

BENZIE COUNTY, MICHIGAN

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

YEAR ENDED SEPTEMBER 30, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Benzie County Medical Care Facility, 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 Benzie County 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 17 to the financial statements, the County implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, in the current year. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison 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 28, 2022, 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 Costeiran PC

March 28, 2022

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, 2021. 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, 2021, was \$19,268,543 (excluding component units).
- Governmental activities net position was \$11,641,768.
- Business-type activities net position was \$7,626,775.
- Component Unit net position was \$39,579,021.

Fund Level

- At the close of the fiscal year, the County's governmental funds reported a total ending fund balance of \$6,100,078 with \$4,121,721 being nonspendable, restricted, committed, or assigned for specific purposes.
- The General Fund realized \$78,659 less in revenue and other financing sources than anticipated for the fiscal year. General Fund operations also expended \$490,041 less than appropriated.
- Overall, the General Fund balance increased by \$190,709 as a result of current year operations with \$1,978,357 being considered unassigned or available for general purposes.

Capital and Long-term Debt Activities

- The total long-term obligations for the primary government were \$233,785 with a net decrease of \$20,844 from the prior year.
- The long-term obligations for the Road Commission was \$317,607.
- The long term obligations for the Medical Care Facility was \$4,445,765
- The County remains well below its authorized legal debt limit.
- The total additions to the capital assets for the primary government were \$266,086.

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.

BENZIE COUNTY, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2021. 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 Delinquent Tax Revolving Fund and Emergency Medical Services 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. Six organizations are included as component units: The Benzie County Road Commission, Benzie County Medical Care Facility, Benzie Transportation Authority, Land Bank Authority, Brownfield Redevelopment Authority, and Economic Development Corporation.

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.

BENZIE COUNTY, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 19 and 22 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 Delinquent Tax Revolving Fund and the Emergency Medical Services 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, Commission on Aging Fund, ARPA Grant Fund, the Delinquent Tax Revolving Fund, the Emergency Medical Services Fund, and the Tax Foreclosures 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. These funds, which include custodial 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 31 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 \$19,268,543 at the end of this fiscal year's operations. The net position of the governmental activities was \$11,641,768; the business-type activities were \$7,626,775. The following table shows, in a condensed format, a comparative analysis of the net position, as of September 30, 2021 and 2020.

Net Position as of September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	Restated 2020	2021	2020
Current and other assets	\$ 8,575,801	\$ 6,167,873	\$ 8,513,194	\$ 7,705,278	\$ 17,088,995	\$ 13,873,151
Capital assets	10,373,249	10,601,342	385,741	521,990	10,758,990	11,123,332
Total assets	18,949,050	16,769,215	8,898,935	8,227,268	27,847,985	24,996,483
Deferred outflows of resources	1,497,206	938,518	374,302	234,629	1,871,508	1,173,147
Current liabilities	2,457,431	614,046	59,698	106,369	2,517,129	720,415
Noncurrent liabilities	5,804,700	5,693,755	1,451,175	1,432,187	7,255,875	7,125,942
Total liabilities	8,262,131	6,307,801	1,510,873	1,538,556	9,773,004	7,846,357
Deferred inflows of resources	542,357	56,109	135,589	14,027	677,946	70,136
Net position						
Net investment in capital assets	10,373,249	10,598,189	376,993	465,896	10,750,242	11,064,085
Restricted	3,262,249	3,154,543	-	-	3,262,249	3,154,543
Unrestricted	(1,993,730)	(2,408,909)	7,249,782	6,443,418	5,256,052	4,034,509
Total net position	\$ 11,641,768	\$ 11,343,823	\$ 7,626,775	\$ 6,909,314	\$ 19,268,543	\$ 18,253,137

BENZIE COUNTY, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position for the fiscal year ending September 30, 2021 and 2020

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	
	2021	2020	2021	Restated 2020	2021	2020
Program revenue						
Charges for services	\$ 2,636,465	\$ 2,406,533	\$ 2,040,150	\$ 1,348,515	\$ 4,676,615	\$ 3,755,048
Operating grants and contributions	1,196,330	1,440,615	1,528	1,528	1,197,858	1,442,143
General revenues						
Property taxes	7,747,485	7,531,581	1,074,326	1,035,140	8,821,811	8,566,721
Revenue sharing	355,284	272,125	-	-	355,284	272,125
Investment earnings	18,413	55,479	14,907	142,540	33,320	198,019
Miscellaneous	321,044	162,714	43,434	52,413	364,478	215,127
Transfers	408,388	232,980	(408,388)	(232,980)	-	-
Total revenues	12,683,409	12,102,027	2,765,957	2,347,156	15,449,366	14,449,183
Program expenses						
Governmental activities						
General government	1,887,984	1,728,682	-	-	1,887,984	1,728,682
Judicial	1,654,773	1,423,691	-	-	1,654,773	1,423,691
Public safety	5,419,715	5,441,203	-	-	5,419,715	5,441,203
Public works	537,894	525,925	-	-	537,894	525,925
Health and welfare	2,425,699	2,350,437	-	-	2,425,699	2,350,437
Community and economic development	185,337	188,141	-	-	185,337	188,141
Recreation and culture	274,001	149,078	-	-	274,001	149,078
Interest on long-term debt	61	360	-	-	61	360
Business-type activities						
Delinquent Tax Revolving	-	-	1,065	1,993	1,065	1,993
Emergency Medical Services	-	-	1,842,597	2,372,728	1,842,597	2,372,728
Tax Foreclosures	-	-	197,110	88,903	197,110	88,903
Other	-	-	7,724	4,121	7,724	4,121
Total expenses	12,385,464	11,807,517	2,048,496	2,467,745	14,433,960	14,275,262
Change in net position	\$ 297,945	\$ 294,510	\$ 717,461	\$ (120,589)	\$ 1,015,406	\$ 173,921

Governmental Activities

The result of 2021 governmental activity was an increase of \$297,945 to raise net position to \$11,641,768. Of the total governmental activities' net position, \$10,373,249 is considered an investment in capital assets; \$3,262,249 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 61%, operating grants and contributions at 9%, and charges for services at 21%. The County levied property tax millages for the 2020 tax levy which is recognized as revenue in 2021, including 0.7864 mills for ambulance operations, 0.0970 mills for animal control, 0.1242 mills for conservation district, 0.8790 mills for jail operations, 0.3586 mills for medical care facility operations, 0.6350 for medical care facility debt, 0.0979 mills for TNT officer, 0.9944 mills for roads, 0.8412 mills for commission on aging, 0.1789 mills for school resource officer, and 0.1000 mills for veterans. The County also levied 3.3808 mills for general operations in July of 2021 which is recognized as revenue in 2021. 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 increased approximately 5% from the prior year as property taxes increased approximately 2% and charges for services increased approximately 10%, primarily related to decreased operations as a result of the COVID-19 pandemic.

Expenses

Public safety is the largest governmental activity, expending \$5,419,715 of the \$12,385,464 governmental activities total and includes sheriff and jail operations. Health and welfare is the second largest area, expending \$2,425,699 and includes appropriations for health department, medical examiner, and mental health board as well as Commission on Aging activities. Overall, expenses increased by approximately 5% 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 \$717,461 during 2021.

Of the total business-type activities net position, \$376,993 is invested in capital assets, net of related debt. The remaining balance, \$7,249,782, 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 2021, its governmental funds reported *combined* fund balances of \$6,100,078 a net increase of \$585,824. The net changes of the major governmental funds are summarized in the following chart:

	General Fund	Jail Operations	Commission on Aging	ARPA Grant
Fund Balance 9/30/2021	\$ 2,259,964	\$ 49,382	\$ 217,895	\$ -
Fund Balance 9/30/2020	2,069,255	49,198	327,447	-
Net Change	<u>\$ 190,709</u>	<u>\$ 184</u>	<u>\$ (109,552)</u>	<u>\$ -</u>

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

As the County completed 2021, its enterprise funds reported *combined* net position of \$7,626,775 a net increase of \$717,461. The net change of the major enterprise fund is summarized in the following chart:

	Delinquent Tax Revolving	Emergency Medical Services	Tax Foreclosures
Net Position 9/30/2021	\$ 5,816,587	\$ 661,086	\$ 1,092,397
Net Position 9/30/2020	<u>5,913,273</u>	<u>282,869</u>	<u>659,323</u>
Net Change	<u><u>\$ (96,686)</u></u>	<u><u>\$ 378,217</u></u>	<u><u>\$ 433,074</u></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, 2021, the General Fund reported a fund balance of \$2,259,964. This amount is an increase of \$190,709 from the fund balance of \$2,069,255 reported as of September 30, 2020. Of the total fund balance, \$281,607 is nonspendable, restricted, or assigned for specific purposes.

The General Fund 2021 revenues exceeded 2021 expenditures by \$839,114. After including other financing sources and uses, there was a net increase of \$190,709 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 \$562,627, or approximately 8%. Actual General Fund revenue and other financing sources totaled \$7,246,238, \$78,659 below the final amended budget. Federal and State grants and investment earnings were \$5,167 and \$60,273, respectively, less than budgeted amounts.

The County increased the budget for expenditures and other financing uses during the year by \$644,621, or approximately 9%. The County's General Fund total expenditures and other financing uses during 2021 were \$490,041 less than budgeted expenditures and other financing uses. Significantly, general government and judicial expenditures were \$118,108 and \$133,937, 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 add \$184 of fund balance during the year ended September 30, 2021, ending the year with a restricted fund balance of \$49,382.

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

Commission on Aging Fund

The Commission on Aging fund used \$109,552 of fund balance during the year ended September 30, 2021, ending the year with a restricted fund balance of \$217,895.

ARPA Grant Fund

The ARPA Grant fund received \$1,725,418 during the year in the form of a Federal grant. As of September 30, 2021 the entire amount was report as unearned.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2021, the County had invested \$10,758,990 for the primary government, net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$9,441,350 for the primary government. Depreciation charges for the fiscal year totaled \$630,428 for the primary government. Additions to capital assets totaled \$266,086 for the primary government and included vehicle and other equipment acquisitions. Additional information on capital assets can be found in Note 5 of this report.

	Governmental Activities	Restated Business-type Activities	Total
Land	\$ 5,931,926	\$ 35,000	\$ 5,966,926
Buildings and improvements	3,963,131	126,203	4,089,334
Land improvements	(112,700)	-	(112,700)
Machinery and equipment	590,892	224,538	815,430
	<u>\$ 10,373,249</u>	<u>\$ 385,741</u>	<u>\$ 10,758,990</u>
Capital Assets, net	<u>\$ 10,373,249</u>	<u>\$ 385,741</u>	<u>\$ 10,758,990</u>

Long-term Debt

At the end of Fiscal Year 2021, the County had net outstanding debt of \$233,785 for the primary government (see table below). During the year, the County made scheduled payments on installment loans. Additional information on long-term debt can be found in Note 6 of this report.

