March 1 of the year after the tax was levied.

The County's Winter 2019 and Summer 2020 ad valorem taxes were levied and collectible on December 1, 2019 and July 1, 2020, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's Winter 2019 and Summer 2020 tax levies have been recognized as revenue in the current fiscal year. The 2019 and 2020 taxable value of Benzie County amounted to \$1,311,442,055 and \$1,361,698,213 respectively, on which ad valorem taxes levied for County general operating purposes consisted of 3.4334 mills for Summer 2020. Benzie County has levied 0.7898 mills for ambulance operations, 0.0975 mills for animal control, 0.1248 mills for conservation district operations, 0.8828 mills for jail operations, 0.3602 mills for Medical Care Facility operations, 0.6350 mills for Medical Care Facility debt service, 0.0984 mills for TNT Officer, 0.9986 mills for roads, 0.8448 mills for Commission on Aging, 0.1797 mills for school resource officer, and 0.0400 mills for veterans relief.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PROPERTY TAXES AND TAX RECEIVABLE (continued)

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2020. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS

Defined Benefit Pension Plan

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY)

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's Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at www.mersofmich.com.

Summary of Significant Accounting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For these purposes, 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.

**BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) (continued)

Benefits Provided

Benefits provided by the County's plan vary by division, as summarized in the following table:

	Courthouse Employees	Sheriff Department	Elected Officials	Commissioners	Nonunion Nonelected
Open or closed to new hires	Closed	Closed	Open	Open	Open
Benefit multiplier	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.25% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal retirement age	60	60	60	60	60
Vesting	8 years	8 years	8 years	8 years	8 years
Early retirement (unreduced)	-	25 & Out	Age 55/25 years of service	-	-
Early retirement (reduced)	Age 50/25 years of service; Age 55/15 years of service	Age 55/15 years of service	Age 50/25 years of service; Age 55/15 years of service	Age 50/25 years of service; Age 55/15 years of service	Age 50/25 years of service; Age 55/15 years of service
Final average compensation (FAC)	5 years	5 years	5 years	5 years	5 years
Employee contributions	6.00%	6.00%	6.00%	6.00%	6.00%
Act 88	Yes	Yes	Yes	Yes	Yes

	Courthouse Employees	EMS Union	COAM	Sheriff after 10/01/11	COAM after 10/01/11
Open or closed to new hires	Open	Open	Closed	Open	Open
Benefit multiplier	2.00% Multiplier (no max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.00% Multiplier (no max)	2.00% Multiplier (no max)
Normal retirement age	60	60	60	60	60
Vesting	10 years	8 years	8 years	10 years	10 years
Early retirement (unreduced)	Age 55/25 years of service	-	25 & Out	Age 55/25 years of service	Age 55/25 years of service
Early retirement (reduced)	Age 50/25 years of service; Age 55/15 years of service	Age 50/25 years of service; Age 55/15 years of service	Age 55/15 years of service	Age 50/25 years of service; Age 55/15 years of service	Age 50/25 years of service; Age 55/15 years of service
Final average compensation (FAC)	5 years	5 years	5 years	5 years	5 years
Employee contributions	6.00%	6.00%	6.00%	6.00%	6.00%
Act 88	Yes	Yes	Yes	Yes	Yes

**BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) (continued)

Benefits Provided (continued)

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all eligible full-time general employees in ten divisions. Three divisions are closed to new hires; seven divisions are open to new hires.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Board of Directors and the County's Board of Commissioners, generally after negotiations of the terms with the affected unions.

At the December 31, 2019, valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	92
Inactive plan members entitled to but not yet receiving benefits	79
Active members	<u>91</u>
	<u><u>262</u></u>

Contributions

The County is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County may establish contribution rates to be paid by its covered employees.

Payable to the Pension Plan

At September 30, 2020, there were no amount outstanding by the County for contributions to the pension plan required for the year ended September 30, 2020.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) (continued)

Net Pension Liability

The County's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date. Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Changes in Net Pension Liability			
Balances at December 31, 2018	\$ 19,045,762	\$ 12,090,833	\$ 6,954,929
Changes for the year			
Service cost	449,256	-	449,256
Interest on total pension liability	1,497,227	-	1,497,227
Changes in benefits	(2,687)	-	(2,687)
Difference between expected and actual experience	141,592	-	141,592
Changes in assumptions	672,874	-	672,874
Employer contributions	-	719,385	(719,385)
Employee contributions	-	260,514	(260,514)
Net investment income	-	1,644,459	(1,644,459)
Benefit payments, including employee refunds	(1,110,094)	(1,110,094)	-
Administrative expense	-	(28,361)	28,361
Net changes	1,648,168	1,485,903	162,265
Balances at December 31, 2019	\$ 20,693,930	\$ 13,576,736	\$ 7,117,194

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) (continued)

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

For the year ended September 30, 2020, the County recognized pension expenses of \$405,741. The County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 94,393	\$ 70,136
Differences in assumptions	448,581	-
Net difference between projected and actual earnings on pension plan investments	50,925	-
Contributions subsequent to the measurement date*	579,248	-
Total	<u>\$ 1,173,147</u>	<u>\$ 70,136</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2021.

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

Year Ending September 30,	Pension Expense
2021	\$ 177,098
2022	317,915
2023	165,458
2024	(136,708)

Actuarial Assumptions

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

Inflation: 2.5%

Salary increases: 3.00% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) (continued)

Actuarial Assumptions (continued)

Investment rate of return: 7.35%, net of investment expenses, including inflation.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% Female blend of the following tables: 1. the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, 2. the RP-2014 Employee Mortality Tables, and 3. the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the valuation were based on the results of the 2009-2013 Five-Year Experience Study.

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

Reduction in discount rate from 8.00% to 7.60%.

Reduction in the investment rate of return assumption from 7.75% to 7.35%, net of administrative expense

Reduction in the rate of wage inflation from 3.75% to 3.00%.

Projected Cash Flows

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.

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.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) (continued)

Projected Cash Flows (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global Equity	60.00%	5.25%	3.15%
Global Fixed Income	20.00%	1.25%	0.25%
Private Investments	20.00%	7.25%	1.45%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>7.60%</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be using a discount rate that is 1% lower 6.60% or 1% higher 8.60% than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 9,585,532	\$ 7,117,194	\$ 5,045,939

PRIMARY GOVERNMENT - MEDICAL CARE FACILITY AND COMPONENT UNITS - ROAD COMMISSION AND TRANSPORTATION AUTHORITY.

The Medical Care Facility (enterprise fund), Road Commission (component unit), and Transportation Authority (component unit) have separate defined benefit retirement plans from the County (Primary Government). Details applicable to their plans are readily available in their separately issued financial statements and are not duplicated here in accordance with GASB Statement No. 61. It appears actuarially determined contribution requirements have been met for the fiscal year presented.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Contribution Pension Plan

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY)

As of January 1, 2020, the County established a defined contribution pension plan through the Michigan Municipal Employees' Retirement System. All employees hired after January 1, 2020, are covered under the defined contribution plan.

