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COUNTY OF OGEMAW
WEST BRANCH, MICHIGAN

AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2021

INDEX

AUDITORS' REPORT

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u>	
STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES	13 - 15
<u>FUND FINANCIAL STATEMENTS</u>	
BALANCE SHEET - GOVERNMENTAL FUNDS	16
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	17
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT OF NET POSITION - PROPRIETARY FUNDS	20 - 21
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22 - 23
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	24 - 25
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS	26
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS	27
COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS	28
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS	29
NOTES TO FINANCIAL STATEMENTS	30 - 68
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS	69
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS	70
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS	71
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS	72
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND	73
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HOUSING COMMISION FUND - SPECIAL REVENUE FUND	74
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ARPA FUND - SPECIAL REVENUE FUND	75
<u>OTHER INFORMATION</u>	
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS	76 - 77
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS	78 - 79
COMBINING STATEMENT OF NET POSITION - OTHER ENTERPRISE FUNDS	80
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION - OTHER ENTERPRISE FUNDS	81

INDEX

COMBINING STATEMENT OF CASH FLOWS - OTHER ENTERPRISE FUNDS	82
COMBINING BALANCE SHEET - OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT - GOVERNMENTAL FUNDS	83
OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	84
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT - GOVERNMENTAL FUNDS	85
OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	86
COMBINING BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT - GOVERNMENTAL FUNDS	87
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT - GOVERNMENTAL FUNDS	88
OGEMAW COUNTY PUBLIC TRANSIT - NONURBAN REGULAR SERVICE REVENUE REPORT	89
OGEMAW COUNTY PUBLIC TRANSIT - NONURBAN REGULAR SERVICE EXPENSE REPORT	90
OGEMAW COUNTY PUBLIC TRANSIT - SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	91
OGEMAW COUNTY PUBLIC TRANSIT - OPERATING ASSISTANCE CALCULATION	92
OGEMAW COUNTY PUBLIC TRANSIT - NONURBAN REGULAR SERVICE NONFINANCIAL REPORT	93



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February 24, 2022

Independent Auditors' Report

Board of Commissioners
County of Ogemaw
West Branch, 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 the County of Ogemaw, West Branch, Michigan, 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 index.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 auditors' 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw, West Branch, 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

As discussed in Note 2 to the financial statements, the County of Ogemaw has implemented GASB Statement No. 84, *Fiduciary Activities*, as of September 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension and other postemployment benefit (OPEB) schedules, and budgetary comparison information 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 of Ogemaw's basic financial statements. The combining nonmajor fund financial statements, Ogemaw County Drain Commission - component unit fund financial statements, Economic Development Corporation - component unit fund financial statements, Ogemaw County Public Transit - Nonurban Regular Service Revenue Report, Ogemaw County Public Transit - Nonurban Regular Service Expense Report, Ogemaw County Public Transit - Schedule of Expenditures of Federal and State Awards, Ogemaw County Public Transit - Operating Assistance Calculation, and Ogemaw County Public Transit - Nonurban Regular Service Nonfinancial Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, Ogemaw County Drain Commission - component unit fund financial statements, the Economic Development Corporation - component unit fund financial statements, the Ogemaw County Public Transit - Nonurban Regular Service Revenue Report, Ogemaw County Public Transit - Nonurban Regular Service Expense Report, Ogemaw County Public Transit - Schedule of Expenditures of Federal and State Awards, and Ogemaw County Public Transit - Operating Assistance Calculation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, Ogemaw County Drain Commission - component unit fund financial statements, the Economic Development Corporation - component unit fund financial statements, the Ogemaw County Public Transit - Nonurban Regular Service Revenue Report, Ogemaw County Public Transit - Nonurban Regular Service Expense Report, Ogemaw County Public Transit - Schedule of Expenditures of Federal and State Awards, and Ogemaw County Public Transit - Operating Assistance Calculation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Ogemaw County Public Transit - Nonurban Regular Service Nonfinancial Report has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022 included in the Single Audit Report issued under a separate cover, on our consideration of the County of Ogemaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Ogemaw'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 of Ogemaw's internal control over financial reporting and compliance.

Stephenson & Company, P.C.

CAREN PIGLOWSKI
OGEMAW COUNTY TREASURER
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Cindy Scott, Chief Deputy Treasurer

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the County of Ogemaw's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2021. The intent of this discussion and analysis is to look at the County's financial performance as a whole. The discussion focuses on the County's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The County's assets exceeded its liabilities by \$5,231,988.
- The County's total net position increased by \$646,567 due to an increase in net position of governmental activities of \$422,652 and an increase in net position of business-type activities of \$223,915.
- The County's governmental funds reported a combined ending fund balance of \$2,177,862 this year, an increase of \$1,221,392. The County General Fund 2021 fiscal year end *fund balance* is \$216,762.

Overview of the Financial Statements

The financial statements are organized so the reader can understand the County as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *statement of net position* and the *statement of activities* display information about the County as a whole. These statements include the financial activities of the primary government and its component units except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for services.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or functions of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County with certain limited exceptions. The comparisons of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

With this report, capital assets are listed for the County of Ogemaw. These assets are comprised of buildings, building improvements, water and sewer lines, dams, radio towers, vehicles, office equipment, computer equipment and land owned by the County. These assets total over \$14.7 million. The County Treasurer performed a department-by-department inventory and evaluation of assets and categorized a depreciation schedule for assets not fully depreciated.

Property taxes for 2021 that will be received in the future are listed as *taxes receivable*.

The County's component units are comprised of the Ogemaw County Drain Commission, Ogemaw County Road Commission, Ogemaw County Economic Development Corporation, and the Ogemaw County Land Bank Authority. These component units are described in the *Notes to the Financial Statements* under Note 1 – Summary of Significant Accounting Policies. The component units are legally separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

The Ogemaw County Drain Commission net position totaled \$444,445 and, of that amount, \$410,422 is shown as net investment in capital assets. The Ogemaw County Road Commission displays net position totaling \$36,359,653, primarily attributable to County road infrastructure. The Ogemaw County Economic Development Corporation net position is \$67,900 and the Ogemaw County Land Bank Authority net position is \$22,570.

Fund Financial Statements

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: *Governmental, Proprietary and Fiduciary*.

Governmental Funds:

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

- General Fund – This fund accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenue.
- Housing Commission Fund – This fund accounts for federal, state and local funding used to obtain financing and construct or rehabilitate low-income housing for qualified Ogemaw County residents.
- ARPA Fund – This fund accounts for federal funding used in accordance with the requirements of the American Rescue Plan Act of 2021.