	Restated Balance Oct. 1, 2020	Change	Balance Sept. 30, 2021
PRIMARY GOVERNMENT			
Governmental Activities			
Installment loan	\$ 3,153	\$ (3,153)	\$ -
Compensated absences	195,382	29,655	225,037
Business-type Activities			
Installment loans	56,094	(47,346)	8,748
	<u>\$ 254,629</u>	<u>\$ (20,844)</u>	<u>\$ 233,785</u>

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

COUNTY ECONOMIC OUTLOOK

One large capital project is expected to continue in FY 2021-2022, 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 2020-2021 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 6,548,913	\$ 7,153,898	\$ 13,702,811	\$ 7,205,289
Cash and investments - restricted	-	-	-	713,832
Receivables				
Accounts, net	316,994	519,406	836,400	2,065,968
Loans	768,315	-	768,315	-
Taxes	944,908	711,890	1,656,798	-
Due from other governmental units	124,671	-	124,671	320,648
Internal balances	(128,000)	128,000	-	-
Prepays	-	-	-	636,486
Inventories	-	-	-	417,773
Capital assets not being depreciated	5,931,926	35,000	5,966,926	1,712,285
Capital assets, net of accumulated depreciation	4,441,323	350,741	4,792,064	36,795,855
Net pension asset	-	-	-	253,887
TOTAL ASSETS	18,949,050	8,898,935	27,847,985	50,122,023
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	1,497,206	374,302	1,871,508	1,915,247
Deferred outflows of resources related to OPEB	-	-	-	40,797
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,497,206	374,302	1,871,508	1,956,044
LIABILITIES				
Accounts payable	221,098	11,598	232,696	516,344
Accrued liabilities	285,878	39,352	325,230	424,531
Unearned revenue	1,725,418	-	1,725,418	-
Noncurrent liabilities				
Due within one year				
Current portion of compensated absences	225,037	-	225,037	-
Current portion of long-term debt	-	8,748	8,748	420,896
Due in more than one year				
Advance from other governmental units	-	-	-	305,332
Noncurrent portion of compensated absences	-	-	-	318,935
Noncurrent portion of long-term debt	-	-	-	4,023,541
Net pension liability	5,804,700	1,451,175	7,255,875	4,861,967
Net other post-employment benefits liability	-	-	-	383,509
TOTAL LIABILITIES	8,262,131	1,510,873	9,773,004	11,255,055
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	542,357	135,589	677,946	1,111,685
Deferred inflows of resources related to OPEB	-	-	-	132,306
TOTAL DEFERRED INFLOWS OF RESOURCES	542,357	135,589	677,946	1,243,991
NET POSITION				
Net investment in capital assets	10,373,249	376,993	10,750,242	34,063,703
Restricted				
Public safety	926,706	-	926,706	-
Health and welfare	1,245,143	-	1,245,143	-
Capital projects	10,799	-	10,799	-
Other purposes	1,079,601	-	1,079,601	-
Debt service	-	-	-	622,005
Unrestricted	(1,993,730)	7,249,782	5,256,052	4,893,313
TOTAL NET POSITION	\$ 11,641,768	\$ 7,626,775	\$ 19,268,543	\$ 39,579,021

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

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	\$ 1,887,984	\$ 231,660	\$ 313,090	\$ -	\$ (1,343,234)	\$ -	\$ (1,343,234)	\$ -
Judicial	1,654,773	242,840	341,365	-	(1,070,568)	-	(1,070,568)	-
Public safety	5,419,715	1,300,262	216,364	-	(3,903,089)	-	(3,903,089)	-
Public works	537,894	344,747	18,962	-	(174,185)	-	(174,185)	-
Health and welfare	2,425,699	31,352	92,020	-	(2,302,327)	-	(2,302,327)	-
Community and economic development	185,337	485,604	-	-	300,267	-	300,267	-
Recreation and culture	274,001	-	214,529	-	(59,472)	-	(59,472)	-
Interest on long-term debt	61	-	-	-	(61)	-	(61)	-
Total governmental activities	12,385,464	2,636,465	1,196,330	-	(8,552,669)	-	(8,552,669)	-
Business-type activities								
Delinquent Tax Revolving	1,065	249,021	-	-	-	247,956	247,956	-
Emergency Medical Services	1,842,597	1,101,523	1,528	-	-	(739,546)	(739,546)	-
Tax Foreclosures	197,110	679,026	-	-	-	481,916	481,916	-
Other	7,724	10,580	-	-	-	2,856	2,856	-
Total business-type activities	2,048,496	2,040,150	1,528	-	-	(6,818)	(6,818)	-
Total primary government	\$ 14,433,960	\$ 4,676,615	\$ 1,197,858	\$ -	(8,552,669)	(6,818)	(8,559,487)	-
Component units								
Road Commission	\$ 6,040,060	\$ 1,250,833	\$ 3,801,056	\$ 1,903,514	-	-	-	915,343
Medical Care Facility	10,602,864	9,159,471	828,360	-	-	-	-	(615,033)
Benzie Transportation Authority	2,182,536	125,270	1,247,904	458,341	-	-	-	(351,021)
Land Bank Authority	7,508	3,000	36,358	-	-	-	-	31,850
Economic Development Corporation	1,000	598	1,000	-	-	-	-	598
Total component units	\$ 18,833,968	\$ 10,539,172	\$ 5,914,678	\$ 2,361,855	-	-	-	(18,263)
General revenues								
Property taxes					7,747,485	1,074,326	8,821,811	3,195,380
Revenue sharing					355,284	-	355,284	-
Investment earnings					18,413	14,907	33,320	24,080
Gain on disposal					-	-	-	18,681
Miscellaneous					321,044	43,434	364,478	93,793
Transfers					408,388	(408,388)	-	-
Total general revenues and transfers					8,850,614	724,279	9,574,893	3,331,934
Change in net position					297,945	717,461	1,015,406	3,313,671
Restated net position, beginning of the year					11,343,823	6,909,314	18,253,137	36,265,350
Net position, end of the year					\$ 11,641,768	\$ 7,626,775	\$ 19,268,543	\$ 39,579,021

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2021**

		Special	
	General	Jail Operations	Commission on Aging
ASSETS			
Cash and investments	\$ 1,770,031	\$ 100,327	\$ 217,895
Receivables			
Accounts	94,612	4,257	-
Loans	-	-	-
Taxes	944,908	-	-
Due from other governmental units	-	-	-
Due from other funds	15,940	-	-
TOTAL ASSETS	\$ 2,825,491	\$ 104,584	\$ 217,895
LIABILITIES			
Accounts payable	\$ 100,676	\$ 19,022	\$ -
Accrued liabilities	221,522	36,180	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
TOTAL LIABILITIES	322,198	55,202	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	243,329	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	49,382	217,895
Committed	-	-	-
Assigned	281,607	-	-
Unassigned	1,978,357	-	-
TOTAL FUND BALANCES	2,259,964	49,382	217,895
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,825,491	\$ 104,584	\$ 217,895

See accompanying notes to financial statements.

<u>Revenue</u>		
<u>ARPA</u>	<u>Nonmajor</u>	
<u>Grant</u>	<u>Governmental</u>	<u>Total</u>
	<u>Funds</u>	
\$ 1,725,418	\$ 2,735,242	\$ 6,548,913
-	218,125	316,994
-	768,315	768,315
-	-	944,908
-	124,671	124,671
-	-	15,940
<u>\$ 1,725,418</u>	<u>\$ 3,846,353</u>	<u>\$ 8,719,741</u>
\$ -	\$ 101,400	\$ 221,098
-	28,176	285,878
-	143,940	143,940
<u>1,725,418</u>	<u>-</u>	<u>1,725,418</u>
<u>1,725,418</u>	<u>273,516</u>	<u>2,376,334</u>
-	-	243,329
-	768,315	768,315
-	2,226,657	2,493,934
-	79,039	79,039
-	498,826	780,433
-	-	1,978,357
-	3,572,837	6,100,078
<u>\$ 1,725,418</u>	<u>\$ 3,846,353</u>	<u>\$ 8,719,741</u>

BENZIE COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds \$ 6,100,078

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	\$ 18,598,222	
Accumulated depreciation is	<u>(8,224,973)</u>	
Capital assets, net		10,373,249

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	1,497,206	
Deferred inflows of resources related to pensions	<u>(542,357)</u>	
		954,849

Long-term receivables are not available to pay for current period expenditures and are therefore deferred inflows of resources in the funds.	243,329
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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:

Compensated absences	(225,037)	
Net pension liability	<u>(5,804,700)</u>	
		<u>(6,029,737)</u>

Net position of governmental activities	<u>\$ 11,641,768</u>
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BENZIE COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021

		Special	
	General	Jail Operations	Commission on Aging
REVENUES			
Taxes	\$ 5,033,940	\$ 1,200,842	\$ 1,149,092
Licenses and permits	36,508	-	-
Intergovernmental	954,135	40,033	1,634
Charges for services	860,007	49,838	-
Fines and forfeits	3,242	-	-
Investment earnings (loss) and rents	39,208	-	(2,301)
Other	154,508	29,079	-
TOTAL REVENUES	7,081,548	1,319,792	1,148,425
EXPENDITURES			
Current			
General government	1,299,429	-	-
Judicial	1,283,570	-	-
Public safety	1,202,636	1,712,690	-
Public works	19,784	-	-
Health and welfare	495,690	-	1,257,977
Community and economic development	154,631	-	-
Recreation and culture	4,099	-	-
Other	1,782,595	-	-
Capital outlay	-	-	-
Debt service	-	3,214	-
TOTAL EXPENDITURES	6,242,434	1,715,904	1,257,977
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	839,114	(396,112)	(109,552)
OTHER FINANCING SOURCES (USES)			
Transfers in	164,690	396,296	-
Transfers out	(813,095)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(648,405)	396,296	-
NET CHANGE IN FUND BALANCES	190,709	184	(109,552)
Fund balances, beginning of year	2,069,255	49,198	327,447
Fund balances, end of year	<u>\$ 2,259,964</u>	<u>\$ 49,382</u>	<u>\$ 217,895</u>

See accompanying notes to financial statements.

<u>Revenue</u>			
<u>ARPA</u>	<u>Nonmajor</u>		
<u>Grant</u>	<u>Governmental</u>		
	<u>Funds</u>	<u>Total</u>	
\$ -	\$ 442,394	\$ 7,826,268	
-	437,401	473,909	
-	495,744	1,491,546	
-	1,125,195	2,035,040	
-	5,423	8,665	
-	28,388	65,295	
-	185,490	369,077	
-	2,720,035	12,269,800	
-	72,202	1,371,631	
-	131,754	1,415,324	
-	1,483,816	4,399,142	
-	369,415	389,199	
-	280,930	2,034,597	
-	-	154,631	
-	208,975	213,074	
-	-	1,782,595	
-	328,957	328,957	
-	-	3,214	
-	2,876,049	12,092,364	
-	(156,014)	177,436	
-	705,474	1,266,460	
-	(44,977)	(858,072)	
-	660,497	408,388	
-	504,483	585,824	
-	3,068,354	5,514,254	
<u>\$ -</u>	<u>\$ 3,572,837</u>	<u>\$ 6,100,078</u>	

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, 2021

Net change in fund balances - total governmental funds **\$ 585,824**

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

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	\$	233,177
Depreciation expense		<u>(461,270)</u>

Excess of depreciation expense over capital outlay	(228,093)
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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:	5,221
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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	3,153
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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.

(Increase) in compensated absences		(29,655)
(Increase) in net pension liability		(110,945)
Increase in deferred outflows of resources related to pensions		558,688
(Increase) in deferred inflows of resources related to pensions		<u>(486,248)</u>

(68,160)

Change in net position of governmental activities	<u>\$ 297,945</u>
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**BENZIE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Business-type Activities				
	Delinquent Tax Revolving	Emergency Medical Services	Tax Foreclosures	Nonmajor Enterprise Funds	Total
ASSETS					
Cash and investments	\$ 4,976,697	\$ 1,028,099	\$ 1,092,397	\$ 56,705	\$ 7,153,898
Receivables					
Accounts, net	-	519,406	-	-	519,406
Delinquent taxes	711,890	-	-	-	711,890
Due from other funds	128,000	-	-	-	128,000
Capital assets not being depreciated	-	35,000	-	-	35,000
Capital assets, net of accumulated depreciation	-	350,741	-	-	350,741
TOTAL ASSETS	5,816,587	1,933,246	1,092,397	56,705	8,898,935
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	-	374,302	-	-	374,302
LIABILITIES					
Accounts payable	-	11,598	-	-	11,598
Accrued liabilities	-	39,352	-	-	39,352
Noncurrent liabilities:					
Due within one year:					
Current portion of long-term debt	-	8,748	-	-	8,748
Due in more than one year:					
Net pension liability	-	1,451,175	-	-	1,451,175
TOTAL LIABILITIES	-	1,510,873	-	-	1,510,873
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	-	135,589	-	-	135,589
NET POSITION					
Net investment in capital assets	-	376,993	-	-	376,993
Unrestricted	5,816,587	284,093	1,092,397	56,705	7,249,782
TOTAL NET POSITION	\$ 5,816,587	\$ 661,086	\$ 1,092,397	\$ 56,705	\$ 7,626,775

See accompanying notes to financial statements.