The plan is administered by the Michigan Municipal Employees' Retirement System. Contributions are determined, and may be amended, by an employment agreement requiring employee contributions of 6% and employer contributions between 2% and 7% of covered payroll, depending on years of service.

The County's contributions to the plan were \$1,350 for the year ended September 30, 2020. The County's employees contributed \$3,061 to the defined contribution plan for the year ended September 30, 2020.

COMPONENT UNIT - TRANSPORTATION AUTHORITY

The Transportation Authority (component unit) has a separate defined contribution retirement plan from the County (Primary Government). Details applicable to their plan are readily available in their separately issued financial statements and are not duplicated here in accordance with GASB Statement No. 61.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

COMPONENT UNIT - ROAD COMMISSION

The Road Commission (component unit) has a defined contribution other post-employment benefits plan. Details applicable to their plan are readily available in their separately issued financial statements and are not duplicated here in accordance with GASB Statement No. 61. It appears actuarially determined contribution requirements have been met for the fiscal year presented.

NOTE 10 - RISK MANAGEMENT

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND TRANSPORTATION AUTHORITY)

The County is a voluntary member of the Michigan Municipal Risk Management Authority, which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately. The Authority administers a risk management fund providing the County with protection for general liability, vehicle physical damage, property damage, and losses due to crime. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - RISK MANAGEMENT (continued)

PRIMARY GOVERNMENT (EXCEPT MEDICAL CARE FACILITY) AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND TRANSPORTATION AUTHORITY) (continued)

The County also participates in a pool, the Michigan Counties Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

PRIMARY GOVERNMENT - MEDICAL CARE FACILITY AND COMPONENT UNITS - ROAD COMMISSION AND TRANSPORTATION AUTHORITY

The Medical Care Facility (enterprise fund), Road Commission (component unit), and Transportation Authority (component unit) have their own coverages for risk management as disclosed in their readily available, separately issued financial statements.

NOTE 11 - CONTINGENT LIABILITIES

PRIMARY GOVERNMENT

The County from time to time is named as a defendant in lawsuits requesting damages of various amounts. The County estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

DISCRETELY PRESENTED COMPONENT UNITS

Road Commission and Transportation Authority

The Road Commission and Transportation Authority have their own contingent liabilities disclosures in their readily available, separately issued financial statements.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - RESTRICTED NET POSITION

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net position restrictions as of September 30, 2020:

PRIMARY GOVERNMENT	
Governmental Activities	
Restricted	
Public safety	
Seasonal road patrol	\$ 28,359
Marine patrol	1,140
Snowmobile patrol	13,299
School resource officer	63,888
Animal control	118,720
Jail operations	49,198
Homeland security	1,630
911 emergency service	425,584
Building department	88,345
Dispatcher training	10,530
Local corrections officer training	8,430
Sheriff forfeiture	685
Benzie criminal justice system	2,717
Indigent defense	494
Total public safety	<u>813,019</u>
Health and welfare	
Veteran activities	22,209
Aging activities	327,447
Housing activities	880,681
Juvenile justice	97
Child Care	100,524
Soldiers' relief	69,329
Total health and welfare	<u>1,400,287</u>
Other purposes	
Remonumentation	23,224
Clerk	50,950
Building authority	5,668
CARES Act	307,251
Friend of the court	82,410
Light house	11,149
Betsy Valley trail	3,032
GIS Information System	8,911
Register of Deeds	123,426
Law library	9
Family court	54,913
Solid waste/recycling	222,984
Soil erosion	32,449
Total other purposes	<u>926,376</u>
Capital projects	<u>14,861</u>
Total Governmental Activities	3,154,543
Business-type Activities	
Restricted	
Debt service	<u>371,270</u>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 3,525,813</u></u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - DETAILS OF FUND BALANCE CLASSIFICATIONS

The following are the fund balance constraints as of September 30, 2020:

	General Fund	Jail Operations	Nonmajor Governmental Funds	Total
Fund balances				
Nonspendable				
Prepaid expenditures	\$ 26,535	\$ 2,872	\$ 2,250	\$ 31,657
Loans receivable	-	-	836,973	836,973
Restricted				
General government				
Remonumentation	-	-	23,224	23,224
Clerk	-	-	50,950	50,950
Building authority	-	-	5,668	5,668
CARES Act	-	-	307,251	307,251
GIS Information System	-	-	8,911	8,911
Register of Deeds	-	-	123,426	123,426
Judicial				
Friend of the court	-	-	82,410	82,410
Law library	-	-	9	9
Family court	-	-	54,913	54,913
Public safety				
Seasonal road patrol	-	-	28,359	28,359
Marine patrol	-	-	1,140	1,140
Snowmobile patrol	-	-	13,299	13,299
School resource officer	-	-	63,888	63,888
Animal control	-	-	118,339	118,339
Jail operations	-	46,326	-	46,326
Homeland security	-	-	1,630	1,630
911 emergency service	-	-	424,546	424,546
Building department	-	-	87,791	87,791
Dispatcher training	-	-	10,530	10,530
Local corrections officer training	-	-	8,430	8,430
Sheriff forfeiture	-	-	685	685
Benzie criminal justice system	-	-	2,717	2,717
Indigent defense	-	-	494	494
Public Works				
Solid Waste/Recycling	-	-	222,984	222,984
Soil Erosion	-	-	32,449	32,449
Health and welfare				
Veteran activities	-	-	22,209	22,209
Aging activities	-	-	327,447	327,447
Housing activities	-	-	43,708	43,708
Juvenile justice	-	-	97	97
Child Care - DHS	-	-	100,524	100,524
Soldiers' relief	-	-	69,329	69,329
Recreation and culture				
Betsy Valley Trail Management	-	-	3,032	3,032
Light house	-	-	11,149	11,149
Capital projects	-	-	14,861	14,861
Committed				
TNT Officer	-	-	4,994	4,994
Equipment replacement	-	-	38,837	38,837
Assigned				
Sheriff's K-9	-	-	28,472	28,472
Benzie Co. Sheriff Reserve's	-	-	12	12
Benzie Co. Dive Team	-	-	1,236	1,236
Benzie Co. Kids	-	-	4,041	4,041
Parks and Recreation Ice Rink	-	-	17	17
Debt service	-	-	117,708	117,708
Capital projects	-	-	94,862	94,862
Subsequent year expenditures	138,679	-	-	138,679
Unassigned	1,904,041	-	-	1,904,041
TOTAL FUND BALANCES	\$ 2,069,255	\$ 49,198	\$ 3,395,801	\$ 5,514,254

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - RESTATEMENTS

Beginning net position for governmental activities and discretely presented component units and beginning fund balance for the General Fund and nonmajor governmental funds have been adjusted to correct overstated loans receivable, understated unavailable revenue, and reclassify certain activities of the County as noted below:

Description of restatement	General Fund	Nonmajor Governmental Funds	Governmental Activities	Discretely Presented Component Units
Beginning fund balance/net position from PY FS	\$ 2,139,938	\$ 2,490,464	\$ 11,331,005	\$ 21,990,340
Understated unavailable revenue - property taxes	(177,621)	-	-	-
Overstated loans receivable - housing loans	-	(45,754)	(45,754)	-
Overstated unavailable revenue - housing loans	-	873,944	-	-
Reclassify Capital Improvements Fund to capital projects fund type	(179,536)	179,536	-	-
Reclassify Building Authority Fund to special revenue fund type	(5,707)	5,707	-	-
Remove Maples Debt Millage Fund	-	(91,805)	(91,805)	-
Reclassify Land Reutilization Fund to discretely presented component unit - Land Bank Authority	-	(124,012)	(124,012)	124,012
Reclassify Brownfield Redevelopment Authority Fund to discretely presented component unit	-	(20,121)	(20,121)	20,121
Reclassify Benzie-Leelanau District Health Department to fiduciary fund type	-	-	-	(175,065)
Beginning fund balance/net position, as restated	<u>\$ 1,777,074</u>	<u>\$ 3,267,959</u>	<u>\$ 11,049,313</u>	<u>\$ 21,959,408</u>

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement improves financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and will clarify whether and how business-type activities should report their fiduciary activities. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022 fiscal year.