The General Fund fund balance increased by \$207,879 which was a significant increase over the prior year decrease of \$194,228. The current year increase is primarily the result of transfers in exceeding transfers out while revenues continued to exceed expenditures.

The Housing Commission Fund fund balance increased by \$37,120. This increase, compared to the prior year decrease of \$22,773, was a result of increased revenues of about \$50,000 and decreased expenditures of about \$10,000.

The ARPA Fund did not see a change in fund balance as all of the revenue recognized was either expensed in the current year or transferred out to the General Fund.

The Other Governmental Funds fund balance increased by \$976,393. The funds experiencing significant changes in fund balance were the Road Patrol Fund, Probate Child Care Fund, and Commissary Fund. The Road Patrol Fund saw an increase in fund balance of \$307,362 as this was a new fund in the current year based on a new millage. The Probate Child Care Fund saw an increase in fund balance of \$394,510 due to transfers in of over \$540,000 covering the excess of expenditures over revenues. The Commissary Fund saw an increase in fund balance of \$158,112 due to revenues exceeding expenditures. Compared to the prior year, the main difference was that no single Other Governmental Fund had an increase of over \$30,000 in the prior year, whereas these three funds noted above had well over that amount in the current year.

Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The County's enterprise funds may be used to account for any activity for which a fee is charged to external users (citizens) for goods and services. The following are the County's major enterprise funds:

- Public Transit – This fund accounts for all activity related to providing Transportation services to the residents of the County.
- Tax Umbrella – This fund accounts for 2017 and prior delinquent property tax collection activity.
- 2019 DTRF – This fund accounts for the purchase of the 2019 delinquent taxes from other local taxing units and subsequent tax collections.

The Ogemaw County Public Transit Fund net position increased by \$247,538, compared to the increase of \$197,513 in the prior year. The increase in net position is the result of revenues exceeding revenues in the current year. The difference from the prior year was primarily a result of additional CARES Flex money received in the current year of about \$85,000, offset by other various changes.

The Tax Umbrella Fund net position decreased by \$715,638. This compared to the prior year's decrease of \$416,667 was due primarily to the prior year having a transfer out to the General Fund of \$416,667 where the current year transfer was \$750,969.

The 2019 DTRF net position increased by \$177,453 as a result of receiving delinquent taxes during the current year.

The Other Enterprise Funds net position increased by \$514,562, compared to the prior year increase of \$335,641. This was primarily due to increases in fund balances of about \$204,000 in the DTRF funds as a result of receiving delinquent taxes during the current year, an increase in Building Department Fund fund balance of about \$130,000 due to charges for services exceeding expenditures, and an increase in the Tax Reversion Fund fund balance of about \$150,000 due to revenues exceeding expenditures. The main cause of the increase over the prior year change was due to the Building Department Fund being new in the current year and transferring \$110,000 out of the Tax Reversion Fund in the prior year, but nothing in the current year.

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and OPEB) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own program. The County currently has one pension (and OPEB) trust fund through the Ogemaw County Road Commission. The County's custodial funds are used to account for amounts held for others in an agency capacity, primarily property tax collections, state-levied shared revenues, and fines and forfeitures.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided on the County *government-wide* and *fund* financial statements. The notes to financial statements are presented following the Basic Financial Statements, and provide an expansive and thorough view of various aspects of the audited financial statements.

The Ogemaw County Drain Commission, Ogemaw County Road Commission, Ogemaw County Economic Development Corporation, and the Ogemaw County Land Bank Authority related financial data are included throughout the notes to financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government -Wide Financial Analysis

Summary of Net Position:

The following summarizes the net position of the County of Ogemaw at September 30, 2021 and 2020:

	Net Position Summary			
	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Current Assets	\$ 4,753,690	\$ 8,171,272	\$ 12,924,962	\$ 10,018,125
Other Noncurrent Assets	1,818,440	0	1,818,440	1,893,694
Capital Assets – net	<u>6,067,616</u>	<u>438,844</u>	<u>6,506,460</u>	<u>6,552,777</u>
Total Assets	<u>12,639,746</u>	<u>8,610,116</u>	<u>21,249,862</u>	<u>18,464,596</u>
Deferred Outflows of Resources	<u>1,629,585</u>	<u>69,266</u>	<u>1,698,851</u>	<u>1,642,194</u>
Current Liabilities	2,190,452	64,714	2,255,166	637,770
Long-Term Liabilities	<u>14,348,509</u>	<u>374,896</u>	<u>14,723,405</u>	<u>14,882,127</u>
Total Liabilities	<u>16,538,961</u>	<u>439,610</u>	<u>16,978,571</u>	<u>15,519,897</u>
Deferred Inflows of Resources	<u>656,091</u>	<u>82,063</u>	<u>738,154</u>	<u>1,472</u>
Net Position (Restated)				
Net Investment in				
Capital Assets	1,585,728	438,844	2,024,572	1,832,075
Restricted	3,546,299	0	3,546,299	2,727,321
Unrestricted (Deficit)	<u>(8,057,748)</u>	<u>7,718,865</u>	<u>(338,883)</u>	<u>26,025</u>
Total Net Position	<u>\$ (2,925,721)</u>	<u>\$ 8,157,709</u>	<u>\$ 5,231,988</u>	<u>\$ 4,585,421</u>

Summary of Changes in Net Position:

Following is an analysis of the changes in net position for the periods ended September 30, 2021 and 2020:

Generally speaking, the County's net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction, or improvement of those assets. The County of Ogemaw, through its governing body, i.e., Board of Commissioners, has taken a sensible approach regarding capital asset acquisition and amortization of the incurred debt. Net position is reported as restricted when there are

limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws/regulations of other governments.