BENZIE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities				
	Delinquent Tax Revolving	Emergency Medical Services	Tax Foreclosures	Nonmajor Enterprise Funds	Total
OPERATING REVENUES					
Charges for services	\$ 74,482	\$ 1,101,523	\$ 679,026	\$ 10,580	\$ 1,865,611
Interest and penalties on taxes	174,539	-	-	-	174,539
Other revenue	-	43,434	-	-	43,434
TOTAL OPERATING REVENUES	249,021	1,144,957	679,026	10,580	2,083,584
OPERATING EXPENSES					
Personnel costs	-	1,377,884	-	-	1,377,884
Contractual services	-	34,457	-	-	34,457
Utilities	-	23,588	-	-	23,588
Repairs and maintenance	-	31,645	-	-	31,645
Insurance	-	66,288	-	-	66,288
Other supplies and expenses	1,065	139,577	197,110	7,724	345,476
Depreciation	-	169,158	-	-	169,158
TOTAL OPERATING EXPENSES	1,065	1,842,597	197,110	7,724	2,048,496
OPERATING INCOME (LOSS)	247,956	(697,640)	481,916	2,856	35,088
NONOPERATING REVENUES (EXPENSES)					
Property taxes	-	1,074,326	-	-	1,074,326
Intergovernmental	-	1,528	-	-	1,528
Investment earnings (loss)	21,338	3	(6,434)	-	14,907
TOTAL NONOPERATING REVENUES (EXPENSES)	21,338	1,075,857	(6,434)	-	1,090,761
INCOME BEFORE TRANSFERS	269,294	378,217	475,482	2,856	1,125,849
Transfers in	14,020	-	-	-	14,020
Transfers out	(380,000)	-	(42,408)	-	(422,408)
CHANGE IN NET POSITION	(96,686)	378,217	433,074	2,856	717,461
Restated net position, beginning of year	5,913,273	282,869	659,323	53,849	6,909,314
Net position, end of year	\$ 5,816,587	\$ 661,086	\$ 1,092,397	\$ 56,705	\$ 7,626,775

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021**

	Business-type Activities				
	Delinquent Tax Revolving	Emergency Medical Services	Tax Foreclosures	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 530,921	\$ 901,615	\$ 679,026	\$ 10,580	\$ 2,122,142
Cash paid to employees	-	(1,006,884)	-	-	(1,006,884)
Cash paid to suppliers	(1,065)	(646,528)	(197,110)	(7,724)	(852,427)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	529,856	(751,797)	481,916	2,856	262,831
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Property taxes	-	1,074,326	-	-	1,074,326
Intergovernmental sources	-	1,528	-	-	1,528
Transfers in/(out)	(365,980)	-	(42,408)	-	(408,388)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(365,980)	1,075,854	(42,408)	-	667,466
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital purchases	-	(32,909)	-	-	(32,909)
Payments on borrowings	-	(47,346)	-	-	(47,346)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(80,255)	-	-	(80,255)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	21,338	3	(6,434)	-	14,907
NET INCREASE IN CASH AND INVESTMENTS	185,214	243,805	433,074	2,856	864,949
Cash and investments, beginning of year	4,791,483	784,294	659,323	53,849	6,288,949
Cash and investments, end of year	<u>\$ 4,976,697</u>	<u>\$ 1,028,099</u>	<u>\$ 1,092,397</u>	<u>\$ 56,705</u>	<u>\$ 7,153,898</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 247,956	\$ (697,640)	\$ 481,916	\$ 2,856	\$ 35,088
Adjustments to reconcile operating income (loss) to net cash and investments provided (used) by operating activities					
Depreciation	-	169,158	-	-	169,158
(Increase) decrease in:					
Receivables	315,434	(243,342)	-	-	72,092
Due from other funds	(18,000)	-	-	-	(18,000)
Prepays	-	2,941	-	-	2,941
Deferred outflows of resources related to pensions	-	(139,673)	-	-	(139,673)
Increase (decrease) in:					
Accounts payable	(15,534)	2,359	-	-	(13,175)
Accrued liabilities	-	5,102	-	-	5,102
Net pension liability	-	27,736	-	-	27,736
Deferred inflows of resources related to pensions	-	121,562	-	-	121,562
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 529,856	\$ (751,797)	\$ 481,916	\$ 2,856	\$ 262,831

See accompanying notes to financial statements.

**BENZIE COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	<u>\$ 6,246,591</u>
LIABILITIES	
Undistributed tax collections payable	4,473,284
Due to other governmental units	292,999
Due to others	<u>70,012</u>
TOTAL LIABILITIES	<u>4,836,295</u>
NET POSITION	
Restricted for individuals, organizations, and other governmental units	<u><u>\$ 1,410,296</u></u>

**BENZIE COUNTY, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Custodial Funds</u>
ADDITIONS	
Investment earnings	\$ 1,624
Property tax collections for other governmental units	10,074,721
Collections for other governmental units	7,558,374
Collections for individuals and agencies	<u>603,679</u>
TOTAL ADDITIONS	<u>18,238,398</u>
DEDUCTIONS	
Property tax distributions to other governmental units	10,074,721
Distributions to other governmental units	6,640,272
Distributions to individuals and agencies	<u>604,088</u>
TOTAL DEDUCTIONS	<u>17,319,081</u>
NET CHANGE IN FIDUCIARY NET POSITION	919,317
Restated net position, beginning of year	<u>490,979</u>
Net position, end of year	<u><u>\$ 1,410,296</u></u>

**BENZIE COUNTY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Road Commission	Medical Care Facility	Benzie Transportation Authority
ASSETS			
Cash and investments	\$ 2,869,453	\$ 3,328,281	\$ 838,010
Cash and investments - restricted	-	713,832	-
Receivables	903,330	1,126,421	9,261
Due from other governmental units	-	-	320,648
Prepays and deposits	100,344	525,459	10,683
Inventories	402,553	-	15,220
Capital assets not being depreciated	1,699,861	12,424	-
Capital assets, net of accumulated depreciation	21,078,585	13,012,889	2,704,381
Net pension asset	-	-	253,887
TOTAL ASSETS	27,054,126	18,719,306	4,152,090
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,138,177	685,583	91,487
Deferred outflows of resources related to OPEB	40,797	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,178,974	685,583	91,487
LIABILITIES			
Accounts payable	270,274	198,313	47,757
Accrued liabilities	25,308	339,336	59,887
Noncurrent liabilities			
Due within one year			
Current portion of long-term debt	37,846	383,050	-
Due in more than one year			
Advance from other governmental units	305,332	-	-
Noncurrent portion of compensated absences	88,831	230,104	-
Noncurrent portion of long-term debt	190,930	3,832,611	-
Net pension liability	3,691,177	1,170,790	-
Net other post-employment benefits liability	383,509	-	-
TOTAL LIABILITIES	4,993,207	6,154,204	107,644
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	148,878	847,926	114,881
Deferred inflows of resources related to OPEB	132,306	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	281,184	847,926	114,881
NET POSITION			
Net investment in capital assets	22,549,670	8,809,652	2,704,381
Restricted for debt service	-	622,005	-
Unrestricted	409,039	2,971,102	1,316,671
TOTAL NET POSITION	\$ 22,958,709	\$ 12,402,759	\$ 4,021,052

See accompanying notes to financial statements.

Land Bank Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
\$ 147,797	\$ 21,748	\$ -	\$ 7,205,289
-	-	-	713,832
26,358	-	598	2,065,968
-	-	-	320,648
-	-	-	636,486
-	-	-	417,773
-	-	-	1,712,285
-	-	-	36,795,855
-	-	-	253,887
174,155	21,748	598	50,122,023
-	-	-	1,915,247
-	-	-	40,797
-	-	-	1,956,044
-	-	-	516,344
-	-	-	424,531
-	-	-	420,896
-	-	-	305,332
-	-	-	318,935
-	-	-	4,023,541
-	-	-	4,861,967
-	-	-	383,509
-	-	-	11,255,055
-	-	-	1,111,685
-	-	-	132,306
-	-	-	1,243,991
-	-	-	34,063,703
-	-	-	622,005
174,155	21,748	598	4,893,313
\$ 174,155	\$ 21,748	\$ 598	\$ 39,579,021

**BENZIE COUNTY, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

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	Medical Care Facility	Benzie Transportation Authority	Land Bank Authority	Brownfield Redevelopment Authority	Economic Development Corporation	
Road Commission	\$ 6,040,060	\$ 1,250,833	\$ 3,801,056	\$ 1,903,514	\$ 915,343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 915,343
Medical Care Facility	10,602,864	9,159,471	828,360	-	-	(615,033)	-	-	-	-	(615,033)
Benzie Transportation Authority	2,182,536	125,270	1,247,904	458,341	-	-	(351,021)	-	-	-	(351,021)
Land Bank Authority	7,508	3,000	36,358	-	-	-	-	31,850	-	-	31,850
Economic Development Corporation	1,000	598	1,000	-	-	-	-	-	-	598	598
Total component units	<u>\$ 18,833,968</u>	<u>\$ 10,539,172</u>	<u>\$ 5,914,678</u>	<u>\$ 2,361,855</u>	<u>915,343</u>	<u>(615,033)</u>	<u>(351,021)</u>	<u>31,850</u>	<u>-</u>	<u>598</u>	<u>(18,263)</u>
General revenues											
Property taxes					1,164,707	1,359,586	667,873	3,023	191	-	3,195,380
Investment earnings					2,568	20,498	1,014	-	-	-	24,080
Gain on disposal					5,605	-	13,076	-	-	-	18,681
Miscellaneous					-	-	93,793	-	-	-	93,793
Total general revenues					<u>1,172,880</u>	<u>1,380,084</u>	<u>775,756</u>	<u>3,023</u>	<u>191</u>	<u>-</u>	<u>3,331,934</u>
CHANGE IN NET POSITION					2,088,223	765,051	424,735	34,873	191	598	3,313,671
Restated net position, beginning of year					<u>20,870,486</u>	<u>11,637,708</u>	<u>3,596,317</u>	<u>139,282</u>	<u>21,557</u>	<u>-</u>	<u>36,265,350</u>
Net position, end of year					<u>\$ 22,958,709</u>	<u>\$ 12,402,759</u>	<u>\$ 4,021,052</u>	<u>\$ 174,155</u>	<u>\$ 21,748</u>	<u>\$ 598</u>	<u>\$ 39,579,021</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 County Medical Care Facility is a nursing and rehabilitation facility providing care to Benzie County residents. The Medical Care Facility is governed by a three-member Board of Directors, two of whom are appointed by the County's Board of Commissioners and one appointed by the Michigan governor. Its operations are financed primarily through user charges (Medicaid, Medicare, private pay, etc.). This component unit is audited individually, and the financial statements may be obtained at its administrative office.

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 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.

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, 2021, 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, 2021, was \$259,578. 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 interfund services provided and used, interfund 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.
- c. The Commission on Aging Fund is used to account for expenditures incurred related to providing services to aged and/or disabled residents of Benzie County that are financed primarily through property taxes.
- d. The ARPA Grant Fund is used to account for the restricted resources provided by the American Rescue Plan Act.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

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

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

The major enterprise funds of the County are:

- a. 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.
- b. 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 charges.
- c. The Tax Foreclosures Fund is used to account for proceeds generated from the sale of foreclosed property within the County.

The County also reports fiduciary funds to account for assets held for others in a custodial capacity.

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.

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.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

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

Basis of Accounting (continued)

All proprietary and fiduciary 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.

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 one year. 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 whereas 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, 2021, 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, 2021, 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, 2021, \$15,691,210 of the County's bank balance of \$18,370,338 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 \$19,152,812. The County had \$2,400 of imprest cash at September 30, 2021.