In June 2018, the GASB issued Statements No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021 fiscal year.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). 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. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

NOTE 16 - UNCERTAINTIES

The extent of the impact of COVID-19 on the County's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

**BENZIE COUNTY, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
REVENUES				
Taxes and penalties	\$ 4,661,700	\$ 4,661,700	\$ 4,778,490	\$ 116,790
Licenses and permits	41,850	41,850	35,353	(6,497)
Intergovernmental - Federal/State	863,133	891,321	903,512	12,191
Intergovernmental - Local	-	5,000	5,000	-
Charges for services	606,370	615,666	745,789	130,123
Fines and forfeits	3,700	3,700	4,621	921
Interest and rents	113,550	113,550	102,585	(10,965)
Other	68,500	71,160	71,068	(92)
TOTAL REVENUES	6,358,803	6,403,947	6,646,418	242,471
EXPENDITURES				
Current				
General government				
Board of Commissioners	100,650	99,291	79,742	19,549
Administrator	192,382	197,007	194,294	2,713
Clerk	226,241	226,241	198,142	28,099
Treasurer	160,310	159,620	150,970	8,650
Equalization	150,504	145,504	140,953	4,551
Cooperative extension	54,918	54,918	54,330	588
Elections	48,825	50,489	35,908	14,581
Building and grounds	202,051	205,579	203,472	2,107
Technology support	59,200	59,200	56,197	3,003
Central services	54,250	53,301	45,178	8,123
Surveyor	2,000	2,000	1,826	174
Legal and contracted services	132,500	129,790	111,149	18,641
Total general government	1,383,831	1,382,940	1,272,161	110,779
Judicial				
Circuit court	324,655	352,655	291,721	60,934
District court	471,023	474,980	458,052	16,928
Friend of the court	141,425	141,425	132,373	9,052
Juvenile division	58,760	58,760	50,544	8,216
Prosecuting attorney	266,383	269,308	270,759	(1,451)
Total judicial	1,262,246	1,297,128	1,203,449	93,679
Public safety				
Sheriff	914,231	929,155	938,521	(9,366)
Sheriff secondary road patrol	71,795	65,042	61,157	3,885
Zero tolerance	49,670	60,414	63,762	(3,348)
Emergency management	54,004	54,004	46,409	7,595
Total public safety	1,089,700	1,108,615	1,109,849	(1,234)

**BENZIE COUNTY, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (continued)
YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
EXPENDITURES (continued)				
Current (continued)				
Public works				
Drain commission	\$ 9,250	\$ 7,703	\$ 7,703	\$ -
Airport authority	12,000	12,000	12,000	-
Total public works	21,250	19,703	19,703	-
Health and welfare				
Health department	240,702	240,702	239,702	1,000
Department of Human Services	2,500	400	315	85
Medical examiner	83,000	78,837	73,841	4,996
Mental health board	169,461	169,711	169,541	170
Total health and welfare	495,663	489,650	483,399	6,251
Community and economic development				
Register of deeds	148,058	158,049	158,055	(6)
Brownfield Redevelopment Authority	800	800	800	-
Total community and economic development	148,858	158,849	158,855	(6)
Recreation and culture				
Parks and recreation	11,000	16,238	14,518	1,720
Other				
Medical insurance	773,367	691,761	689,048	2,713
Unemployment insurance	7,500	7,500	7,269	231
Worker's comp insurance	46,000	37,746	32,674	5,072
Insurance and bonds	126,750	119,800	109,725	10,075
Social security	174,164	182,488	188,081	(5,593)
Retirement benefits	381,942	473,044	508,998	(35,954)
Intergovernmental cooperation	3,125	56,865	56,859	6
Other	2,500	5,778	5,778	-
Total other	1,515,348	1,574,982	1,598,432	(23,450)
TOTAL EXPENDITURES	5,927,896	6,048,105	5,860,366	187,739
EXCESS OF REVENUES OVER EXPENDITURES	430,907	355,842	786,052	430,210

**BENZIE COUNTY, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (continued)
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 130,569	\$ 130,569	\$ 117,000	\$ (13,569)
Transfers out	<u>(681,431)</u>	<u>(682,841)</u>	<u>(610,871)</u>	<u>71,970</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(550,862)</u>	<u>(552,272)</u>	<u>(493,871)</u>	<u>58,401</u>
NET CHANGE IN FUND BALANCE	(119,955)	(196,430)	292,181	488,611
Restated fund balance, beginning of year	<u>1,777,074</u>	<u>1,777,074</u>	<u>1,777,074</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,657,119</u>	<u>\$ 1,580,644</u>	<u>\$ 2,069,255</u>	<u>\$ 488,611</u>

**BENZIE COUNTY, MICHIGAN
JAIL OPERATIONS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,161,433	\$ 1,161,433	\$ 1,157,139	\$ (4,294)
Intergovernmental	41,825	41,825	59,195	17,370
Charges for services	61,650	61,650	47,048	(14,602)
Other	8,950	13,471	23,094	9,623
TOTAL REVENUES	<u>1,273,858</u>	<u>1,278,379</u>	<u>1,286,476</u>	<u>8,097</u>
EXPENDITURES				
Current				
Public safety	1,619,677	1,672,201	1,651,899	20,302
Debt service	5,546	5,546	5,546	-
TOTAL EXPENDITURES	<u>1,625,223</u>	<u>1,677,747</u>	<u>1,657,445</u>	<u>20,302</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(351,365)	(399,368)	(370,969)	28,399
OTHER FINANCING SOURCES				
Transfer in	351,365	351,365	351,365	-
NET CHANGE IN FUND BALANCE	-	(48,003)	(19,604)	28,399
Fund balance, beginning of year	<u>68,802</u>	<u>68,802</u>	<u>68,802</u>	<u>-</u>
Fund balance, end of year	<u>\$ 68,802</u>	<u>\$ 20,799</u>	<u>\$ 49,198</u>	<u>\$ 28,399</u>