The County Board of Commissioners has prudently set aside funds to offset potential personnel and/or administrative liabilities. It is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Year Ended September 30, 2021</u>	<u>Year Ended September 30, 2020</u>
Program Revenues:				
Charges for Services	\$ 2,046,536	\$ 896,201	\$ 2,942,737	\$ 3,025,660
Operating Grants and Contributions	2,234,225	794,836	3,029,061	2,665,007
Capital Grants and Contributions	<u>71,063</u>	<u>0</u>	<u>71,063</u>	<u>449,073</u>
Total Program Revenues	<u>4,351,824</u>	<u>1,691,037</u>	<u>6,042,861</u>	<u>6,139,740</u>
General Revenues:				
Property Taxes	7,531,297	527,431	8,058,728	6,912,075
State Revenue Sharing	506,124	0	506,124	362,693
Investment Earnings	6,424	283,286	289,710	368,748
Contributions from Local Units	58,562	0	58,562	63,960
Gain (Loss) on Disposal of Capital Assets	0	6,800	6,800	43,184
Other	154,338	0	154,338	127,868
Transfers	<u>750,969</u>	<u>(750,969)</u>	<u>0</u>	<u>0</u>
Total General Revenues and Transfers	<u>9,007,714</u>	<u>66,548</u>	<u>9,074,262</u>	<u>7,878,528</u>
Total Revenues and Transfers	<u>13,359,538</u>	<u>1,757,585</u>	<u>15,117,123</u>	<u>14,018,268</u>
Program Expenses:				
General Government:				
Legislative and Executive	239,296	0	239,296	134,422
Judicial	2,678,624	0	2,678,624	2,498,685
Financial and Tax Administration	1,253,465	0	1,253,465	1,206,804
Other General Government	1,974,877	0	1,974,877	1,988,262
Public Safety	4,457,962	0	4,457,962	4,829,549
Public Transit	0	1,131,443	1,131,443	1,116,758
Public Works	109,205	0	109,205	122,932
Health and Welfare	1,761,076	0	1,761,076	1,972,676
Community and Economic Development	284,317	0	284,317	181,259
Interest and Fees on Long-Term Debt	178,064	0	178,064	181,657
County Park	0	64,145	64,145	57,460
Building Department	0	197,878	197,878	0
Tax Reversion	<u>0</u>	<u>140,204</u>	<u>140,204</u>	<u>152,205</u>
Total Expenses	<u>12,936,886</u>	<u>1,533,670</u>	<u>14,470,556</u>	<u>14,442,669</u>
Change in Net Position	422,652	223,915	646,567	(424,401)
Beginning Net Position (Restated)	<u>(3,348,373)</u>	<u>7,933,794</u>	<u>4,585,421</u>	<u>5,009,822</u>
Ending Net Position (Restated)	<u>\$ (2,925,721)</u>	<u>\$ 8,157,709</u>	<u>\$ 5,231,988</u>	<u>\$ 4,585,421</u>

Governmental Activities

The *Statement of Activities* illustrates, by department, the expense incurred and revenue received. Total governmental activities reveal revenues of \$4,351,824 from *Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions*. The *Charges for Services* are fees for real estate transfers/recordings, fine and forfeitures related to judicial activity, and licenses and permits. While revenue collected is substantial, operating expenses totaled \$12,936,886 for these same activities. The largest expenses were incurred by Other General Government offices (\$1,974,877), Circuit, District, and Probate Courts (\$2,678,624), Health and Welfare (\$1,761,076) and Public Safety (\$4,457,962).

Business-Type Activities

Ogemaw County's *Business-Type Activities* include the Ogemaw County Public Transit, Tax Umbrella, 2019 DTRF, and 2018 DTRF activities related to delinquent tax collection; as well as the County Park, Building Department and Tax Reversion activities. The business-type activities reveal revenues of \$1,691,037 from *Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions*. The *Charges for Services* are for fees associated with the collection of property taxes, sales of property forfeited to the County for delinquent property taxes, camping fees at the County Park, permits and fees for the Building Department, and fare revenue at the Ogemaw County Public Transit. The operating expenses for these same activities totaled \$1,533,670, the largest of which were incurred by the Public Transit (\$1,131,443).

Financial Analysis of County Funds

As noted earlier in this report, the County uses fund accounting to ensure and demonstrate compliance with finance-related statutory and legal requirements. A thorough review and examination of fund types will reveal the strengths and weaknesses of its daily operations.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds: 1) General Fund; 2) Housing Commission Fund; and 3) ARPA Fund.

The other governmental funds of the County account for property taxes, grants and other resources whose use is restricted for a particular purpose.

Enterprise Funds

The County's enterprise funds provide the same type of information found in the government-wide financial statements. Departments such as County Park, Tax Reversion, Delinquent Tax Revolving, and Ogemaw County Public Transit comprise these funds. GASB 34 places such funds under the caption of *Propriety Funds* under the appropriate statements, i.e., *Statement of Net Position, Statement of Cash Flows, etc.*

This year's County audit, following GASB 34 format, shows 37 funds. These funds are maintained by the County Treasurer as separate units in the general ledger.

Budgetary Highlights

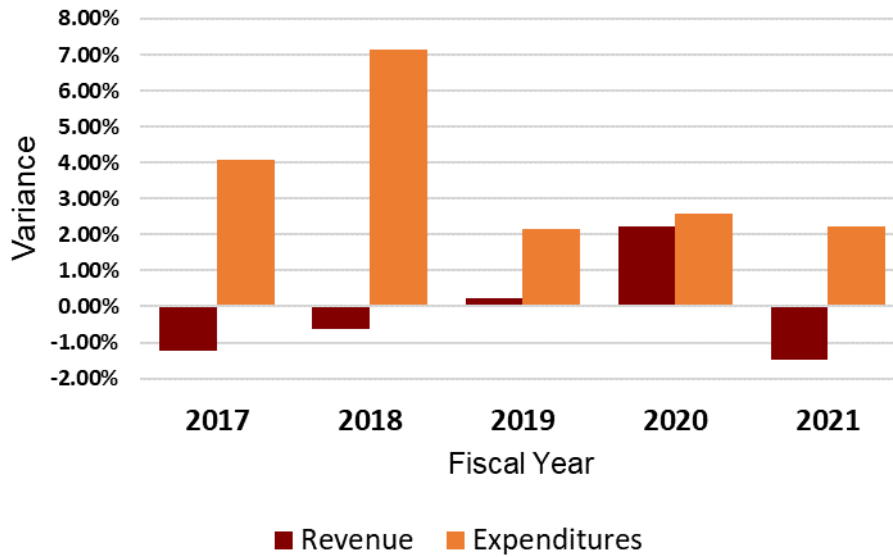
A budget variance is the difference between the budgeted or baseline amount of expense or revenue, and the actual amount. The budget variance is favorable when the actual revenue is higher than the budgeted amount or when the actual expense is less than the budgeted amount.

The year ending September 30, 2021 was atypical as County continued to grapple with the coronavirus pandemic fallout. A pandemic-influenced General Fund revenue variance of \$143,268 (1.5%) was led by an unfavorable variance of \$268,214 in charges for service. However, a favorable variance of \$180,858 in state grants and revenue mitigated much of that shortfall.