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	\$ 1,027,466	6.0295
Michigan CLASS Investment Pool	3,141,012	0.1233
Commercial paper	665,745	2.1213
Treasury securities	1,011,170	0.6658
Mortgage backed securities	296,940	4.4110
	<u>6,142,333</u>	
COMPONENT UNITS		
Michigan CLASS Investment Pool	2,469,183	0.1233
FIDUCIARY FUNDS		
Michigan CLASS Investment Pool	<u>101,795</u>	0.1233
Total fair value	<u><u>\$ 8,713,311</u></u>	
Portfolio weighted average maturity		<u><u>1.1814</u></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, 2021, 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)	\$ 440,276	AA-
Municipal bonds (Wayne State Univ., MI)	587,190	A+
Michigan CLASS Investment Pool	3,141,012	AAAm
Commercial paper	665,745	A1+
Treasury securities	1,011,170	Aaa
Mortgage backed securities	<u>296,940</u>	AA+
	6,142,333	
COMPONENT UNITS		
Michigan CLASS Investment Pool	2,469,183	AAAm
FIDUCIARY FUNDS		
Michigan CLASS Investment Pool	<u>101,795</u>	AAAm
Total fair value	<u><u>\$ 8,713,311</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, 2021, the carrying amounts and fair values for each investment type are as follows:

Investment Type	Level 1	Level 2	Level 3	Total
PRIMARY GOVERNMENT				
Municipal bonds	\$ -	\$ 1,027,466	\$ -	\$ 1,027,466
Commercial paper	-	665,745	-	665,745
Treasury securities	-	1,011,170	-	1,011,170
Mortgage backed securities	-	296,940	-	296,940
Total primary government	\$ -	\$ 3,001,321	\$ -	\$ 3,001,321

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, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
PRIMARY GOVERNMENT				
Michigan CLASS Investment Pool	\$ 3,141,012	\$ -	No restrictions	None
COMPONENT UNITS				
Michigan CLASS Investment Pool	2,469,183	-	No restrictions	None
FIDUCIARY FUNDS				
Michigan CLASS Investment Pool	101,795	-	No restrictions	None
Total investments at NAV	\$ 5,711,990	\$ -		

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, 2021:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and investments	\$ 13,702,811	\$ 7,205,289	\$ 6,246,591	\$ 27,154,691
Restricted cash and investments	-	713,832	-	713,832
	<u>\$ 13,702,811</u>	<u>\$ 7,919,121</u>	<u>\$ 6,246,591</u>	<u>\$ 27,868,523</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule details primary government interfund receivables and payables at September 30, 2021:

Due to General Fund from:	
Nonmajor governmental funds	<u>\$ 15,940</u>
Due to Delinquent Tax Revolving Fund from:	
Nonmajor governmental funds	<u>\$ 128,000</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	\$ 90,000
Tax Foreclosures Fund	30,000
Nonmajor governmental funds	<u>44,690</u>
	<u>\$ 164,690</u>
Transfers to Jail Operations Fund from:	
General Fund	<u>\$ 396,296</u>
Transfers to Delinquent Tax Revolving Fund from:	
General Fund	<u>\$ 14,020</u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERFUND TRANSFERS (continued)

Transfers to nonmajor governmental funds from:	
General Fund	\$ 402,779
Delinquent Tax Revolving Fund	290,000
Tax Foreclosures Fund	12,408
Other nonmajor governmental funds	<u>287</u>
	<u><u>\$ 705,474</u></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, 2021, was as follows:

PRIMARY GOVERNMENT

	Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
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	3,545,017	233,177	-	3,778,194
Subtotal	12,433,119	233,177	-	12,666,296
Less accumulated depreciation for:				
Buildings and improvements	(4,744,124)	(11,560)	-	(4,755,684)
Land improvements	(52,838)	(229,149)	-	(281,987)
Machinery and equipment	(2,966,741)	(220,561)	-	(3,187,302)
Subtotal	(7,763,703)	(461,270)	-	(8,224,973)
Net capital assets being depreciated	4,669,416	(228,093)	-	4,441,323
Capital assets, net	<u>\$ 10,601,342</u>	<u>\$ (228,093)</u>	<u>\$ -</u>	<u>\$ 10,373,249</u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

PRIMARY GOVERNMENT (continued)

Depreciation expense was charged to the following governmental activities:

General government	\$ 157,343
Judicial	2,172
Public safety	203,011
Public works	74,540
Health and welfare	2,500
Recreation and culture	<u>21,704</u>
Total depreciation expense	<u><u>\$ 461,270</u></u>

	Restated Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
Business-type Activities				
Capital assets not being depreciated				
Land	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>
Capital assets being depreciated				
Buildings and improvements	222,823	-	-	222,823
Machinery and equipment	<u>1,311,386</u>	<u>32,909</u>	<u>-</u>	<u>1,344,295</u>
Subtotal	<u>1,534,209</u>	<u>32,909</u>	<u>-</u>	<u>1,567,118</u>
Less accumulated depreciation for:				
Buildings and improvements	(90,761)	(5,859)	-	(96,620)
Machinery and equipment	<u>(956,458)</u>	<u>(163,299)</u>	<u>-</u>	<u>(1,119,757)</u>
Subtotal	<u>(1,047,219)</u>	<u>(169,158)</u>	<u>-</u>	<u>(1,216,377)</u>
Net capital assets being depreciated	<u>486,990</u>	<u>(136,249)</u>	<u>-</u>	<u>350,741</u>
Capital assets, net	<u><u>\$ 521,990</u></u>	<u><u>\$ (136,249)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 385,741</u></u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

COMPONENT UNITS

	Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
Road Commission				
Capital assets not being depreciated				
Land	\$ 12,708	\$ -	\$ -	\$ 12,708
Land improvements	1,687,153	-	-	1,687,153
Subtotal	1,699,861	-	-	1,699,861
Capital assets being depreciated				
Buildings	1,356,346	-	-	1,356,346
Road equipment	6,995,848	913,503	(56,770)	7,852,581
Shop equipment	166,256	-	-	166,256
Office equipment	75,585	5,854	(13,720)	67,719
Engineer's equipment	39,345	-	-	39,345
Yard and storage	443,174	-	-	443,174
Infrastructure	25,338,434	1,903,514	-	27,241,948
Subtotal	34,414,988	2,822,871	(70,490)	37,167,369
Less accumulated depreciation for:				
Buildings	(1,100,069)	(29,074)	-	(1,129,143)
Road equipment	(5,502,041)	(642,708)	56,770	(6,087,979)
Shop equipment	(151,406)	(2,543)	-	(153,949)
Office equipment	(52,650)	(3,680)	13,720	(42,610)
Engineer's equipment	(39,345)	-	-	(39,345)
Yard and storage	(259,806)	(15,755)	-	(275,561)
Infrastructure	(7,094,181)	(1,266,016)	-	(8,360,197)
Subtotal	(14,199,498)	(1,959,776)	70,490	(16,088,784)
Net capital assets being depreciated	20,215,490	863,095	-	21,078,585
Capital assets, net	<u>\$ 21,915,351</u>	<u>\$ 863,095</u>	<u>\$ -</u>	<u>\$ 22,778,446</u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

COMPONENT UNITS (continued)

	Balance Oct. 1, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Sept. 30, 2021
Medical Care Facility				
Capital assets not being depreciated				
Land	\$ 12,424	\$ -	\$ -	\$ 12,424
Construction in progress	81,133	-	(81,133)	-
Subtotal	93,557	-	(81,133)	12,424
Capital assets being depreciated				
Buildings and improvements	15,612,230	18,043	(3,172)	15,627,101
Land improvements	154,293	-	-	154,293
Fixed equipment	1,837,126	207,044	(82,461)	1,961,709
Subtotal	17,603,649	225,087	(85,633)	17,743,103
Less accumulated depreciation for:				
Buildings and improvements	(3,100,118)	(602,859)	3,134	(3,699,843)
Land improvements	(39,589)	(10,730)	-	(50,319)
Fixed equipment	(915,429)	(129,914)	65,291	(980,052)
Subtotal	(4,055,136)	(743,503)	68,425	(4,730,214)
Net capital assets being depreciated	13,548,513	(518,416)	(17,208)	13,012,889
Capital assets, net	<u>\$ 13,642,070</u>	<u>\$ (518,416)</u>	<u>\$ (98,341)</u>	<u>\$ 13,025,313</u>
Transportation Authority				
Capital assets being depreciated				
Building and improvements	\$ 2,155,995	\$ 54,058	\$ -	\$ 2,210,053
Vehicles	1,918,525	364,030	(221,474)	2,061,081
Shop equipment	129,734	51,938	-	181,672
Office equipment	264,001	-	-	264,001
Subtotal	4,468,255	470,026	(221,474)	4,716,807
Less accumulated depreciation	(1,832,226)	(401,035)	220,835	(2,012,426)
Capital assets, net	<u>\$ 2,636,029</u>	<u>\$ 68,991</u>	<u>\$ (639)</u>	<u>\$ 2,704,381</u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

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, 2021.

	Restated Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct borrowings/placements					
Installment loan	\$ 3,153	\$ -	\$ (3,153)	\$ -	\$ -
Other long-term obligations					
Compensated absences	195,382	235,851	(206,196)	225,037	225,037
Total Governmental Activities	198,535	235,851	(209,349)	225,037	225,037
Business-Type Activities					
Direct borrowings/placements					
Installment loans	56,094	-	(47,346)	8,748	8,748
TOTAL PRIMARY GOVERNMENT	254,629	235,851	(256,695)	233,785	233,785
COMPONENT UNITS					
Road Commission					
Direct borrowings/placements					
Installment loans	265,091	-	(36,315)	228,776	37,846
Other long-term obligations					
Compensated absences	86,103	2,728	-	88,831	-
Medical Care Facility					
Bonded debt					
2020 Capital Improvement Refunding Bond	3,905,000	-	(285,000)	3,620,000	315,000
Bond premium	663,711	-	(68,050)	595,661	68,050
Total bonded debt	4,568,711	-	(353,050)	4,215,661	383,050
Other long-term obligations					
Compensated absences	359,682	-	(129,578)	230,104	-
TOTAL COMPONENT UNITS	5,279,587	2,728	(518,943)	4,763,372	420,896
TOTAL REPORTING ENTITY	\$ 5,534,216	\$ 238,579	\$ (775,638)	\$ 4,997,157	\$ 654,681

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

PRIMARY GOVERNMENT

Installment Loans

Business-type Activities

Ambulance installment loan payable to financial institution, no interest, monthly installments of \$3,946 secured by the vehicle.	<u>\$ 8,748</u>
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The County's outstanding installment loans from direct borrowings related to business-type activities of \$8,748 are secured with collateral of the equipment being financed. In the event of default, the outstanding amounts may become immediately due.

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

PRIMARY GOVERNMENT (continued)

Compensated Absences

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 \$225,037 for vacation and sick, at September 30, 2021, and has been recorded as a current liability in the government-wide financial statements under the governmental activities column based on management's estimate.

COMPONENT UNIT - MEDICAL CARE FACILITY

General Obligation Bond

\$3,905,000 Capital Improvement Refunding Bonds, Series 2020, dated July 16, 2020, due in annual installments ranging from \$315,000 to \$490,000 through September 1, 2030, with interest ranging from 2.00% to 5.00%, payable semi-annually.

\$ 3,620,000

Compensated Absences

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 \$230,104 at September 30, 2021.

Advance Refunding - Prior

During 2020, 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% to 5.00%. 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% to 4.00%. 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)

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.	\$ 180,212
Installment payable to Finance Company, 4.84% interest rate, payable in monthly installments of \$943, secured by equipment.	<u>48,564</u>
	<u><u>\$ 228,776</u></u>

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 \$88,831 for vacation and sick, at September 30, 2021.

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

Year Ending September 30,	Primary Government		Component Units			
	Business-type Activities		Medical Care Facility		Road Commission	
	Installment Loan		Bonds Payable		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 8,748	\$ -	\$ 315,000	\$ 146,800	\$ 37,846	\$ 7,970
2023	-	-	335,000	131,050	160,963	5,770
2024	-	-	360,000	114,300	29,967	565
2025	-	-	385,000	96,300	-	-
2026	-	-	405,000	80,900	-	-
2027-2030	-	-	1,820,000	186,800	-	-
	<u>\$ 8,748</u>	<u>\$ -</u>	<u>\$ 3,620,000</u>	<u>\$ 756,150</u>	<u>\$ 228,776</u>	<u>\$ 14,305</u>

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

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 2020 and Summer 2021 ad valorem taxes were levied and collectible on December 1, 2020 and July 1, 2021, 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 2020 and Summer 2021 tax levies have been recognized as revenue in the current fiscal year. The 2020 and 2021 taxable value of Benzie County amounted to \$1,361,698,213 and \$1,422,610,214 respectively, on which ad valorem taxes levied for County general operating purposes consisted of 3.3808 mills for Summer 2021. Benzie County has levied 0.7864 mills for ambulance operations, 0.0970 mills for animal control, 0.1242 mills for conservation district operations, 0.8790 mills for jail operations, 0.3586 mills for Medical Care Facility operations, 0.6350 mills for Medical Care Facility debt service, 0.0979 mills for TNT Officer, 0.9944 mills for roads, 0.8412 mills for Commission on Aging, 0.1789 mills for school resource officer, and 0.1000 mills for veterans relief.