BENZIE COUNTY, MICHIGAN
BENZIE COUNTY PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYER NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 449,256	\$ 457,679	\$ 424,054	\$ 367,231	\$ 372,988	\$ 363,227
Interest	1,497,227	1,435,346	1,384,197	1,340,551	1,215,689	1,151,131
Changes of benefit terms	(2,687)	-	-	(110,144)	-	-
Difference between expected and actual experience	141,592	(55,658)	(206,334)	(153,120)	469,454	-
Changes of assumptions	672,874	-	-	-	826,589	-
Benefit payments, including employee refunds	(1,110,094)	(1,009,175)	(949,620)	(905,095)	(816,063)	(657,350)
Other	-	(1)	-	-	2	-
Net Change in Total Pension Liability	1,648,168	828,191	652,297	539,423	2,068,659	857,008
Total Pension Liability, beginning	19,045,762	18,217,571	17,565,274	17,025,851	14,957,192	14,100,184
Total Pension Liability, ending	<u>\$ 20,693,930</u>	<u>\$ 19,045,762</u>	<u>\$ 18,217,571</u>	<u>\$ 17,565,274</u>	<u>\$ 17,025,851</u>	<u>\$ 14,957,192</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 719,385	\$ 774,966	\$ 603,227	\$ 547,413	\$ 643,589	\$ 670,851
Contributions - employee	260,514	247,199	234,271	133,061	86,789	75,158
Net investment income (loss)	1,644,459	(502,865)	1,489,809	1,169,835	(160,875)	621,978
Benefit payments, including employee refunds	(1,110,094)	(1,009,175)	(949,620)	(905,095)	(816,063)	(657,350)
Administrative expense	(28,361)	(24,590)	(23,573)	(23,099)	(23,326)	(28,289)
Net Change in Plan Fiduciary Net Position	1,485,903	(514,465)	1,354,114	922,115	(269,886)	682,348
Plan Fiduciary Net Position, beginning	12,090,833	12,605,298	11,251,184	10,329,069	10,598,955	9,904,015
Plan Fiduciary Net Position, ending	<u>\$ 13,576,736</u>	<u>\$ 12,090,833</u>	<u>\$ 12,605,298</u>	<u>\$ 11,251,184</u>	<u>\$ 10,329,069</u>	<u>\$ 10,586,363</u>
County's Net Pension Liability	<u>\$ 7,117,194</u>	<u>\$ 6,954,929</u>	<u>\$ 5,612,273</u>	<u>\$ 6,314,090</u>	<u>\$ 6,696,782</u>	<u>\$ 4,370,829</u>
Plan Fiduciary Net Position as a percentage of the Net Pension Liability	66%	63%	69%	64%	61%	71%
Covered payroll	\$ 4,151,050	\$ 4,082,032	\$ 3,717,011	\$ 3,493,504	\$ 3,667,165	\$ 3,514,717
County's Net Pension Liability as a percentage of covered payroll	171%	170%	151%	181%	183%	124%

**BENZIE COUNTY, MICHIGAN
 BENZIE COUNTY PENSION PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST SIX FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
 (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 646,236	\$ 637,012	\$ 603,227	\$ 547,413	\$ 643,589	\$ 643,589
Contributions in relation to the actuarially determined contribution	<u>733,236</u>	<u>717,012</u>	<u>603,227</u>	<u>547,413</u>	<u>643,589</u>	<u>670,851</u>
Contribution deficiency (excess)	<u><u>\$ (87,000)</u></u>	<u><u>\$ (80,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (27,262)</u></u>
Covered payroll	\$ 4,352,359	\$ 4,082,032	\$ 3,717,011	\$ 3,493,504	\$ 3,667,165	\$ 3,667,165
Contributions as a percentage of covered payroll	17%	18%	16%	16%	18%	18%

BENZIE COUNTY, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The County's budgeted expenditures in the General and major Special Revenue Funds have been shown at the functional classification level. The approved budgets of the County have been adopted at the department level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended September 30, 2020, the County incurred expenditures in various General Fund activities and Special Revenue funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
Judicial			
Prosecuting attorney	\$ 269,308	\$ 270,759	\$ 1,451
Public safety			
Sheriff	929,155	938,521	9,366
Zero tolerance	60,414	63,762	3,348
Community and economic development			
Register of deeds	158,049	158,055	6
Other			
Social security	182,488	188,081	5,593
Retirement benefits	473,044	508,998	35,954
Dispatcher Training Grant Fund	10,000	10,052	52
Law Library Fund	20,356	20,452	96
Commission on Aging Fund	1,107,900	1,112,826	4,926

NOTE 2 - BENZIE COUNTY PENSION PLAN

Changes of benefits terms: There were no significant changes in benefit terms in plan year 2019.

Changes of assumptions: Reduction in discount rate from 8.00% to 7.60%.

Reduction in the investment rate of return assumption from 7.75% to 7.35%, net of administrative expense.

Reduction in the rate of wage inflation from 3.75% to 3.00%.

OTHER SUPPLEMENTARY INFORMATION

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2020**

	Special		
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's
ASSETS			
Cash and investments	\$ 28,850	\$ 7,761	\$ 12
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	\$ 28,850	\$ 7,761	\$ 12
LIABILITIES			
Accounts payable	\$ 378	\$ 218	\$ -
Accrued liabilities	-	2,549	-
Due to other funds	-	-	-
TOTAL LIABILITIES	378	2,767	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	4,994	-
Assigned	28,472	-	12
TOTAL FUND BALANCES	28,472	4,994	12
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,850	\$ 7,761	\$ 12

Revenue

Benzie Co. Dive Team	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol	Marine Patrol	Snowmobile Patrol
\$ 1,236	\$ 4,041	\$ 82,410	\$ 28,389	\$ 2,061	\$ 13,299
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,236</u>	<u>\$ 4,041</u>	<u>\$ 82,410</u>	<u>\$ 28,389</u>	<u>\$ 2,061</u>	<u>\$ 13,299</u>
\$ -	\$ -	\$ -	\$ 30	\$ 921	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30	921	-
-	-	-	-	-	-
-	-	82,410	28,359	1,140	13,299
-	-	-	-	-	-
<u>1,236</u>	<u>4,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,236</u>	<u>4,041</u>	<u>82,410</u>	<u>28,359</u>	<u>1,140</u>	<u>13,299</u>
<u>\$ 1,236</u>	<u>\$ 4,041</u>	<u>\$ 82,410</u>	<u>\$ 28,389</u>	<u>\$ 2,061</u>	<u>\$ 13,299</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2020**

	Special		
	School Resource Officer	Parks and Recreation Ice Rink	Airport Authority
ASSETS			
Cash and investments	\$ 65,814	\$ 17	\$ -
Accounts receivable	-	-	11,438
Loans receivable	-	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	<u>\$ 65,814</u>	<u>\$ 17</u>	<u>\$ 11,438</u>
LIABILITIES			
Accounts payable	\$ 107	\$ -	\$ -
Accrued liabilities	1,819	-	-
Due to other funds	-	-	11,438
TOTAL LIABILITIES	<u>1,926</u>	<u>-</u>	<u>11,438</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	63,888	-	-
Committed	-	-	-
Assigned	-	17	-
TOTAL FUND BALANCES	<u>63,888</u>	<u>17</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 65,814</u>	<u>\$ 17</u>	<u>\$ 11,438</u>