Total General Fund expenditures showed a favorable variance of \$216,710 (2.2%) led by favorable variances in public safety (\$318,891) and judicial (\$90,106) costs. By contrast, unfavorable results were reported in health and welfare (\$62,466), other general government (\$54,665) and financial and tax administration (\$50,051).

Whether favorable or unfavorable, budget variances should be monitored and analyzed to promote accurate financial reporting, reliable cash flow, and trustworthy short- and long-term budget strategies. When cumulative variances exceed 10% for the fiscal year, they must be investigated and resolved before beginning the next fiscal year. This exercise provides assurance that any known deficiencies are corrected before the next fiscal year begins. A five-year variance trend for the General Fund is shown below.

**Ogemaw County General Fund
Budget Variance Trend: 2017 - 2021**



Capital Asset and Debt Administration

Capital Assets

Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at *historical cost* or *estimated historical cost* if purchased or constructed. Donated capital assets are recorded at estimated FMV (fair market value) at the date of donation.

The County’s infrastructure consists of roads and bridges. Improvements are capitalized, i.e., depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Capital Assets – Governmental Activities beginning balance was \$12,819,091 with an ending balance of \$12,962,774. Governmental Activities Total Capital Assets – Net of Depreciation was \$6,067,616. An expanded and detailed presentation may be seen in Note 6 of the audit, notes to financial statements.

During 2021, the County’s governmental capital asset additions totaled \$418,583. The additions consisted of the purchase of two Dodge Police Chargers, a Ford Explorer, a walk-in cooler/freezer for the jail, an HVAC system at the Sheriff’s office, a firewall, construction on the new juvenile day treatment center, two Chevrolet Tahoes, and a new phone system. Current year disposals consisted of various computers and equipment, a four wheeler, snowmobiles, a commissary van, and two sheriff vehicles all of which were fully depreciated.

Capital Assets - Business Type Activities beginning balance was \$1,841,625 with an ending balance of \$1,774,806. Current year additions consisted of \$12,498 for a fence for the nature park and a septic tank for the public transit office. Current year disposals consisted of a transit bus and a transit van resulting in a total gain of \$6,800. Business-Type Activities Total Capital Assets – Net of Depreciation was \$438,844. An expanded and detailed presentation may be seen in Note 6 of the audit, notes to financial statements.

Long-Term Debt

The Long-Term debt of the County of Ogemaw, as noted on the financial statements contained herein, is comprised of debt related to direct business transactions by the County Board of Commissioners or business trade activity on the part of a local unit of government.

At year's end, long-term debt amounted to \$5,237,500. Such debt includes *Bonds Payable* and the related *Deferred Amounts for Issuance Premium* (Primary Government), *Installment Purchase Agreements Payable*, and *Compensated Absences*. That is, accumulated vested vacation benefits payable and contingent liability for the accumulated sick leave benefits of County employees. An expanded detailed presentation may be seen in Note 7 of the audit, notes to financial statements.

Net Pension Liability

At September 30, 2021, the County's Net Pension Liability amounted to \$8,828,392. This constitutes their unfunded pension benefit obligation as of the measurement date of the Municipal Employees' Retirement System Plan. Additional information on the County's Net Pension Liability can be found in Note 11 of this report.

Net OPEB Liability

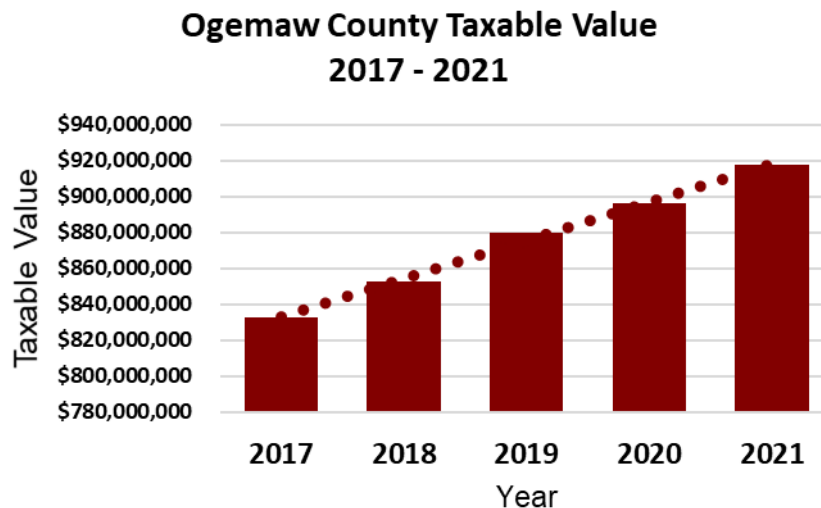
At September 30, 2021, the County's Net OPEB Liability amounted to \$612,827. This constitutes their unfunded OPEB benefit obligation as of the measurement date of the Ogemaw County Retiree Medical Plan. Additional information on the County's Net OPEB Liability can be found in Note 12 of this report.

Economic Factors

Ogemaw County was originally created by the Michigan Legislature in 1840 from unorganized territory, but was absorbed into Iosco County in 1867. It was re-created in 1873 and finally organized in 1875. The County is situated in Northeast Lower Michigan and is abundant with 96,000 acres of public land in the Huron National Forest, State Forest and the Rifle River State Park. Ogemaw County has a wide network of trails used by outdoor enthusiasts of every sort, including several miles of groomed trails for cross country skiing, hiking, biking and ORVs.

Ogemaw County has substantial agricultural and natural gas industries. The County's 280 farms produce a total of \$46,260,000 in farm sales annually. Dairy, beef cattle and grains are the top agriculture products in the region. There is a strong infrastructure to support continued agricultural growth.

Taxable values on real property increased by 2.38% from 2020 to 2021, which is slightly less than the five-year average of 2.46%. Property taxes accounted for 67.4% of all General Fund revenue in Fiscal Year 2021. Revenue generated from service millages helped to reduce economic challenges in some areas of the county budget. The taxable value trend is illustrated below.



Ogemaw County's 17 manufacturers offer widely diverse products for industry and home. These industries produce everything from high-tech tools and tooling systems, to toys, industrial and residential "high-end" steel-edged doors, and precision turned machining and stamping products. ATF and Sandvik Hyperion are both global in sales while American Thermoforming Machinery and the American Plastic Toys are nationwide leaders.