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, 2021. 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

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 (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	Closed	Closed	Closed
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	Closed	Open	Closed	Closed	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 (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. Nine divisions are closed to new hires; one division is 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, 2020, valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	97
Inactive plan members entitled to but not yet receiving benefits	81
Active members	<u>85</u>
	<u><u>263</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, 2021, there were no amount outstanding by the County for contributions to the pension plan required for the year ended September 30, 2021.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (continued)

Net Pension Liability

The County's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an 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)
Balances at December 31, 2019	\$ 20,693,930	\$ 13,576,736	\$ 7,117,194
Changes for the year			
Service cost	452,617	-	452,617
Interest on total pension liability	1,544,257	-	1,544,257
Difference between expected and actual experience	506,093	-	506,093
Changes in assumptions	761,920	-	761,920
Employer contributions	-	772,830	(772,830)
Employee contributions	-	409,544	(409,544)
Net investment income	-	1,971,438	(1,971,438)
Benefit payments, including employee refunds	(1,202,165)	(1,202,165)	-
Administrative expense	-	(27,606)	27,606
Net changes	2,062,722	1,924,041	138,681
Balances at December 31, 2020	\$ 22,756,652	\$ 15,500,777	\$ 7,255,875

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (continued)

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

For the year ended September 30, 2021, the County recognized pension expense of \$996,395. 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	\$ 384,593	\$ -
Differences in assumptions	732,239	-
Net difference between projected and actual earnings on pension plan investments	-	677,946
Contributions subsequent to the measurement date*	<u>754,676</u>	<u>-</u>
Total	<u><u>\$ 1,871,508</u></u>	<u><u>\$ 677,946</u></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, 2022.

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

<u>Year Ending September 30,</u>	<u>Pension Expense</u>
2022	\$ 552,308
2023	399,848
2024	(324,987)
2025	(188,283)

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (continued)

Defined Benefit Pension Plan (continued)

PRIMARY GOVERNMENT (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020 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.

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

The valuation incorporates fully generational mortality. The base mortality tables used are constructed as noted and are based on amount weighted sex distinct rates. Pre-retirement mortality - 1. the Pub-2010 Juvenile Mortality Tables, 2. the Pub-2010 Employee Mortality Tables, and 3. the Pub-2010 Healthy Retiree Tables. Non-disabled retired plan members and beneficiaries - 1. 106% of the Pub-2010 Juvenile Mortality Tables, 2. 106% of the Pub-2010 Employee Mortality Tables, and 3. 106% of the Pub-2010 Healthy Retiree Tables. Disabled retired plan members - 1. the Pub-2010 Juvenile Mortality Tables, 2. PubNS-2010 Disabled Retiree 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:

Increase in merit and longevity pay assumption.

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 (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	\$ 10,024,498	\$ 7,255,875	\$ 4,948,575

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

The Medical Care Facility, Road Commission, and Transportation Authority (component units) 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

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 \$11,493 for the year ended September 30, 2021. The County's employees contributed \$28,980 to the defined contribution plan for the year ended September 30, 2021.

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 AND COMPONENT UNITS (EXCEPT MEDICAL CARE FACILITY, 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 AND COMPONENT UNITS (EXCEPT MEDICAL CARE FACILITY, 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.

COMPONENT UNITS - MEDICAL CARE FACILITY, ROAD COMMISSION, AND TRANSPORTATION AUTHORITY

The Medical Care Facility, Road Commission, and Transportation Authority (component units) 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.

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.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - RESTRICTED NET POSITION (continued)

The following are the various net position restrictions as of September 30, 2021:

PRIMARY GOVERNMENT	
Governmental Activities	
Restricted	
Public safety	
Seasonal road patrol	\$ 36,061
Marine patrol	2,838
Snowmobile patrol	13,045
School resource officer	98,280
Animal control	130,419
Jail operations	49,382
Homeland security	1,630
911 emergency service	495,191
Building department	80,536
Dispatcher training	10,603
Local corrections officer training	6,680
Sheriff forfeiture	1
Benzie criminal justice system	2,040
	<hr/>
Total public safety	926,706
	<hr/>
Health and welfare	
Veteran activities	22,638
Aging activities	217,895
Housing activities	842,649
Child Care	91,616
Soldiers' relief	70,345
	<hr/>
Total health and welfare	1,245,143
	<hr/>
Other purposes	
Remonumentation	21,361
Clerk	64,951
Building authority	5,144
CARES Act	407,883
Friend of the court	88,019
Light house	11,039
Betsy Valley trail	5,921
GIS Information System	9,911
Register of Deeds	125,875
Law library	56
Family court	54,913
Indigent defense	494
Juvenile justice	158
Solid waste/recycling	244,192
Soil erosion	39,684
	<hr/>
Total other purposes	1,079,601
	<hr/>
Capital projects	10,799
	<hr/>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 3,262,249</u></u>
COMPONENT UNITS	
Medical Care Facility	
Restricted	
Debt service	<u><u>\$ 622,005</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, 2021:

	General Fund	Jail Operations	Commission on Aging	Nonmajor Governmental Funds	Total
Fund balances					
Nonspendable					
Loans receivable	\$ -	\$ -	\$ -	\$ 768,315	\$ 768,315
Restricted					
General government					
Remonumentation	-	-	-	21,361	21,361
Clerk	-	-	-	64,951	64,951
Building authority	-	-	-	5,144	5,144
CARES Act	-	-	-	407,883	407,883
GIS Information System	-	-	-	9,911	9,911
Register of Deeds	-	-	-	125,875	125,875
Judicial					
Friend of the court	-	-	-	88,019	88,019
Law library	-	-	-	56	56
Family court	-	-	-	54,913	54,913
Indigent defense	-	-	-	494	494
Juvenile justice	-	-	-	158	158
Public safety					
Seasonal road patrol	-	-	-	36,061	36,061
Marine patrol	-	-	-	2,838	2,838
Snowmobile patrol	-	-	-	13,045	13,045
School resource officer	-	-	-	98,280	98,280
Animal control	-	-	-	130,419	130,419
Jail operations	-	49,382	-	-	49,382
Homeland security	-	-	-	1,630	1,630
911 emergency service	-	-	-	495,191	495,191
Building department	-	-	-	80,536	80,536
Dispatcher training	-	-	-	10,603	10,603
Local corrections officer training	-	-	-	6,680	6,680
Sheriff forfeiture	-	-	-	1	1
Benzie criminal justice system	-	-	-	2,040	2,040
Public Works					
Solid Waste/Recycling	-	-	-	244,192	244,192
Soil Erosion	-	-	-	39,684	39,684
Health and welfare					
Veteran activities	-	-	-	22,638	22,638
Aging activities	-	-	217,895	-	217,895
Housing activities	-	-	-	74,334	74,334
Child Care - DHS	-	-	-	91,616	91,616
Soldiers' relief	-	-	-	70,345	70,345
Recreation and culture					
Betsy Valley Trail Management	-	-	-	5,921	5,921
Light house	-	-	-	11,039	11,039
Capital projects	-	-	-	10,799	10,799
Committed					
TNT Officer	-	-	-	11,566	11,566
Equipment replacement	-	-	-	67,473	67,473
Assigned					
Sheriff's K-9	-	-	-	38,042	38,042
Benzie Co. Sheriff Reserve's	-	-	-	12	12
Benzie Co. Dive Team	-	-	-	1,208	1,208
Benzie Co. Kids	-	-	-	4,617	4,617
Parks and Recreation Ice Rink	-	-	-	2,792	2,792
Debt service	-	-	-	144,540	144,540
Capital projects	-	-	-	307,615	307,615
Subsequent year expenditures	281,607	-	-	-	281,607
Unassigned	1,978,357	-	-	-	1,978,357
TOTAL FUND BALANCES	\$ 2,259,964	\$ 49,382	\$ 217,895	\$ 3,572,837	\$ 6,100,078

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - RESTATEMENTS

Beginning net position for business-type activities and discretely presented component units have been adjusted to reclassify certain activities of the County as noted below:

Description of Restatement	Business-type Activities	Discretely Presented Component Units
Beginning net position from PY FS	\$ 18,547,022	\$ 24,627,642
Reclassify Medical Care Facility Fund to discretely presented component unit - Medical Care Facility	<u>(11,637,708)</u>	<u>11,637,708</u>
Beginning net position, as restated	<u>\$ 6,909,314</u>	<u>\$ 36,265,350</u>

The County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result of this change, beginning net position of the custodial funds was increased by \$490,979.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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 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.

BENZIE COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

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.

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities for all state and local governments, focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries for whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The County has four funds that meet the criteria (general custodial, library penal fines, sheriff's inmate trust, and Benzie-Leelanau District Health Department activities). See Note 14 for the impact of the adoption of GASB Statement No. 84.

REQUIRED SUPPLEMENTARY INFORMATION

**BENZIE COUNTY, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
REVENUES				
Taxes and penalties	\$ 4,810,200	\$ 4,894,204	\$ 5,033,940	\$ 139,736
Licenses and permits	41,675	41,675	36,508	(5,167)
Intergovernmental - Federal/State	913,931	996,035	954,135	(41,900)
Charges for services	671,695	672,695	860,007	187,312
Fines and forfeits	2,700	2,700	3,242	542
Investment earnings and rents	99,481	99,481	39,208	(60,273)
Other	54,175	65,859	154,508	88,649
TOTAL REVENUES	6,593,857	6,772,649	7,081,548	308,899
EXPENDITURES				
Current				
General government				
Board of Commissioners	97,450	108,150	97,729	10,421
Administrator	195,248	210,268	194,112	16,156
Clerk	229,098	229,098	190,814	38,284
Treasurer	168,622	174,122	164,153	9,969
Equalization	162,071	157,070	145,074	11,996
Cooperative extension	54,893	54,893	53,877	1,016
Elections	36,100	20,911	16,592	4,319
Building and grounds	194,270	216,682	214,559	2,123
Technology support	67,950	69,750	61,840	7,910
Central services	52,250	56,356	55,590	766
Surveyor	2,000	2,000	1,200	800
Legal and contracted services	134,000	118,237	103,889	14,348
Total general government	1,393,952	1,417,537	1,299,429	118,108
Judicial				
Circuit court	356,195	378,485	335,591	42,894
District court	491,263	491,265	466,452	24,813
Friend of the court	141,525	141,525	95,520	46,005
Juvenile division	56,560	56,560	45,857	10,703
Prosecuting attorney	335,831	349,672	340,150	9,522
Total judicial	1,381,374	1,417,507	1,283,570	133,937
Public safety				
Sheriff	999,250	1,014,403	998,278	16,125
Sheriff secondary road patrol	75,701	76,430	76,400	30
Zero tolerance	56,211	82,716	82,709	7
Emergency management	52,958	54,238	45,249	8,989
Total public safety	1,184,120	1,227,787	1,202,636	25,151

**BENZIE COUNTY, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (continued)
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
EXPENDITURES (continued)				
Current (continued)				
Public works				
Drain commission	\$ 9,650	\$ 9,125	\$ 7,784	\$ 1,341
Airport authority	12,000	12,000	12,000	-
Total public works	21,650	21,125	19,784	1,341
Health and welfare				
Health department	248,343	260,578	259,578	1,000
Department of Human Services	1,300	1,300	-	1,300
Medical examiner	75,500	77,500	67,600	9,900
Mental health board	171,907	171,907	168,512	3,395
Total health and welfare	497,050	511,285	495,690	15,595
Community and economic development				
Register of deeds	159,071	160,071	153,631	6,440
Economic Development Corporation	-	1,000	1,000	-
Total community and economic development	159,071	161,071	154,631	6,440
Recreation and culture				
Parks and recreation	7,500	7,500	4,099	3,401
Other				
Medical insurance	660,383	661,085	661,085	-
Unemployment insurance	7,500	7,272	1,251	6,021
Worker's comp insurance	46,000	53,797	53,797	-
Insurance and bonds	116,376	146,617	145,205	1,412
Social security	182,125	187,152	187,152	-
Retirement benefits	407,255	722,059	676,032	46,027
Intergovernmental cooperation	53,125	55,755	55,755	-
Other	2,500	2,500	2,318	182
Total other	1,475,264	1,836,237	1,782,595	53,642
TOTAL EXPENDITURES	6,119,981	6,600,049	6,242,434	357,615
EXCESS OF REVENUES OVER EXPENDITURES	473,876	172,600	839,114	666,514

**BENZIE COUNTY, MICHIGAN
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (continued)
YEAR ENDED SEPTEMBER 30, 2021**