Revenue

Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Remonumentation Survey Grant	GIS Information System	Animal Control
\$ 219,201	\$ -	\$ 37,249	\$ 23,224	\$ 8,911	\$ 126,103
6,444	3,850	-	-	-	-
-	-	-	-	-	-
277	-	-	-	-	381
<u>\$ 225,922</u>	<u>\$ 3,850</u>	<u>\$ 37,249</u>	<u>\$ 23,224</u>	<u>\$ 8,911</u>	<u>\$ 126,484</u>
\$ 756	\$ -	\$ 4,800	\$ -	\$ -	\$ 4,441
1,905	-	-	-	-	3,323
-	818	-	-	-	-
<u>2,661</u>	<u>818</u>	<u>4,800</u>	<u>-</u>	<u>-</u>	<u>7,764</u>
277	-	-	-	-	381
222,984	3,032	32,449	23,224	8,911	118,339
-	-	-	-	-	-
-	-	-	-	-	-
<u>223,261</u>	<u>3,032</u>	<u>32,449</u>	<u>23,224</u>	<u>8,911</u>	<u>118,720</u>
<u>\$ 225,922</u>	<u>\$ 3,850</u>	<u>\$ 37,249</u>	<u>\$ 23,224</u>	<u>\$ 8,911</u>	<u>\$ 126,484</u>

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2020

	Special		
	Building Department	Register of Deeds Automation	Homeland Security
ASSETS			
Cash and investments	\$ 126,196	\$ 126,076	\$ 1,630
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenditures	554	-	-
TOTAL ASSETS	<u>\$ 126,750</u>	<u>\$ 126,076</u>	<u>\$ 1,630</u>
LIABILITIES			
Accounts payable	\$ 38,405	\$ 2,650	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>38,405</u>	<u>2,650</u>	<u>-</u>
FUND BALANCES			
Nonspendable	554	-	-
Restricted	87,791	123,426	1,630
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	<u>88,345</u>	<u>123,426</u>	<u>1,630</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 126,750</u>	<u>\$ 126,076</u>	<u>\$ 1,630</u>

Revenue					
911 Emergency Service	Dispatcher Training Grant	Local Corrections Officer Training	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library
\$ 284,892	\$ 10,530	\$ 8,430	\$ 4,024	\$ 1,766	\$ 9
168,526	-	-	-	951	-
-	-	-	-	-	-
1,038	-	-	-	-	-
<u>\$ 454,456</u>	<u>\$ 10,530</u>	<u>\$ 8,430</u>	<u>\$ 4,024</u>	<u>\$ 2,717</u>	<u>\$ 9</u>
\$ 10,062	\$ -	\$ -	\$ 3,339	\$ -	\$ -
18,810	-	-	-	-	-
-	-	-	-	-	-
<u>28,872</u>	<u>-</u>	<u>-</u>	<u>3,339</u>	<u>-</u>	<u>-</u>
1,038	-	-	-	-	-
424,546	10,530	8,430	685	2,717	9
-	-	-	-	-	-
-	-	-	-	-	-
<u>425,584</u>	<u>10,530</u>	<u>8,430</u>	<u>685</u>	<u>2,717</u>	<u>9</u>
<u>\$ 454,456</u>	<u>\$ 10,530</u>	<u>\$ 8,430</u>	<u>\$ 4,024</u>	<u>\$ 2,717</u>	<u>\$ 9</u>

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2020

	Special		
	Commission On Aging	Child Care	Soldiers' Relief
ASSETS			
Cash and investments	\$ 327,447	\$ 95,031	\$ 69,647
Accounts receivable	-	12,932	-
Loans receivable	-	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	<u>\$ 327,447</u>	<u>\$ 107,963</u>	<u>\$ 69,647</u>
LIABILITIES			
Accounts payable	\$ -	\$ 7,439	\$ 318
Accrued liabilities	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>7,439</u>	<u>318</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	327,447	100,524	69,329
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	<u>327,447</u>	<u>100,524</u>	<u>69,329</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 327,447</u>	<u>\$ 107,963</u>	<u>\$ 69,647</u>

Revenue

Veterans' Memorial	CDBG Housing Grant	Light House	Juvenile Justice	Family Court Grants	Clerk Technology
\$ 22,484	\$ 43,708	\$ -	\$ -	\$ 54,913	\$ 50,950
-	-	16,602	5,000	-	-
-	836,973	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,484</u>	<u>\$ 880,681</u>	<u>\$ 16,602</u>	<u>\$ 5,000</u>	<u>\$ 54,913</u>	<u>\$ 50,950</u>
\$ 275	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	5,453	4,903	-	-
<u>275</u>	<u>-</u>	<u>5,453</u>	<u>4,903</u>	<u>-</u>	<u>-</u>
-	836,973	-	-	-	-
22,209	43,708	11,149	97	54,913	50,950
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,209</u>	<u>880,681</u>	<u>11,149</u>	<u>97</u>	<u>54,913</u>	<u>50,950</u>
<u>\$ 22,484</u>	<u>\$ 880,681</u>	<u>\$ 16,602</u>	<u>\$ 5,000</u>	<u>\$ 54,913</u>	<u>\$ 50,950</u>

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2020

	Special Revenue		
	Building Authority	Indigent Defense Counsel	CARES Act
ASSETS			
Cash and investments	\$ 5,668	\$ 494	\$ 307,251
Accounts receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	<u>\$ 5,668</u>	<u>\$ 494</u>	<u>\$ 307,251</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	5,668	494	307,251
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	<u>5,668</u>	<u>494</u>	<u>307,251</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,668</u>	<u>\$ 494</u>	<u>\$ 307,251</u>

Debt Service	Capital Projects				
Government Center Addition	Capital Improvements	Jail Reserve	Railroad Point	Equipment Replacement	Total
\$ 117,708	\$ 94,862	\$ 287	\$ 18,115	\$ 41,021	\$ 2,461,717
-	-	-	-	-	225,743
-	-	-	-	-	836,973
-	-	-	-	-	2,250
<u>\$ 117,708</u>	<u>\$ 94,862</u>	<u>\$ 287</u>	<u>\$ 18,115</u>	<u>\$ 41,021</u>	<u>\$ 3,526,683</u>
\$ -	\$ -	\$ -	\$ 3,541	\$ 2,184	\$ 79,864
-	-	-	-	-	28,406
-	-	-	-	-	22,612
-	-	-	3,541	2,184	130,882
-	-	-	-	-	839,223
-	-	287	14,574	-	2,266,399
-	-	-	-	38,837	43,831
117,708	94,862	-	-	-	246,348
<u>117,708</u>	<u>94,862</u>	<u>287</u>	<u>14,574</u>	<u>38,837</u>	<u>3,395,801</u>
<u>\$ 117,708</u>	<u>\$ 94,862</u>	<u>\$ 287</u>	<u>\$ 18,115</u>	<u>\$ 41,021</u>	<u>\$ 3,526,683</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2020**