West Branch is an attractive place for business development. Interstate 75, the State's major north-south artery, is in the County and provides direct access to Saginaw, Flint and Detroit. State highways M-30, M-33, and M-55 also pass through the County and provide access to other areas of the State. Commercial and airfreight services are available from MBS International Airport in Freeland and Bishop International Airport in Flint. The West Branch Community Airport provides charter air service and daily services for overnight mail delivery companies.

Component Units

Complete financial statements for the Ogemaw County Drain Commission are included in this audit report.

Complete financial statements for the Ogemaw County Road Commission may be obtained from the Ogemaw County Road Commission's administrative office located at 1250 South M-33, West Branch, Michigan 48661.

Complete financial statements of the Ogemaw County Economic Development Corporation are included in this audit report.

Complete financial statements of the Ogemaw County Land Bank Authority are included in this audit report.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ogemaw County Treasurer, 806 W. Houghton Avenue, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET POSITION
September 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 3,611,549	\$ 5,528,861	\$ 9,140,410	\$ 2,548,589
Investments	0	750,408	750,408	1,214,111
Receivables:				
Property Taxes	895,333	0	895,333	0
Delinquent Taxes	0	1,379,047	1,379,047	0
Special Assessments	0	0	0	3,676
Accounts, Net	120,808	29,102	149,910	125
Interest Receivable	0	151	151	0
Mortgages Receivable	65,366	0	65,366	0
Due from Local Units	50,364	0	50,364	0
Due from State	288,763	83,065	371,828	632,238
Due from Other Units of Government	59,730	49,160	108,890	0
Internal Balances	(351,478)	351,478	0	0
Prepaid Items	13,255	0	13,255	33,942
Inventory	0	0	0	747,560
Noncurrent Assets:				
Long-Term Mortgages Receivable	1,818,440	0	1,818,440	0
Capital Assets Not Being Depreciated	502,652	0	502,652	26,040,272
Capital Assets, Net of Accumulated Depreciation	5,564,964	438,844	6,003,808	9,871,011
Total Assets	<u>12,639,746</u>	<u>8,610,116</u>	<u>21,249,862</u>	<u>41,091,524</u>
Deferred Outflows of Resources				
Deferred Amounts Related to Pensions	1,190,118	69,266	1,259,384	1,400,717
Deferred Amounts Related to OPEB	13,221	0	13,221	91,653
Deferred Charge on Refunding	426,246	0	426,246	0
Total Deferred Outflows of Resources	<u>1,629,585</u>	<u>69,266</u>	<u>1,698,851</u>	<u>1,492,370</u>
Liabilities				
Accounts Payable	337,284	27,899	365,183	220,804
Due to Local Units	40,235	12,155	52,390	0
Due to Other Units of Government	143,695	2,536	146,231	0
Advances Payable	0	0	0	239,328
Accrued Interest Payable	62,260	0	62,260	0
Accrued Liabilities	188,877	22,124	211,001	30,081
Unearned Revenue - Federal Grants	1,418,101	0	1,418,101	16,676
Long Term Liabilities:				
Due Within One Year	290,645	17,491	308,136	27,383
Due In More Than One Year	4,946,855	27,195	4,974,050	180,582
Net Pension Liability	8,498,182	330,210	8,828,392	4,273,522
Net OPEB Liability	612,827	0	612,827	397,945
Total Liabilities	<u>16,538,961</u>	<u>439,610</u>	<u>16,978,571</u>	<u>5,386,321</u>
Deferred Inflows of Resources				
Deferred Amounts Related to Pension	656,091	82,063	738,154	273,310
Deferred Amounts Related to OPEB	0	0	0	29,695
Total Deferred Inflows of Resources	<u>656,091</u>	<u>82,063</u>	<u>738,154</u>	<u>303,005</u>
Net Position				
Net Investment in Capital Assets	1,585,728	438,844	2,024,572	35,890,037
Restricted For:				
Judicial	547,067	0	547,067	0
Public Safety	444,722	0	444,722	0
Health and Welfare	310,836	0	310,836	0
County Roads	0	0	0	880,038
Capital Projects	0	0	0	34,023
Community and Economic Development	2,056,696	0	2,056,696	67,900
Other State Mandated Programs	127,146	0	127,146	0
COVID Related Funding	59,832	0	59,832	0
Unrestricted (Deficit)	<u>(8,057,748)</u>	<u>7,718,865</u>	<u>(338,883)</u>	<u>22,570</u>
Total Net Position	<u>\$ (2,925,721)</u>	<u>\$ 8,157,709</u>	<u>\$ 5,231,988</u>	<u>\$ 36,894,568</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<u>Primary Government</u>								
Governmental Activities:								
General Government:								
Legislative and Executive	\$ 239,296	\$ 0	\$ 0	\$ 0	\$ (239,296)	\$ 0	\$ (239,296)	
Judicial:								
Circuit Court	205,445	22,761	0	0	(182,684)	0	(182,684)	
District Court	811,338	414,642	49,625	0	(347,071)	0	(347,071)	
Probate Court	651,930	28,605	167,000	0	(456,325)	0	(456,325)	
Other Judicial	1,009,911	40,570	746,737	0	(222,604)	0	(222,604)	
Financial and Tax								
Administration	1,253,465	274,446	0	0	(979,019)	0	(979,019)	
Other General								
Government	1,974,877	675,392	660,818	0	(638,667)	0	(638,667)	
Public Safety:								
Sheriff	1,686,545	32,923	58,084	29,400	(1,566,138)	0	(1,566,138)	
Jail	2,351,978	362,082	17,445	0	(1,972,451)	0	(1,972,451)	
Building and Zoning	1,308	13,289	0	0	11,981	0	11,981	
Other Public Safety	418,131	60,578	183,246	41,663	(132,644)	0	(132,644)	
Public Works:								
Airport	59,400	0	0	0	(59,400)	0	(59,400)	
Other Public Works	49,805	0	77,194	0	27,389	0	27,389	
Health and Welfare:								
Health Department	0	0	115,965	0	115,965	0	115,965	
Probate Child Care	548,329	67,370	143,611	0	(337,348)	0	(337,348)	
Other Health and Welfare	1,212,747	0	0	0	(1,212,747)	0	(1,212,747)	
Community and Economic								
Development	284,317	53,878	14,500	0	(215,939)	0	(215,939)	
Interest and Fees on Long-								
Term Debt	178,064	0	0	0	(178,064)	0	(178,064)	
Total Governmental								
Activities	<u>12,936,886</u>	<u>2,046,536</u>	<u>2,234,225</u>	<u>71,063</u>	<u>(8,585,062)</u>	<u>0</u>	<u>(8,585,062)</u>	