	<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	\$ 168,413	\$ 552,248	\$ 164,690	\$ (387,558)
Transfers out	<u>(780,968)</u>	<u>(945,521)</u>	<u>(813,095)</u>	<u>132,426</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(612,555)</u>	<u>(393,273)</u>	<u>(648,405)</u>	<u>(255,132)</u>
NET CHANGE IN FUND BALANCE	(138,679)	(220,673)	190,709	411,382
Fund balance, beginning of year	<u>2,069,255</u>	<u>2,069,255</u>	<u>2,069,255</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,930,576</u></u>	<u><u>\$ 1,848,582</u></u>	<u><u>\$ 2,259,964</u></u>	<u><u>\$ 411,382</u></u>

**BENZIE COUNTY, MICHIGAN
JAIL OPERATIONS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,200,013	\$ 1,200,013	\$ 1,200,842	\$ 829
Intergovernmental	40,325	40,325	40,033	(292)
Charges for services	62,216	62,216	49,838	(12,378)
Other	9,500	12,642	29,079	16,437
TOTAL REVENUES	1,312,054	1,315,196	1,319,792	4,596
EXPENDITURES				
Current				
Public safety	1,712,813	1,752,555	1,712,690	39,865
Debt service	-	-	3,214	(3,214)
TOTAL EXPENDITURES	1,712,813	1,752,555	1,715,904	36,651
EXCESS OF REVENUES (UNDER) EXPENDITURES	(400,759)	(437,359)	(396,112)	41,247
OTHER FINANCING SOURCES				
Transfer in	400,759	409,759	396,296	(13,463)
NET CHANGE IN FUND BALANCE	-	(27,600)	184	27,784
Fund balance, beginning of year	49,198	49,198	49,198	-
Fund balance, end of year	\$ 49,198	\$ 21,598	\$ 49,382	\$ 27,784

**BENZIE COUNTY, MICHIGAN
COMMISSION ON AGING FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 1,157,440	\$ 1,157,440	\$ 1,149,092	\$ (8,348)
Intergovernmental	-	-	1,634	1,634
Investment earnings (loss) and rents	-	-	(2,301)	(2,301)
TOTAL REVENUES	<u>1,157,440</u>	<u>1,157,440</u>	<u>1,148,425</u>	<u>(9,015)</u>
EXPENDITURES				
Current				
Health and welfare	<u>1,157,440</u>	<u>1,258,040</u>	<u>1,257,977</u>	<u>63</u>
NET CHANGE IN FUND BALANCE	-	(100,600)	(109,552)	(8,952)
Fund balance, beginning of year	<u>327,447</u>	<u>327,447</u>	<u>327,447</u>	<u>-</u>
Fund balance, end of year	<u>\$ 327,447</u>	<u>\$ 226,847</u>	<u>\$ 217,895</u>	<u>\$ (8,952)</u>

**BENZIE COUNTY, MICHIGAN
ARPA GRANT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 452,617	\$ 449,256	\$ 457,679	\$ 424,054	\$ 367,231	\$ 372,988	\$ 363,227
Interest	1,544,257	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	506,093	141,592	(55,658)	(206,334)	(153,120)	469,454	-
Changes of assumptions	761,920	672,874	-	-	-	826,589	-
Benefit payments, including employee refunds	(1,202,165)	(1,110,094)	(1,009,175)	(949,620)	(905,095)	(816,063)	(657,350)
Other	-	-	(1)	-	-	2	-
Net Change in Total Pension Liability	2,062,722	1,648,168	828,191	652,297	539,423	2,068,659	857,008
Total Pension Liability, beginning	20,693,930	19,045,762	18,217,571	17,565,274	17,025,851	14,957,192	14,100,184
Total Pension Liability, ending	<u>\$ 22,756,652</u>	<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	\$ 772,830	719,385	\$ 774,966	\$ 603,227	\$ 547,413	\$ 643,589	\$ 670,851
Contributions - employee	409,544	260,514	247,199	234,271	133,061	86,789	75,158
Net investment income (loss)	1,971,438	1,644,459	(502,865)	1,489,809	1,169,835	(160,875)	621,978
Benefit payments, including employee refunds	(1,202,165)	(1,110,094)	(1,009,175)	(949,620)	(905,095)	(816,063)	(657,350)
Administrative expense	(27,606)	(28,361)	(24,590)	(23,573)	(23,099)	(23,326)	(28,289)
Net Change in Plan Fiduciary Net Position	1,924,041	1,485,903	(514,465)	1,354,114	922,115	(269,886)	682,348
Plan Fiduciary Net Position, beginning	13,576,736	12,090,833	12,605,298	11,251,184	10,329,069	10,598,955	9,904,015
Plan Fiduciary Net Position, ending	<u>\$ 15,500,777</u>	<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>\$ 7,255,875</u>	<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	68%	66%	63%	69%	64%	61%	71%
Covered payroll	\$ 4,062,856	\$ 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	179%	171%	170%	151%	181%	183%	124%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 348,816	\$ 646,236	\$ 637,012	\$ 603,227	\$ 547,413	\$ 643,589	\$ 643,589
Contributions in relation to the actuarially determined contribution	<u>579,616</u>	<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>\$ (230,800)</u></u>	<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	\$ 3,993,443	\$ 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	15%	17%	18%	16%	16%	18%	18%

BENZIE COUNTY, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the County incurred expenditures in various Special Revenue funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Friend of the Court	\$ -	\$ 15	\$ 15
CDBG Housing Grant	34,025	38,369	4,344

NOTE 2 - BENZIE COUNTY PENSION PLAN

Changes of benefits terms: There were no significant changes in benefit terms in plan year 2020.

Changes of assumptions: Increases in merit and longevity pay assumptions.

OTHER SUPPLEMENTARY INFORMATION

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2021**

	Special		
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's
ASSETS			
Cash and investments	\$ 38,042	\$ 15,214	\$ 12
Accounts receivable	-	1,688	-
Loans receivable	-	-	-
Due from other governmental units	-	-	-
TOTAL ASSETS	\$ 38,042	\$ 16,902	\$ 12
LIABILITIES			
Accounts payable	\$ -	\$ 2,907	\$ -
Accrued liabilities	-	2,429	-
Due to other funds	-	-	-
TOTAL LIABILITIES	-	5,336	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	11,566	-
Assigned	38,042	-	12
TOTAL FUND BALANCES	38,042	11,566	12
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,042	\$ 16,902	\$ 12

Revenue

Benzie Co. Dive Team	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol	Marine Patrol	Snowmobile Patrol
\$ 1,208	\$ 4,617	\$ 88,019	\$ 36,292	\$ 4,006	\$ 13,163
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,208</u>	<u>\$ 4,617</u>	<u>\$ 88,019</u>	<u>\$ 36,292</u>	<u>\$ 4,006</u>	<u>\$ 13,163</u>
\$ -	\$ -	\$ -	\$ 231	\$ 1,049	118
-	-	-	-	119	-
-	-	-	-	-	-
-	-	-	231	1,168	118
-	-	-	-	-	-
-	-	88,019	36,061	2,838	13,045
-	-	-	-	-	-
<u>1,208</u>	<u>4,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,208</u>	<u>4,617</u>	<u>88,019</u>	<u>36,061</u>	<u>2,838</u>	<u>13,045</u>
<u>\$ 1,208</u>	<u>\$ 4,617</u>	<u>\$ 88,019</u>	<u>\$ 36,292</u>	<u>\$ 4,006</u>	<u>\$ 13,163</u>

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2021

	Special		
	School Resource Officer	Parks and Recreation Ice Rink	Airport Authority
ASSETS			
Cash and investments	\$ 100,376	\$ 2,792	\$ -
Accounts receivable	1,745	-	14,601
Loans receivable	-	-	-
Due from other governmental units	-	-	-
TOTAL ASSETS	\$ 102,121	\$ 2,792	\$ 14,601
LIABILITIES			
Accounts payable	\$ 1,881	\$ -	\$ -
Accrued liabilities	1,960	-	1,284
Due to other funds	-	-	13,317
TOTAL LIABILITIES	3,841	-	14,601
FUND BALANCES			
Nonspendable	-	-	-
Restricted	98,280	-	-
Committed	-	-	-
Assigned	-	2,792	-
TOTAL FUND BALANCES	98,280	2,792	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 102,121	\$ 2,792	\$ 14,601

Revenue

Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Remonumentation Survey Grant	GIS Information System	Animal Control
\$ 240,347 6,688 - -	\$ 250 9,000 - 124,671	\$ 42,484 - - -	\$ 21,361 - - -	\$ 9,911 - - -	\$ 133,790 844 - -
<u>\$ 247,035</u>	<u>\$ 133,921</u>	<u>\$ 42,484</u>	<u>\$ 21,361</u>	<u>\$ 9,911</u>	<u>\$ 134,634</u>
\$ 874 1,969 -	\$ - - 128,000	\$ 2,800 - -	\$ - - -	\$ - - -	\$ 245 3,970 -
<u>2,843</u>	<u>128,000</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>4,215</u>
- 244,192 - -	- 5,921 - -	- 39,684 - -	- 21,361 - -	- 9,911 - -	- 130,419 - -
<u>244,192</u>	<u>5,921</u>	<u>39,684</u>	<u>21,361</u>	<u>9,911</u>	<u>130,419</u>
<u>\$ 247,035</u>	<u>\$ 133,921</u>	<u>\$ 42,484</u>	<u>\$ 21,361</u>	<u>\$ 9,911</u>	<u>\$ 134,634</u>

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2021

	Special		
	Building Department	Register of Deeds Automation	Homeland Security
ASSETS			
Cash and investments	\$ 124,694	\$ 114,875	\$ 1,630
Accounts receivable	-	11,000	-
Loans receivable	-	-	-
Due from other governmental units	-	-	-
TOTAL ASSETS	\$ 124,694	\$ 125,875	\$ 1,630
LIABILITIES			
Accounts payable	\$ 44,158	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	44,158	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	80,536	125,875	1,630
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	80,536	125,875	1,630
TOTAL LIABILITIES AND FUND BALANCES	\$ 124,694	\$ 125,875	\$ 1,630

Revenue					
911 Emergency Service	Dispatcher Training Grant	Local Corrections Officer Training	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library
\$ 360,593	\$ 10,692	\$ 6,680	\$ 1	\$ 790	\$ 822
158,125	-	-	-	1,250	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 518,718</u>	<u>\$ 10,692</u>	<u>\$ 6,680</u>	<u>\$ 1</u>	<u>\$ 2,040</u>	<u>\$ 822</u>
\$ 8,353	\$ 89	\$ -	\$ -	\$ -	\$ 766
15,174	-	-	-	-	-
-	-	-	-	-	-
<u>23,527</u>	<u>89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766</u>
-	-	-	-	-	-
495,191	10,603	6,680	1	2,040	56
-	-	-	-	-	-
-	-	-	-	-	-
<u>495,191</u>	<u>10,603</u>	<u>6,680</u>	<u>1</u>	<u>2,040</u>	<u>56</u>
<u>\$ 518,718</u>	<u>\$ 10,692</u>	<u>\$ 6,680</u>	<u>\$ 1</u>	<u>\$ 2,040</u>	<u>\$ 822</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2021**

	Special		
	Child Care	Soldiers' Relief	Veterans' Memorial
ASSETS			
Cash and investments	\$ 101,668	\$ 72,032	\$ 22,638
Accounts receivable	1,434	-	-
Loans receivable	-	-	-
Due from other governmental units	-	-	-
TOTAL ASSETS	<u>\$ 103,102</u>	<u>\$ 72,032</u>	<u>\$ 22,638</u>
LIABILITIES			
Accounts payable	\$ 11,486	\$ 428	\$ -
Accrued liabilities	-	1,259	-
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>11,486</u>	<u>1,687</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	91,616	70,345	22,638
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	<u>91,616</u>	<u>70,345</u>	<u>22,638</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 103,102</u>	<u>\$ 72,032</u>	<u>\$ 22,638</u>

Revenue

CDBG Housing Grant	Light House	Juvenile Justice	Family Court Grants	Clerk Technology	Building Authority
\$ 74,334	\$ 3,039	\$ -	\$ 54,913	\$ 64,951	\$ 5,144
-	8,000	3,750	-	-	-
768,315	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 842,649</u>	<u>\$ 11,039</u>	<u>\$ 3,750</u>	<u>\$ 54,913</u>	<u>\$ 64,951</u>	<u>\$ 5,144</u>
\$ -	\$ -	\$ 969	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	2,623	-	-	-
-	-	3,592	-	-	-
768,315	-	-	-	-	-
74,334	11,039	158	54,913	64,951	5,144
-	-	-	-	-	-
-	-	-	-	-	-
<u>842,649</u>	<u>11,039</u>	<u>158</u>	<u>54,913</u>	<u>64,951</u>	<u>5,144</u>
<u>\$ 842,649</u>	<u>\$ 11,039</u>	<u>\$ 3,750</u>	<u>\$ 54,913</u>	<u>\$ 64,951</u>	<u>\$ 5,144</u>