	Special		
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's
REVENUES			
Taxes	\$ -	\$ 128,888	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	190	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	13,100	1,739	-
TOTAL REVENUES	13,100	130,817	-
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	7,801	135,328	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	7,801	135,328	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,299	(4,511)	-
OTHER FINANCING SOURCES			
Transfers in	-	5,000	-
NET CHANGE IN FUND BALANCES	5,299	489	-
Restated fund balances, beginning of year	23,173	4,505	12
Fund balances, end of year	\$ 28,472	\$ 4,994	\$ 12

Revenue					
Benzie Co. Dive Team	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol	Marine Patrol	Snowmobile Patrol
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	19,129	8,600	4,799
-	-	4,800	-	-	-
-	-	-	-	-	-
-	-	181	-	-	-
-	300	-	201	-	107
-	300	4,981	19,330	8,600	4,906
-	-	-	-	-	-
-	-	-	-	-	-
460	164	-	13,646	10,673	7,766
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
460	164	-	13,646	10,673	7,766
(460)	136	4,981	5,684	(2,073)	(2,860)
-	-	-	-	3,200	1,440
(460)	136	4,981	5,684	1,127	(1,420)
1,696	3,905	77,429	22,675	13	14,719
\$ 1,236	\$ 4,041	\$ 82,410	\$ 28,359	\$ 1,140	\$ 13,299

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2020**

	Special		
	School Resource Officer	Parks and Recreation Ice Rink	Airport Authority
REVENUES			
Taxes	\$ 119,327	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	348	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	-	40,478
TOTAL REVENUES	119,675	-	40,478
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	78,983	-	-
Public works	-	-	40,478
Health and welfare	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	78,983	-	40,478
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,692	-	-
OTHER FINANCING SOURCES			
Transfers in	-	-	-
NET CHANGE IN FUND BALANCES	40,692	-	-
Restated fund balances, beginning of year	23,196	17	-
Fund balances, end of year	\$ 63,888	\$ 17	\$ -

Revenue					
Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Remonumentation Survey Grant	GIS Information System	Animal Control
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,714
-	-	23,640	-	-	462
12,685	8,216	-	26,339	-	189
311,639	-	-	-	1,800	6,733
-	-	-	-	-	-
-	-	-	-	-	-
2,163	-	-	-	-	12,776
326,487	8,216	23,640	26,339	1,800	147,874
-	-	-	28,870	-	-
-	-	-	-	-	-
-	-	-	-	-	201,298
303,560	-	22,100	-	-	-
-	-	-	-	-	-
-	5,231	-	-	-	-
-	-	-	-	-	-
303,560	5,231	22,100	28,870	-	201,298
22,927	2,985	1,540	(2,531)	1,800	(53,424)
-	-	-	-	-	20,000
22,927	2,985	1,540	(2,531)	1,800	(33,424)
200,334	47	30,909	25,755	7,111	152,144
\$ 223,261	\$ 3,032	\$ 32,449	\$ 23,224	\$ 8,911	\$ 118,720

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2020**

	Special		
	Building Department	Register of Deeds Automation	Homeland Security
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	330,078	-	-
Intergovernmental	-	-	-
Charges for services	-	29,815	-
Fines and forfeits	-	-	-
Interest and rents	-	1,686	-
Other	-	-	-
TOTAL REVENUES	330,078	31,501	-
EXPENDITURES			
Current			
General government	-	33,000	-
Judicial	-	-	-
Public safety	316,603	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	316,603	33,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,475	(1,499)	-
OTHER FINANCING SOURCES			
Transfers in	-	-	-
NET CHANGE IN FUND BALANCES	13,475	(1,499)	-
Restated fund balances, beginning of year	74,870	124,925	1,630
Fund balances, end of year	\$ 88,345	\$ 123,426	\$ 1,630

Revenue					
911 Emergency Service	Dispatcher Training Grant	Local Corrections Officer Training	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	2,173	-
737,448	-	4,410	-	-	-
-	-	-	331	-	5,000
-	-	-	-	-	-
11,179	-	-	-	-	-
748,627	-	4,410	331	2,173	5,000
-	-	-	-	-	-
-	-	-	-	-	20,452
891,734	10,052	7,000	3,795	3,704	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
891,734	10,052	7,000	3,795	3,704	20,452
(143,107)	(10,052)	(2,590)	(3,464)	(1,531)	(15,452)
-	-	-	-	-	15,150
(143,107)	(10,052)	(2,590)	(3,464)	(1,531)	(302)
568,691	20,582	11,020	4,149	4,248	311
\$ 425,584	\$ 10,530	\$ 8,430	\$ 685	\$ 2,717	\$ 9

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2020**

	Special		
	Commission On Aging	Child Care	Soldiers' Relief
REVENUES			
Taxes	\$ 1,107,188	\$ -	\$ 52,348
Licenses and permits	-	-	-
Intergovernmental	1,634	70,323	50,077
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	2,269	-	-
Other	-	6,394	134
TOTAL REVENUES	1,111,091	76,717	102,559
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	1,112,826	165,744	103,423
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	1,112,826	165,744	103,423
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,735)	(89,027)	(864)
OTHER FINANCING SOURCES			
Transfers in	-	100,000	-
NET CHANGE IN FUND BALANCES	(1,735)	10,973	(864)
Restated fund balances, beginning of year	329,182	89,551	70,193
Fund balances, end of year	\$ 327,447	\$ 100,524	\$ 69,329

Revenue					
Veterans' Memorial	CDBG Housing Grant	Light House	Juvenile Justice	Family Court Grants	Clerk Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	13,892
-	-	55,256	15,000	-	-
-	-	-	-	17,453	-
-	-	-	-	-	-
-	705	-	-	-	603
500	-	45,550	-	-	98
500	705	100,806	15,000	17,453	14,593
-	-	-	-	-	2,953
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
739	32,284	-	15,000	-	-
-	-	89,750	-	-	-
-	-	-	-	-	-
739	32,284	89,750	15,000	-	2,953
(239)	(31,579)	11,056	-	17,453	11,640
-	-	-	-	-	-
(239)	(31,579)	11,056	-	17,453	11,640
22,448	912,260	93	97	37,460	39,310
\$ 22,209	\$ 880,681	\$ 11,149	\$ 97	\$ 54,913	\$ 50,950

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue		
	Building Authority	Indigent Defense Counsel	CARES Act
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	369,448
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	494	-
TOTAL REVENUES	-	494	369,448
EXPENDITURES			
Current			
General government	1,299	-	62,197
Judicial	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	91,936	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	1,299	91,936	62,197
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,299)	(91,442)	307,251
OTHER FINANCING SOURCES			
Transfers in	1,260	91,936	-
NET CHANGE IN FUND BALANCES	(39)	494	307,251
Restated fund balances, beginning of year	5,707	-	-
Fund balances, end of year	\$ 5,668	\$ 494	\$ 307,251