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Function/Program	Net (Expense) Revenue and Changes in Net Position							Component Units
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<u>Primary Government (Continued):</u>								
Business-Type Activities:								
Delinquent Tax Revolving	\$ 0	\$ 135,019	\$ 0	\$ 0	\$ 0	\$ 135,019	\$ 135,019	
County Park	64,145	76,521	6,837	0	0	19,213	19,213	
Tax Reversion	140,204	299,928	0	0	0	159,724	159,724	
Public Transit	1,131,443	56,283	787,999	0	0	(287,161)	(287,161)	
Building Department	197,878	328,450	0	0	0	130,572	130,572	
Total Business-Type Activities	<u>1,533,670</u>	<u>896,201</u>	<u>794,836</u>	<u>0</u>	<u>0</u>	<u>157,367</u>	<u>157,367</u>	
Total Primary Government	<u>\$ 14,470,556</u>	<u>\$ 2,942,737</u>	<u>\$ 3,029,061</u>	<u>\$ 71,063</u>	<u>(8,585,062)</u>	<u>157,367</u>	<u>(8,427,695)</u>	
<u>Component Units</u>								
Drain Commission	\$ 20,037	\$ 0	\$ 290	\$ 0				\$ (19,747)
Road Commission	6,928,165	1,086,730	6,195,469	489,560				843,594
Economic Development	25,182	0	75,951	0				50,769
Land Bank Authority	262	0	0	0				(262)
Total Component Units	<u>\$ 6,973,646</u>	<u>\$ 1,086,730</u>	<u>\$ 6,271,710</u>	<u>\$ 489,560</u>				<u>874,354</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
General Revenues:								
Property Taxes Levied For:								
General Operating					\$ 5,677,401	\$ 0	\$ 5,677,401	\$ 0
Payment in Lieu of Taxes					4,188	0	4,188	0
Road Patrol					899,167	0	899,167	0
MSU Extension					131,009	0	131,009	0
Veterans Services					147,470	0	147,470	0
Public Transit					0	527,431	527,431	0
Senior Services					672,062	0	672,062	0
State Revenue Sharing					506,124	0	506,124	0
Contributions from Local Units					58,562	0	58,562	0
Interest and Investment Earnings					6,424	283,286	289,710	2,750
Gain (Loss) on Disposal of Capital Assets					0	6,800	6,800	48,233
Other					154,338	0	154,338	55,368
Transfers					750,969	(750,969)	0	0
Total General Revenues and Transfers					<u>9,007,714</u>	<u>66,548</u>	<u>9,074,262</u>	<u>106,351</u>
Change in Net Position					422,652	223,915	646,567	980,705
Net Position - Beginning (Restated)					<u>(3,348,373)</u>	<u>7,933,794</u>	<u>4,585,421</u>	<u>35,913,863</u>
Net Position - Ending					<u>\$ (2,925,721)</u>	<u>\$ 8,157,709</u>	<u>\$ 5,231,988</u>	<u>\$ 36,894,568</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	<u>Special Revenue Funds</u>				Total Governmental Funds
	<u>General Fund</u>	Housing Commision Fund	ARPA Fund	Other Governmental Funds	
<u>Assets</u>					
Cash and Cash Equivalents	\$ 37,423	\$ 86,480	\$ 1,511,011	\$ 1,976,635	\$ 3,611,549
Receivables:					
Property Taxes	895,333	0	0	0	895,333
Accounts, Net	98,433	0	0	22,375	120,808
Mortgages Receivable	0	65,366	0	0	65,366
Due from Local Units	21,350	0	0	29,014	50,364
Due from State	194,541	7,388	0	86,834	288,763
Due from Other Units of Government	59,730	0	0	0	59,730
Prepaid Items	13,255	0	0	0	13,255
Noncurrent Assets:					
Long-Term Mortgages Receivable	<u>0</u>	<u>1,818,440</u>	<u>0</u>	<u>0</u>	<u>1,818,440</u>
Total Assets	<u>\$ 1,320,065</u>	<u>\$ 1,977,674</u>	<u>\$ 1,511,011</u>	<u>\$ 2,114,858</u>	<u>\$ 6,923,608</u>
<u>Liabilities</u>					
Accounts Payable	\$ 108,337	\$ 12,689	\$ 92,910	\$ 123,348	\$ 337,284
Due to Other Funds	351,478	0	0	0	351,478
Due to Local Units	40,235	0	0	0	40,235
Due to Other Units of Government	117,940	1,305	0	24,450	143,695
Accrued Liabilities	152,851	0	0	36,026	188,877
Unearned Revenue - Federal Grants	0	0	1,418,101	0	1,418,101
Total Liabilities	<u>770,841</u>	<u>13,994</u>	<u>1,511,011</u>	<u>183,824</u>	<u>2,479,670</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Property Taxes	302,511	0	0	0	302,511
Unavailable Revenue - Mortgages	0	1,883,806	0	0	1,883,806
Unavailable Revenue - Grants	29,951	0	0	49,808	79,759
Total Deferred Inflows of Resources	<u>332,462</u>	<u>1,883,806</u>	<u>0</u>	<u>49,808</u>	<u>2,266,076</u>
<u>Fund Equity</u>					
Fund Balances:					
Restricted	0	79,874	0	1,502,860	1,582,734
Committed	0	0	0	378,366	378,366
Assigned	9,139	0	0	0	9,139
Unassigned	207,623	0	0	0	207,623
Total Fund Equity	<u>216,762</u>	<u>79,874</u>	<u>0</u>	<u>1,881,226</u>	<u>2,177,862</u>
Total Liabilities, Deferred Inflows of Resources and Fund Equity	<u>\$ 1,320,065</u>	<u>\$ 1,977,674</u>	<u>\$ 1,511,011</u>	<u>\$ 2,114,858</u>	<u>\$ 6,923,608</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021