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
SEPTEMBER 30, 2021

	<u>Special Revenue</u>		<u>Debt Service</u>
	<u>Indigent Defense Counsel</u>	<u>CARES Act</u>	<u>Government Center Addition</u>
ASSETS			
Cash and investments	\$ 23,456	\$ 407,895	\$ 144,540
Accounts receivable	-	-	-
Loans receivable	-	-	-
Due from other governmental units	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 23,456</u>	<u>\$ 407,895</u>	<u>\$ 144,540</u>
LIABILITIES			
Accounts payable	\$ 22,962	\$ -	\$ -
Accrued liabilities	-	12	-
Due to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>22,962</u>	<u>12</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	494	407,883	-
Committed	-	-	-
Assigned	-	-	144,540
	<u>-</u>	<u>-</u>	<u>144,540</u>
TOTAL FUND BALANCES	<u>494</u>	<u>407,883</u>	<u>144,540</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,456</u>	<u>\$ 407,895</u>	<u>\$ 144,540</u>

Capital Projects

Capital Improvements	Jail Reserve	Railroad Point	Equipment Replacement	Total
\$ 307,615	\$ -	\$ 10,799	\$ 69,557	\$ 2,735,242
-	-	-	-	218,125
-	-	-	-	768,315
-	-	-	-	124,671
<u>\$ 307,615</u>	<u>\$ -</u>	<u>\$ 10,799</u>	<u>\$ 69,557</u>	<u>\$ 3,846,353</u>
\$ -	\$ -	\$ -	\$ 2,084	\$ 101,400
-	-	-	-	28,176
-	-	-	-	143,940
-	-	-	2,084	273,516
-	-	-	-	768,315
-	-	10,799	-	2,226,657
-	-	-	67,473	79,039
307,615	-	-	-	498,826
<u>307,615</u>	<u>-</u>	<u>10,799</u>	<u>67,473</u>	<u>3,572,837</u>
<u>\$ 307,615</u>	<u>\$ -</u>	<u>\$ 10,799</u>	<u>\$ 69,557</u>	<u>\$ 3,846,353</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2021**

	Special		
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's
REVENUES			
Taxes	\$ -	\$ 133,571	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	190	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings and rents	-	-	-
Other	17,013	3,041	-
TOTAL REVENUES	17,013	136,802	-
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	7,443	105,040	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	7,443	105,040	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,570	31,762	-
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	(25,190)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(25,190)	-
NET CHANGE IN FUND BALANCES	9,570	6,572	-
Fund balances, beginning of year	28,472	4,994	12
Fund balances, end of year	\$ 38,042	\$ 11,566	\$ 12

Revenue

Benzie Co. Dive Team	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol	Marine Patrol	Snowmobile Patrol
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	28,858	8,405	3,597
-	-	5,560	-	22	-
-	-	-	-	-	-
-	-	64	-	-	-
-	941	-	390	-	193
-	941	5,624	29,248	8,427	3,790
-	-	-	-	-	-
-	-	15	-	-	-
28	365	-	21,546	10,059	5,354
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28	365	15	21,546	10,059	5,354
(28)	576	5,609	7,702	(1,632)	(1,564)
-	-	-	-	3,330	1,310
-	-	-	-	-	-
-	-	-	-	3,330	1,310
(28)	576	5,609	7,702	1,698	(254)
1,236	4,041	82,410	28,359	1,140	13,299
\$ 1,208	\$ 4,617	\$ 88,019	\$ 36,061	\$ 2,838	\$ 13,045

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2021

	Special		
	School Resource Officer	Parks and Recreation Ice Rink	Airport Authority
REVENUES			
Taxes	\$ 121,826	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	348	1,600	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings and rents	-	-	-
Other	1,791	1,175	43,953
TOTAL REVENUES	123,965	2,775	43,953
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	89,573	-	-
Public works	-	-	43,953
Health and welfare	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	89,573	-	43,953
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,392	2,775	-
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	34,392	2,775	-
Fund balances, beginning of year	63,888	17	-
Fund balances, end of year	\$ 98,280	\$ 2,792	\$ -

Revenue

Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Remonumentation Survey Grant	GIS Information System	Animal Control
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,436
-	-	33,535	-	-	748
6,238	180,459	-	25,032	-	189
311,212	-	-	-	1,000	5,895
-	-	-	-	-	-
-	-	-	-	-	-
2,643	200	-	-	-	32,088
<u>320,093</u>	<u>180,659</u>	<u>33,535</u>	<u>25,032</u>	<u>1,000</u>	<u>171,356</u>
-	-	-	26,895	-	-
-	-	-	-	-	-
-	-	-	-	-	179,657
299,162	-	26,300	-	-	-
-	-	-	-	-	-
-	177,770	-	-	-	-
-	-	-	-	-	-
<u>299,162</u>	<u>177,770</u>	<u>26,300</u>	<u>26,895</u>	<u>-</u>	<u>179,657</u>
<u>20,931</u>	<u>2,889</u>	<u>7,235</u>	<u>(1,863)</u>	<u>1,000</u>	<u>(8,301)</u>
-	-	-	-	-	20,000
-	-	-	-	-	-
-	-	-	-	-	20,000
20,931	2,889	7,235	(1,863)	1,000	11,699
<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>\$ 244,192</u>	<u>\$ 5,921</u>	<u>\$ 39,684</u>	<u>\$ 21,361</u>	<u>\$ 9,911</u>	<u>\$ 130,419</u>

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2021

	Special		
	Building Department	Register of Deeds Automation	Homeland Security
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	387,910	-	-
Intergovernmental	-	-	-
Charges for services	-	44,840	-
Fines and forfeits	-	-	-
Investment earnings and rents	-	776	-
Other	-	-	-
TOTAL REVENUES	387,910	45,616	-
EXPENDITURES			
Current			
General government	-	43,167	-
Judicial	-	-	-
Public safety	376,219	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	376,219	43,167	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,691	2,449	-
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	(19,500)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(19,500)	-	-
NET CHANGE IN FUND BALANCES	(7,809)	2,449	-
Fund balances, beginning of year	88,345	123,426	1,630
Fund balances, end of year	\$ 80,536	\$ 125,875	\$ 1,630

Revenue					
911 Emergency Service	Dispatcher Training Grant	Local Corrections Officer Training	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,464	-	-	2,249	-
739,931	-	4,700	-	-	-
-	-	-	423	-	5,000
-	-	-	-	-	-
4,334	-	-	-	-	-
<u>744,265</u>	<u>3,464</u>	<u>4,700</u>	<u>423</u>	<u>2,249</u>	<u>5,000</u>
-	-	-	-	-	-
-	-	-	-	-	22,953
674,658	3,391	6,450	1,107	2,926	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>674,658</u>	<u>3,391</u>	<u>6,450</u>	<u>1,107</u>	<u>2,926</u>	<u>22,953</u>
<u>69,607</u>	<u>73</u>	<u>(1,750)</u>	<u>(684)</u>	<u>(677)</u>	<u>(17,953)</u>
-	-	-	-	-	18,000
-	-	-	-	-	-
-	-	-	-	-	18,000
69,607	73	(1,750)	(684)	(677)	47
425,584	10,530	8,430	685	2,717	9
<u>\$ 495,191</u>	<u>\$ 10,603</u>	<u>\$ 6,680</u>	<u>\$ 1</u>	<u>\$ 2,040</u>	<u>\$ 56</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2021**

	Special		
	Child Care	Soldiers' Relief	Veterans' Memorial
REVENUES			
Taxes	\$ -	\$ 54,561	\$ -
Licenses and permits	-	-	-
Intergovernmental	31,839	50,702	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings and rents	-	-	-
Other	6,024	151	1,821
TOTAL REVENUES	37,863	105,414	1,821
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	136,771	104,398	1,392
Recreation and culture	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	136,771	104,398	1,392
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(98,908)	1,016	429
OTHER FINANCING SOURCES			
Transfers in	90,000	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	90,000	-	-
NET CHANGE IN FUND BALANCES	(8,908)	1,016	429
Fund balances, beginning of year	100,524	69,329	22,209
Fund balances, end of year	\$ 91,616	\$ 70,345	\$ 22,638

Revenue					
CDBG Housing Grant	Light House	Juvenile Justice	Family Court Grants	Clerk Technology	Building Authority
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	15,208	-
-	18,150	12,500	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
337	-	-	-	379	-
-	12,945	-	-	30	-
337	31,095	12,500	-	15,617	-
-	-	-	-	1,616	524
-	-	16,939	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,369	-	-	-	-	-
-	31,205	-	-	-	-
-	-	-	-	-	-
38,369	31,205	16,939	-	1,616	524
(38,032)	(110)	(4,439)	-	14,001	(524)
-	-	4,500	-	-	-
-	-	-	-	-	-
-	-	4,500	-	-	-
(38,032)	(110)	61	-	14,001	(524)
880,681	11,149	97	54,913	50,950	5,668
\$ 842,649	\$ 11,039	\$ 158	\$ 54,913	\$ 64,951	\$ 5,144

BENZIE COUNTY, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (continued)
YEAR ENDED SEPTEMBER 30, 2021

	<u>Special Revenue</u>		<u>Debt Service</u>
	<u>Indigent Defense Counsel</u>	<u>CARES Act</u>	<u>Government Center Addition</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	100,632	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings and rents	-	-	26,832
Other	-	-	-
	<u>-</u>	<u>100,632</u>	<u>26,832</u>
TOTAL REVENUES	<u>-</u>	<u>100,632</u>	<u>26,832</u>
EXPENDITURES			
Current			
General government	-	-	-
Judicial	91,847	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	-
	<u>91,847</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>91,847</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(91,847)</u>	<u>100,632</u>	<u>26,832</u>
OTHER FINANCING SOURCES			
Transfers in	91,847	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>91,847</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	100,632	26,832
Fund balances, beginning of year	<u>494</u>	<u>307,251</u>	<u>117,708</u>
Fund balances, end of year	<u>\$ 494</u>	<u>\$ 407,883</u>	<u>\$ 144,540</u>

Capital Projects

<u>Capital Improvements</u>	<u>Jail Reserve</u>	<u>Railroad Point</u>	<u>Equipment Replacement</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 442,394
-	-	-	-	437,401
-	-	-	21,292	495,744
-	-	-	12,035	1,125,195
-	-	-	-	5,423
-	-	-	-	28,388
<u>1,477</u>	<u>-</u>	<u>-</u>	<u>55,280</u>	<u>185,490</u>
<u>1,477</u>	<u>-</u>	<u>-</u>	<u>88,607</u>	<u>2,720,035</u>
-	-	-	-	72,202
-	-	-	-	131,754
-	-	-	-	1,483,816
-	-	-	-	369,415
-	-	-	-	280,930
-	-	-	-	208,975
<u>259,211</u>	<u>-</u>	<u>3,775</u>	<u>65,971</u>	<u>328,957</u>
<u>259,211</u>	<u>-</u>	<u>3,775</u>	<u>65,971</u>	<u>2,876,049</u>
<u>(257,734)</u>	<u>-</u>	<u>(3,775)</u>	<u>22,636</u>	<u>(156,014)</u>
470,487	-	-	6,000	705,474
<u>-</u>	<u>(287)</u>	<u>-</u>	<u>-</u>	<u>(44,977)</u>
<u>470,487</u>	<u>(287)</u>	<u>-</u>	<u>6,000</u>	<u>660,497</u>
212,753	(287)	(3,775)	28,636	504,483
<u>94,862</u>	<u>287</u>	<u>14,574</u>	<u>38,837</u>	<u>3,068,354</u>
<u>\$ 307,615</u>	<u>\$ -</u>	<u>\$ 10,799</u>	<u>\$ 67,473</u>	<u>\$ 3,572,837</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Tax Admin</u>	<u>Sheriff Commissary</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 52,160	\$ 4,545	\$ 56,705
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Unrestricted	<u>\$ 52,160</u>	<u>\$ 4,545</u>	<u>\$ 56,705</u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Tax Admin</u>	<u>Sheriff Commissary</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ -	\$ 10,580	\$ 10,580
OPERATING EXPENSES			
Other supplies and other expenses	<u>-</u>	<u>7,724</u>	<u>7,724</u>
OPERATING INCOME	-	2,856	2,856
Net position, beginning of year	<u>52,160</u>	<u>1,689</u>	<u>53,849</u>
Net position, end of year	<u><u>\$ 52,160</u></u>	<u><u>\$ 4,545</u></u>	<u><u>\$ 56,705</u></u>