Debt Service		Capital Projects			
Government Center Addition	Capital Improvements	Jail Reserve	Railroad Point	Equipment Replacement	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,535,465
-	-	-	-	-	368,072
-	-	-	-	-	644,406
-	-	-	-	23,016	1,137,114
-	-	-	-	-	5,331
33,671	-	-	-	-	39,115
-	20	-	5,430	5,500	146,163
33,671	20	-	5,430	28,516	3,875,666
29,500	-	-	-	-	157,819
-	-	-	-	-	20,452
-	-	-	-	-	1,689,007
-	-	-	-	-	366,138
-	-	-	-	-	1,521,952
-	-	-	-	-	94,981
-	214,694	-	3,541	54,726	272,961
29,500	214,694	-	3,541	54,726	4,123,310
4,171	(214,674)	-	1,889	(26,210)	(247,644)
-	130,000	-	-	7,500	375,486
4,171	(84,674)	-	1,889	(18,710)	127,842
113,537	179,536	287	12,685	57,547	3,267,959
\$ 117,708	\$ 94,862	\$ 287	\$ 14,574	\$ 38,837	\$ 3,395,801

**BENZIE COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Tax Admin</u>	<u>Tax Foreclosures</u>	<u>Sheriff Commissary</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and investments	\$ 52,160	\$ 659,323	\$ 1,689	\$ 713,172
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Unrestricted	<u>\$ 52,160</u>	<u>\$ 659,323</u>	<u>\$ 1,689</u>	<u>\$ 713,172</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Tax Admin</u>	<u>Tax Foreclosures</u>	<u>Sheriff Commissary</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ -	\$ 90,308	\$ 4,152	\$ 94,460
OPERATING EXPENSES				
Other supplies and other expenses	-	88,903	4,121	93,024
OPERATING INCOME	-	1,405	31	1,436
NONOPERATING REVENUE				
Interest	-	7,470	-	7,470
INCOME BEFORE TRANSFERS	-	8,875	31	8,906
TRANSFERS OUT	-	(30,000)	-	(30,000)
CHANGE IN NET POSITION	-	(21,125)	31	(21,094)
Net position, beginning of year	52,160	680,448	1,658	734,266
Net position, end of year	<u>\$ 52,160</u>	<u>\$ 659,323</u>	<u>\$ 1,689</u>	<u>\$ 713,172</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

	Tax Admin	Tax Foreclosures	Sheriff Commissary	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from users	\$ -	\$ 90,308	\$ 4,152	\$ 94,460
Cash paid to suppliers	-	(89,903)	(4,121)	(94,024)
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	405	31	436
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (out)	-	(30,000)	-	(30,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	7,470	-	7,470
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	-	(22,125)	31	(22,094)
Cash and investments, beginning of year	52,160	681,448	1,658	735,266
Cash and investments, end of year	<u>\$ 52,160</u>	<u>\$ 659,323</u>	<u>\$ 1,689</u>	<u>\$ 713,172</u>
Reconciliation of operating income to net cash and investments provided by operating activities				
Operating income	\$ -	\$ 1,405	\$ 31	\$ 1,436
Adjustments to reconcile operating income to net cash and investments provided by operating activities (Decrease) in:				
Accounts payable	-	(1,000)	-	(1,000)
NET CASH AND INVESTMENTS PROVIDED BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 405</u>	<u>\$ 31</u>	<u>\$ 436</u>

BENZIE COUNTY, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2020

	General Agency	Library Penal Fines	Sheriff's Inmate Trust	Benzie- Leelanau District Health Department	Total
ASSETS					
Cash and investments	<u>\$ 5,251,762</u>	<u>\$ 25,383</u>	<u>\$ 20,367</u>	<u>\$ 449,657</u>	<u>\$ 5,747,169</u>
LIABILITIES					
Due to other governmental units	\$ 5,120,089	\$ 25,383	\$ -	\$ 449,657	\$ 5,595,129
Due to individuals and agencies	<u>131,673</u>	<u>-</u>	<u>20,367</u>	<u>-</u>	<u>152,040</u>
TOTAL LIABILITIES	<u>\$ 5,251,762</u>	<u>\$ 25,383</u>	<u>\$ 20,367</u>	<u>\$ 449,657</u>	<u>\$ 5,747,169</u>

**BENZIE COUNTY, MICHIGAN
COMPONENT UNIT FUNDS
BALANCE SHEET - LAND BANK AUTHORITY
SEPTEMBER 30, 2020**

	<u>Special Revenue</u>
ASSETS	
Cash and investments	<u>\$ 139,282</u>
LIABILITIES	\$ -
FUND BALANCE	
Unrestricted	<u>139,282</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 139,282</u>

Note: Reconciliation of the governmental fund balance sheet to the statement of net position for this component unit is not required as the fund balance was equal to the net position as of September 30, 2020.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - LAND BANK AUTHORITY
 YEAR ENDED SEPTEMBER 30, 2020**

	<u>Special Revenue</u>
REVENUES	
Property tax capture	\$ 5,164
Intergovernmental	10,000
Other revenue	<u>6,524</u>
TOTAL REVENUES	<u>21,688</u>
EXPENDITURES	
Current	
Community and economic development	<u>6,418</u>
CHANGE IN FUND BALANCE	15,270
Fund balance, beginning of year	<u>124,012</u>
Fund balance, end of year	<u><u>\$ 139,282</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance to the statement of activities for this component unit is not required as the net change in fund balance was equal to the change in net position for the year ended September 30, 2020.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 BALANCE SHEET - BROWNFIELD REDEVELOPMENT AUTHORITY
 SEPTEMBER 30, 2020**

	Special Revenue
ASSETS	
Cash and investments	\$ 21,557
LIABILITIES	\$ -
FUND BALANCE	
Unrestricted	21,557
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,557

Note: Reconciliation of the governmental fund balance sheet to the statement of net position for this component unit is not required as the fund balance was equal to the net position as of September 30, 2020.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BROWNFIELD REDEVELOPMENT AUTHORITY
 YEAR ENDED SEPTEMBER 30, 2020**

	<u>Special Revenue</u>
REVENUES	
Property tax capture	\$ 636
Intergovernmental	<u>800</u>
TOTAL REVENUES	<u>1,436</u>
EXPENDITURES	
Current	
Community and economic development	<u>-</u>
CHANGE IN FUND BALANCE	1,436
Fund balance, beginning of year	<u>20,121</u>
Fund balance, end of year	<u><u>\$ 21,557</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance to the statement of activities for this component unit is not required as the net change in fund balance was equal to the change in net position for the year ended September 30, 2020.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2020**

	Special Revenue
ASSETS	\$ -
LIABILITIES	\$ -
FUND BALANCE	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -

Note: Reconciliation of the governmental fund balance sheet to the statement of net position for this component unit is not required as the fund balance was equal to the net position as of September 30, 2020.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - ECONOMIC DEVELOPMENT CORPORATION
 YEAR ENDED SEPTEMBER 30, 2020**

	Special Revenue
REVENUES	
Interest	<u>\$ 1,705</u>
EXPENDITURES	
Current	
Community and economic development	<u>37,583</u>
CHANGE IN FUND BALANCE	(35,878)
Fund balance, beginning of year	<u>35,878</u>
Fund balance, end of year	<u><u>\$ -</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance to the statement of activities for this component unit is not required as the net change in fund balance was equal to the change in net position for the year ended September 30, 2020.

BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2020

Debt issues of \$1,000,000 or more sold on or after July 3, 1995, are subject to SEC rule 15c2-12 disclosure requirements. As of September 30, 2020, the County has the following debt issues subject to SEC Rule 15c2-12:

\$3,905,000 2020 Capital Improvement Refunding Bonds

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosures requirements of the SEC Rule 15c2-12:

Taxable and State Equalized Valuation

<u>Year</u>	<u>Taxable Valuation</u>	<u>State Equalized Valuation (50% of True Value)</u>
2020	\$ 1,362,850,807	\$ 1,888,200,018
2019	1,311,437,736	1,811,873,769
2018	1,263,396,604	1,737,231,564
2017	1,213,795,673	1,693,278,917
2016	1,160,540,117	1,602,436,793
2015	1,158,546,881	1,595,021,895
2014	1,131,377,921	1,516,760,157
2013	1,110,839,737	1,455,041,795
2012	1,099,298,583	1,446,019,671
2011	1,088,756,179	1,488,154,893

Source: Benzie County

Breakdown of Taxable Value

<u>2020 Breakdown by Use</u>		<u>2020 Breakdown by Class</u>	
Residential	89.47%	Real	96.57%
Commercial	7.03%	Personal	<u>3.43%</u>
Industrial	0.40%		
Utility	2.03%	Total	<u>100.00%</u>
Agricultural	1.03%		
Timber-Cutover	<u>0.04%</u>		
Total	<u>100.00%</u>		

Source: Benzie County

**BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2020**

Tax Rates

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
County operating	3.4334	3.4479	3.4528	3.4692	3.4919
MCF debt and operations	0.9936	0.9952	0.9958	0.9976	0.9976
Commission on Aging	0.8412	0.8448	0.8460	0.8500	0.6557
Animal Control	0.0970	0.0975	0.0977	0.0982	0.0975
Ambulance	0.7864	0.7898	0.7910	0.7948	0.8000
Soldier relief	0.0400	0.0400	0.0400	0.0400	0.0400
Conservation District	0.1242	0.1248	0.1250	0.0986	0.0993
TNT operations	0.0979	0.0984	0.0986	0.0986	0.0993
Jail operations	0.8790	0.8828	0.8841	0.8883	0.8942
Resource Officer	<u>0.1789</u>	<u>0.1797</u>	<u>0.1800</u>	<u>0.0000</u>	<u>0.0000</u>
 Total County	 7.4716	 7.5009	 7.5110	 7.3353	 7.1755
 Road Commission	 0.9944	 0.9986	 1.0000	 0.9871	 0.9936
 Traverse Bay Area ISD	 <u>2.9091</u>	 <u>2.9161</u>	 <u>2.9197</u>	 <u>2.9234</u>	 <u>2.9299</u>
 Total All Jurisdictions	 <u><u>11.3751</u></u>	 <u><u>11.4156</u></u>	 <u><u>11.4307</u></u>	 <u><u>11.2458</u></u>	 <u><u>11.0990</u></u>

The County's authorized operating tax rate is 5.2900 mills.

Source: Benzie County

BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2020

Property Tax Collections

Benzie County pays from a Delinquent Tax Revolving Fund real property taxes of all municipalities in the County, including the County. Delinquent personal property taxes are negligible. The County's fiscal year begins October 1. County taxes are due July 1 and December 1 and become delinquent the following March 1. This table reflects only real property delinquencies and assumes 100% collection of personal property taxes.

<u>Year</u>	<u>Tax Levy</u>	<u>Amount Collected</u>	<u>Real %</u>	<u>Personal %</u>
2020	\$ 45,351,033	\$ 43,469,762	95.85%	100.00%
2019	44,496,469	42,328,369	95.13%	100.00%
2018	43,401,787	41,276,953	95.10%	100.00%
2017	41,526,215	39,499,746	95.12%	100.00%
2016	39,193,822	37,176,154	94.85%	100.00%
2015	39,084,549	37,092,170	94.90%	100.00%
2014	37,168,620	35,224,059	94.76%	100.00%
2013	36,683,813	34,538,205	94.15%	100.00%
2012	35,114,232	33,018,137	94.03%	100.00%
2011	34,501,022	32,246,500	93.46%	100.00%

Source: Benzie County

General Fund Revenue and Expenditures

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues and other financing sources	\$ 6,763,418	\$ 6,843,865	\$ 6,441,926	\$ 6,328,056
Expenditures and other financing uses	<u>6,471,237</u>	<u>6,670,822</u>	<u>6,469,086</u>	<u>6,163,909</u>
Net change in fund balance	292,181	173,043	(27,160)	164,147
Beginning Fund Balance, restated	<u>1,777,074</u>	<u>1,781,652</u>	<u>1,808,812</u>	<u>1,644,665</u>
Ending Fund Balance	<u><u>\$ 2,069,255</u></u>	<u><u>\$ 1,954,695</u></u>	<u><u>\$ 1,781,652</u></u>	<u><u>\$ 1,808,812</u></u>

Source: Benzie County

**BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2020**

Debt Statement

	<u>Gross</u>	<u>Self-supporting or Portion Paid Directly by Benefit Municipalities</u>	<u>Net</u>
Direct debt of County:			
Medical Care Facility	\$ 3,905,000	\$ -	\$ 3,905,000
In addition to the above, the County issues self-supporting Limited Tax Delinquent Fund Tax Notes each year which mature in 1 to 3 years.			
Per capita County Net Direct Debt			\$ 222.82
Percent County Net Direct Debt to 2020 TV			0.29%
Overlapping Debt of County:			
School Districts			\$ 2,245,750
Cities			992,000
Townships			-
Villages			376,357
Intermediate School Districts			<u>-</u>
Net Overlapping Debt			<u>3,614,107</u>
Net County and Overlapping Debt			<u><u>\$ 7,519,107</u></u>
Per Capita County Net Direct and Overlapping Debt			\$ 429
Percent Net Direct and Overlapping Debt to 2020 TV			0.55%

Source: Benzie County and Municipal Advisory Council 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 Board of Commissioners
Benzie County
Beulah, 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 Benzie County, Michigan (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 25, 2021. We did not audit the financial statements of the County Medical Care Facility, which represents 70%, 63%, and 82%, respectively, of the assets, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Benzie County Road Commission or the Benzie County Transportation Authority, which represent 99%, 99%, and 99%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Medical Care Facility, Benzie County Road Commission, and the Benzie County Transportation Authority, are based solely on the reports of other auditors.

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.

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 deficiency described below to be a material weakness. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

2020-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Criteria: Auditing standards emphasize that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles.

Condition: Material journal entries for the proper recognition of beginning equity, taxes receivable and unavailable, net pension liability and related deferred outflows and inflows of resources, capital asset activity, and long-term debt activity were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger.

Cause: Misstatements were not identified and corrected by management.

Effect: The County's accounting records were initially misstated by amounts material to the financial statements. Necessary adjustments were brought to the attention of management and were subsequently recorded in the County's general ledger.

Recommendation: We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: Employee turnover in the finance office was a factor in computing proper accounting entries. Reorganization of the finance office is in process.

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 and regulations, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

County's Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

March 25, 2021