Total Governmental Fund Balances		\$ 2,177,862
Amounts reported for 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 governmental funds. Capital assets at year end consist of:		
Capital Assets Cost	\$ 12,962,774	
Accumulated Depreciation	<u>(6,895,158)</u>	6,067,616
Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds:		
Real and Personal Property Taxes	302,511	
Mortgages Receivable	1,883,806	
Grants Receivable	<u>79,759</u>	2,266,076
Accrued Interest on Long-Term Liabilities		(62,260)
Governmental funds report actual pension and OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability and net OPEB liability as of the measurement date. Pension and OPEB 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 and OPEB plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:		
Deficit Investment Return - Pension	(656,091)	
Employer Pension Contributions	1,190,118	
Change in Assumptions - OPEB	<u>13,221</u>	547,248
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Bonds Payable (Net of Unamortized Premium and Deferred Amounts on Refunding)	(4,481,888)	
Net OPEB Liability	(612,827)	
Net Pension Liability	(8,498,182)	
Compensated Absences Payable	<u>(329,366)</u>	
Total Long-Term Liabilities		<u>(13,922,263)</u>
Total Net Position - Governmental Activities		<u>\$ (2,925,721)</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Housing Commision Fund	ARPA Fund		
<u>Revenue</u>					
Property Taxes	\$ 6,483,841	\$ 0	\$ 0	\$ 1,141,954	\$ 7,625,795
Federal Grants and Revenue	201,310	258,126	621,110	289,848	1,370,394
State Grants and Revenue	801,876	0	0	663,359	1,465,235
State Shared Revenue	498,252	0	0	0	498,252
Local Grants	0	14,500	0	2,500	17,000
Contributions from Other Governments	58,562	0	0	0	58,562
Licenses and Permits	26,233	0	0	0	26,233
Charges for Services	1,469,376	0	0	146,829	1,616,205
Fines and Forfeits	3,540	0	0	1,050	4,590
Interest and Rentals	45,650	52	0	4	45,706
Other Revenue	29,870	0	0	346,677	376,547
Total Revenue	9,618,510	272,678	621,110	2,592,221	13,104,519
<u>Expenditures</u>					
Current:					
General Government:					
Legislative and Executive	231,763	0	0	0	231,763
Judicial	1,681,949	0	0	893,810	2,575,759
Financial and Tax Administration	1,138,885	0	0	0	1,138,885
Other General Government	1,595,152	0	8,025	160,269	1,763,446
Public Safety	3,498,944	0	113,085	631,589	4,243,618
Public Works	105,481	0	0	0	105,481
Health and Welfare	1,137,060	0	0	609,314	1,746,374
Community and Economic Development	35,589	235,558	0	89,474	360,621
Capital Outlay	46,960	0	0	46,364	93,324
Debt Service:					
Principal	0	0	0	220,000	220,000
Interest and Fiscal Charges	0	0	0	154,825	154,825
Total Expenditures	9,471,783	235,558	121,110	2,805,645	12,634,096
Excess of Revenue Over (Under) Expenditures	146,727	37,120	500,000	(213,424)	470,423
<u>Other Financing Sources (Uses)</u>					
Operating Transfers In	1,260,969	0	0	1,199,817	2,460,786
Operating Transfers Out	(1,199,817)	0	(500,000)	(10,000)	(1,709,817)
Total Other Financing Sources (Uses)	61,152	0	(500,000)	1,189,817	750,969
Net Change in Fund Balances	207,879	37,120	0	976,393	1,221,392
Fund Balances - Beginning of Year (Restated)	8,883	42,754	0	904,833	956,470
Fund Balances - End of Year	\$ 216,762	\$ 79,874	\$ 0	\$ 1,881,226	\$ 2,177,862