**BENZIE COUNTY, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021**

	Tax Admin	Sheriff Commissary	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from users	\$ -	\$ 10,580	\$ 10,580
Cash paid to suppliers	<u>-</u>	<u>(7,724)</u>	<u>(7,724)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	2,856	2,856
Cash and investments, beginning of year	<u>52,160</u>	<u>1,689</u>	<u>53,849</u>
Cash and investments, end of year	<u><u>\$ 52,160</u></u>	<u><u>\$ 4,545</u></u>	<u><u>\$ 56,705</u></u>
Reconciliation of operating income to net cash and investments provided by operating activities			
Operating income	<u><u>\$ -</u></u>	<u><u>\$ 2,856</u></u>	<u><u>\$ 2,856</u></u>

**BENZIE COUNTY, MICHIGAN
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021**

	General Custodial	Library Penal Fines	Sheriff's Inmate Trust	Benzie- Leelanau District Health Department	Total
ASSETS					
Cash and investments	\$ 4,839,730	\$ 26,165	\$ 7,749	\$ 1,372,947	\$ 6,246,591
LIABILITIES					
Undistributed tax collections payable	4,473,284	-	-	-	4,473,284
Due to other governmental units	266,834	26,165	-	-	292,999
Due to others	70,012	-	-	-	70,012
TOTAL LIABILITIES	4,810,130	26,165	-	-	4,836,295
NET POSITION					
Restricted for individuals, organizations, and other governmental units	\$ 29,600	\$ -	\$ 7,749	\$ 1,372,947	\$ 1,410,296

**BENZIE COUNTY, MICHIGAN
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2021**

	General Custodial	Library Penal Fines	Sheriff's Inmate Trust	Benzie- Leelanau District Health Department	Total
ADDITIONS					
Investment earnings	\$ -	\$ 282	\$ 8	\$ 1,334	\$ 1,624
Property tax collections for other governmental units	10,074,721	-	-	-	10,074,721
Collections for other governmental units	1,985,502	68,519	-	5,504,353	7,558,374
Collections for individuals and agencies	410,218	-	193,461	-	603,679
TOTAL ADDITIONS	12,470,441	68,801	193,469	5,505,687	18,238,398
DEDUCTIONS					
Property tax distributions to other governmental units	10,074,721	-	-	-	10,074,721
Distributions to other governmental units	1,985,502	68,801	-	4,585,969	6,640,272
Distributions to individuals and agencies	398,001	-	206,087	-	604,088
TOTAL DEDUCTIONS	12,458,224	68,801	206,087	4,585,969	17,319,081
NET CHANGE IN FIDUCIARY NET POSITION	12,217	-	(12,618)	919,718	919,317
Restated net position, beginning of year	17,383	-	20,367	453,229	490,979
Net position, end of year	<u>\$ 29,600</u>	<u>\$ -</u>	<u>\$ 7,749</u>	<u>\$ 1,372,947</u>	<u>\$ 1,410,296</u>

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 BALANCE SHEET - LAND BANK AUTHORITY
 SEPTEMBER 30, 2021**

ASSETS	
Cash and investments	\$ 147,797
Accounts receivable	<u>26,358</u>
TOTAL ASSETS	<u><u>\$ 174,155</u></u>
LIABILITIES	\$ -
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>26,358</u>
FUND BALANCE	
Unrestricted	<u>147,797</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 174,155</u></u>

**BENZIE COUNTY, MICHIGAN
COMPONENT UNIT FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT
OF NET POSITION - LAND BANK AUTHORITY
SEPTEMBER 30, 2021**

Total fund balance - governmental fund	\$ 147,797
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Amounts reported for the governmental activities in the statement of net position are different because:

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

26,358

Net position of governmental activities

\$ 174,155

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - LAND BANK AUTHORITY
 YEAR ENDED SEPTEMBER 30, 2021**

REVENUES	
Property tax capture	\$ 3,023
Intergovernmental	10,000
Other revenue	<u>3,000</u>
TOTAL REVENUES	<u>16,023</u>
EXPENDITURES	
Current	
Community and economic development	<u>7,508</u>
CHANGE IN FUND BALANCE	8,515
Fund balance, beginning of year	<u>139,282</u>
Fund balance, end of year	<u><u>\$ 147,797</u></u>

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
 STATEMENT OF ACTIVITIES - LAND BANK AUTHORITY
 YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balance - governmental fund	\$	8,515
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Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. The change in long-term receivables reported in the fund is:

26,358

Change in net position of governmental activities

\$ 34,873

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 BALANCE SHEET - BROWNFIELD REDEVELOPMENT AUTHORITY
 SEPTEMBER 30, 2021**

ASSETS	
Cash and investments	<u>\$ 21,748</u>
LIABILITIES	\$ -
FUND BALANCE	
Unrestricted	<u>21,748</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,748</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, 2021.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BROWNFIELD REDEVELOPMENT AUTHORITY
 YEAR ENDED SEPTEMBER 30, 2021**

REVENUES	
Property tax capture	<u>\$ 191</u>
EXPENDITURES	
Current	
Community and economic development	<u>-</u>
CHANGE IN FUND BALANCE	191
Fund balance, beginning of year	<u>21,557</u>
Fund balance, end of year	<u><u>\$ 21,748</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, 2021.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2021**

ASSETS	
Accounts receivable	\$ 598
	<u>598</u>
LIABILITIES	
	\$ -
FUND BALANCE	
Unrestricted	598
	<u>598</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 598
	<u>598</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, 2021.

**BENZIE COUNTY, MICHIGAN
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - ECONOMIC DEVELOPMENT CORPORATION
 YEAR ENDED SEPTEMBER 30, 2021**

REVENUES	
Intergovernmental	\$ 1,000
Investment earnings	<u>598</u>
TOTAL REVENUES	<u>1,598</u>
EXPENDITURES	
Current	
Community and economic development	<u>1,000</u>
CHANGE IN FUND BALANCE	598
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u><u>\$ 598</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, 2021.

BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2021

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, 2021, the County has the following debt issues subject to SEC Rule 15c2-12:

\$3,620,000 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>
2021	\$ 1,424,537,327	\$ 2,060,689,551
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

Source: Benzie County

Breakdown of Taxable Value

<u>2021 Breakdown by Use</u>		<u>2021 Breakdown by Class</u>	
Residential	89.22%	Real	95.16%
Commercial	8.61%	Personal	<u>4.84%</u>
Industrial	0.27%		
Utility	0.34%	Total	<u><u>100.00%</u></u>
Agricultural	1.48%		
Timber-Cutover	<u>0.08%</u>		
Total	<u><u>100.00%</u></u>		

Source: Benzie County

**BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2021**

Major Taxpayers

<u>Top Ten Taxpayers By Taxable Value</u>	<u>2021 Taxable Value</u>
Consumers Energy Co	\$ 16,430,988
Crystal Enterprises Inc	10,581,405
Graceland Fruit Inc	6,102,063
Cherryland Rural	4,226,750
Michigan Consolidated Gas Co.	3,955,500
DTE Gas Company	3,325,582
Crystallaire, LLC	2,962,567
Crystal Downs Country Club	2,834,833
Michigan Shores Cooperative	2,353,574
John Brunner	<u>2,079,897</u>
 TOTALS	 <u><u>\$ 54,853,159</u></u>
 Total 2021 Taxable Value	 \$ 1,424,537,327
 Top 10 Taxpayers as a % of 2021 Total Taxable Value	 3.85%

Source: Benzie County

BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2021

Tax Rates

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County operating	3.3808	3.4334	3.4479	3.4528	3.4692
MCF debt and operations	0.8031	0.9936	0.9952	0.9958	0.9976
Commission on Aging	0.8283	0.8412	0.8448	0.8460	0.8500
Animal Control	-	0.0970	0.0975	0.0977	0.0982
Ambulance	0.7743	0.7864	0.7898	0.7910	0.7948
Soldier relief	0.0400	0.0400	0.0400	0.0400	0.0400
Conservation District	0.1222	0.1242	0.1248	0.1250	0.0986
TNT operations	0.0964	0.0979	0.0984	0.0986	0.0986
Jail operations	0.8862	0.8790	0.8828	0.8841	0.8883
Resource Officer	<u>0.1761</u>	<u>0.1789</u>	<u>0.1797</u>	<u>0.1800</u>	<u>0.0000</u>
 Total County	 7.1074	 7.4716	 7.5009	 7.5110	 7.3353
 Road Commission	 0.9791	 0.9944	 0.9986	 1.0000	 0.9871
 Traverse Bay Area ISD	 <u>2.9003</u>	 <u>2.9091</u>	 <u>2.9161</u>	 <u>2.9197</u>	 <u>2.9234</u>
 Total All Jurisdictions	 <u><u>10.9868</u></u>	 <u><u>11.3751</u></u>	 <u><u>11.4156</u></u>	 <u><u>11.4307</u></u>	 <u><u>11.2458</u></u>

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

Source: Benzie County

BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2021

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>
2021	\$ 47,997,081	\$ 46,028,302	95.90%	100.00%
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%

Source: Benzie County

General Fund Revenue and Expenditures

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues and other financing sources	\$ 7,246,238	\$ 6,763,418	\$ 6,843,865	\$ 6,441,926
Expenditures and other financing uses	<u>7,055,529</u>	<u>6,471,237</u>	<u>6,670,822</u>	<u>6,469,086</u>
Net change in fund balance	190,709	292,181	173,043	(27,160)
Beginning Fund Balance, restated	<u>2,069,255</u>	<u>1,777,074</u>	<u>1,781,652</u>	<u>1,808,812</u>
Ending Fund Balance	<u>\$ 2,259,964</u>	<u>\$ 2,069,255</u>	<u>\$ 1,954,695</u>	<u>\$ 1,781,652</u>

Source: Benzie County

BENZIE COUNTY, MICHIGAN
CONTINUING DISCLOSURES (UNAUDITED)
SEPTEMBER 30, 2021

Top Employers

Employer	2020	2019	2018	2017
Crystal Mountain	250 (FT)/750 (PT)	250 (FT)/750 (PT)	250 (FT)/750 (PT)	250 (FT)/750 (PT)
Benzie Central Schools	275	315	324	313
Smeltzer Orchard	50 (FT)/200 (S)	50 (FT)/200 (S)	50 (FT)/200 (S)	50 (FT)/200 (S)
Graceland Fruit	200	199	198	195
Munson Healthcare	200	198	195	193
Frankfort Elberta Area Schools	186	172	143	93
Benzie County Government	129	129	126	122
The Maples Medical Care Facility	113	113	113	113
Crystal Lake Clinics	100	100	100	100

Source: Benzie County

FT = Estimated Full-time, PT = Estimated Part-time, S = Estimated Seasonal

Debt Statement

	Gross	Self-supporting or Portion Paid Directly by Benefit Municipalities	Net
Direct debt of County:			
Medical Care Facility	\$ 3,620,000	\$ -	\$ 3,620,000

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	\$ 201.45
Percent County Net Direct Debt to 2020 TV	0.25%

Overlapping Debt of County:	
School Districts	\$ 31,979,248
Cities	881,000
Townships	-
Villages	359,000
Intermediate School Districts	-

Net Overlapping Debt	<u>33,219,248</u>
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Net County and Overlapping Debt	<u><u>\$ 36,839,248</u></u>
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Per Capita County Net Direct and Overlapping Debt	\$ 2,050
Percent Net Direct and Overlapping Debt to 2020 TV	2.59%

Source: Benzie County and Municipal Advisory Council of Michigan



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

To the 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, 2021, 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 28, 2022. We did not audit the financial statements of the Benzie County Medical Care Facility, 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 Benzie County 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

2021-001 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 taxes receivable and unavailable, accounts receivable, amounts due from other governmental units, 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. A similar condition was noted and reported in our audit comments last year.

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 28, 2022