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	1,221,392
Amounts reported for governmental activities in the statement of activities are different because:		
Receivables not currently available are reported as revenue when collected or when currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements:		
Real and Personal Property Taxes	\$ (94,498)	
Mortgages Receivable	(66,200)	
Grants Receivable	<u>(256,499)</u>	
Net difference		(417,197)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	418,583	
Current Year Depreciation Expense	<u>(327,757)</u>	
Net difference		90,826
Principal repayments on long-term debt are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of repayments reported as expenditures in the governmental funds consist of:		
Bonds Payable	220,000	
Installment Purchase Agreements Payable	<u>43,115</u>	
Net difference		263,115
Governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term liabilities is as follows:		
Amortization of Bond Costs/Premiums		(24,301)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Net Change in Net OPEB Liability and Related Deferred Inflows/Outflows of Resources	(40,667)	
Net Change in Accrued Interest	1,834	
Net Change in Net Pension Liability and Related Deferred Inflows/Outflows of Resources	(651,714)	
Net Change in Accrued Compensated Absences	<u>(20,636)</u>	
		<u>(711,183)</u>
Change in Net Position of Governmental Activities	\$	<u><u>422,652</u></u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2019 DTRF		
<u>Assets</u>					
Current Assets					
Cash and Cash Equivalents	\$ 952,347	\$ 1,511,113	\$ 355,089	\$ 2,710,312	\$ 5,528,861
Investments	0	0	500,374	250,034	750,408
Receivables:					
Delinquent Taxes	0	58,915	178,579	1,141,553	1,379,047
Accounts, Net	2,123	0	14,040	12,939	29,102
Interest Receivable	0	151	0	0	151
Due from State	83,065	0	0	0	83,065
Due from Other Units of Government	805	0	0	48,355	49,160
Due from Other Funds	0	3,792,533	0	0	3,792,533
Total Current Assets	<u>1,038,340</u>	<u>5,362,712</u>	<u>1,048,082</u>	<u>4,163,193</u>	<u>11,612,327</u>
Noncurrent Assets:					
Capital Assets, Net of Accumulated Depreciation	<u>402,527</u>	<u>0</u>	<u>0</u>	<u>36,317</u>	<u>438,844</u>
Total Assets	<u>1,440,867</u>	<u>5,362,712</u>	<u>1,048,082</u>	<u>4,199,510</u>	<u>12,051,171</u>
<u>Deferred Outflows of Resources</u>					
Deferred Amounts Related to Pensions	<u>69,266</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,266</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	17,422	0	0	10,477	27,899
Due to Other Funds	0	0	740,275	2,700,780	3,441,055
Due to Local Units	0	10,730	1,156	269	12,155
Due to Other Units of Government	0	2,536	0	0	2,536
Accrued Liabilities	18,569	0	0	3,555	22,124
Current Portion of Long-Term Liabilities	<u>17,491</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,491</u>
Total Current Liabilities	<u>53,482</u>	<u>13,266</u>	<u>741,431</u>	<u>2,715,081</u>	<u>3,523,260</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2019 DTRF		
Long-Term Liabilities:					
Due in More Than One Year	\$ 27,195	\$ 0	\$ 0	\$ 0	\$ 27,195
Net Pension Liability	<u>330,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>330,210</u>
Total Long-Term Liabilities	<u>357,405</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>357,405</u>
 Total Liabilities	 <u>410,887</u>	 <u>13,266</u>	 <u>741,431</u>	 <u>2,715,081</u>	 <u>3,880,665</u>
 <u>Deferred Inflows of Resources</u>					
Deferred Amounts Related to Pensions	<u>82,063</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,063</u>
 <u>Net Position</u>					
Net Investment in Capital Assets	402,527	0	0	36,317	438,844
Unrestricted	<u>614,656</u>	<u>5,349,446</u>	<u>306,651</u>	<u>1,448,112</u>	<u>7,718,865</u>
 Total Net Position	 <u>\$ 1,017,183</u>	 <u>\$ 5,349,446</u>	 <u>\$ 306,651</u>	 <u>\$ 1,484,429</u>	 <u>\$ 8,157,709</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2019 DTRF		
<u>Operating Revenue</u>					
Charges For Services	\$ 52,390	\$ 803	\$ 0	\$ 628,552	\$ 681,745
Tax Collection Fees	0	29,296	40,137	64,609	134,042
User Fees	0	0	0	76,521	76,521
Interest and Penalties on Taxes	0	3,035	135,691	139,991	278,717
Other Revenue	3,893	0	0	0	3,893
Total Operating Revenue	<u>56,283</u>	<u>33,134</u>	<u>175,828</u>	<u>909,673</u>	<u>1,174,918</u>
<u>Operating Expenses</u>					
Salaries and Wages	482,902	0	0	86,580	569,482
Payroll Taxes and Employee Benefits	314,889	0	0	99,718	414,607
Administrative Costs	47,583	0	0	0	47,583
Advertising	350	0	0	1,013	1,363
Communications	869	0	0	0	869
Contractual Services	4,235	0	0	29,050	33,285
Depreciation	140,117	0	0	9,524	149,641
Dues and Subscriptions	1,011	0	0	4,411	5,422
Equipment	0	0	0	2,423	2,423
Equipment Rental	817	0	0	225	1,042
Gasoline and Oil	58,349	0	0	2,850	61,199
Insurance and Bonds	34,227	0	0	8,513	42,740
Licenses and Permits	0	0	0	675	675
Office Supplies	506	0	0	976	1,482
Operating Supplies	2,716	0	0	14,443	17,159
Postage	0	0	0	473	473
Printing and Advertising	0	0	0	689	689
Professional Fees and Services	9,733	0	0	46,862	56,595
Repair and Maintenance	17,320	0	0	23,167	40,487
Small Tools	3,175	0	0	0	3,175
Telephone	3,055	0	0	1,002	4,057
Travel and Training	0	0	0	1,809	1,809
Uniforms	940	0	0	0	940
Utilities	8,649	0	0	26,683	35,332
Other	0	0	0	41,141	41,141
Total Operating Expenses	<u>1,131,443</u>	<u>0</u>	<u>0</u>	<u>402,227</u>	<u>1,533,670</u>
Operating Income (Loss)	<u>(1,075,160)</u>	<u>33,134</u>	<u>175,828</u>	<u>507,446</u>	<u>(358,752)</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2019 DTRF		
<u>Nonoperating Revenue (Expenses)</u>					
Property Taxes	\$ 527,431	\$ 0	\$ 0	\$ 0	\$ 527,431
State Grants and Revenue	358,358	0	0	0	358,358
Federal Grants and Revenue	429,641	0	0	0	429,641
Interest and Investment Earnings	468	2,197	1,625	279	4,569
Contributions	0	0	0	6,837	6,837
Gain (Loss) on Disposal of Capital Assets	6,800	0	0	0	6,800
Total Nonoperating Revenue (Expenses)	<u>1,322,698</u>	<u>2,197</u>	<u>1,625</u>	<u>7,116</u>	<u>1,333,636</u>
Income (Loss) Before Capital Contributions and Transfers	247,538	35,331	177,453	514,562	974,884
<u>Capital Contributions and Transfers</u>					
Operating Transfers Out	<u>0</u>	<u>(750,969)</u>	<u>0</u>	<u>0</u>	<u>(750,969)</u>
Change in Net Position	247,538	(715,638)	177,453	514,562	223,915
Net Position - Beginning of Year (Restated)	<u>769,645</u>	<u>6,065,084</u>	<u>129,198</u>	<u>969,867</u>	<u>7,933,794</u>
Net Position - End of Year	<u>\$ 1,017,183</u>	<u>\$ 5,349,446</u>	<u>\$ 306,651</u>	<u>\$ 1,484,429</u>	<u>\$ 8,157,709</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

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

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2019 DTRF		
<u>Cash Flows From Operating Activities</u>					
Receipts From Customers and Taxpayers	\$ 56,252	\$ 31,878	\$ 161,788	\$ 912,771	\$ 1,162,689
Payments to Suppliers for Goods and Services	(181,003)	(16,179)	1,125	(340,493)	(536,550)
Payments to Employees for Services	(747,250)	0	0	(182,743)	(929,993)
Delinquent Taxes Collected (Purchased)	0	55,034	1,001,183	(894,837)	161,380
Net Cash Provided (Used) by Operating Activities	<u>(872,001)</u>	<u>70,733</u>	<u>1,164,096</u>	<u>(505,302)</u>	<u>(142,474)</u>
<u>Cash Flows From Non-Capital Financing Activities</u>					
Federal/State Operating Grants	875,556	0	0	0	875,556
Property Taxes	527,431	0	0	0	527,431
Operating Subsidies and Transfers From (To) Other Funds/Component Units	0	(1,717,679)	(1,310,258)	2,703,278	(324,659)
Intergovernmental Contributions	0	0	0	6,837	6,837
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,402,987</u>	<u>(1,717,679)</u>	<u>(1,310,258)</u>	<u>2,710,115</u>	<u>1,085,165</u>
<u>Cash Flows From Capital and Related Financing Activities</u>					
Proceeds from Sale of Capital Assets	6,800	0	0	0	6,800
Acquisition and Construction of Capital Assets	(7,437)	0	0	(5,058)	(12,495)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(637)</u>	<u>0</u>	<u>0</u>	<u>(5,058)</u>	<u>(5,695)</u>
<u>Cash Flows From Investing Activities</u>					
Interest Earned	2,733	2,197	1,625	279	6,834
Redemption (Purchase) of Investment Securities	0	1,009,794	499,626	(250,034)	1,259,386
Net Cash Provided (Used) by Investing Activities	<u>2,733</u>	<u>1,011,991</u>	<u>501,251</u>	<u>(249,755)</u>	<u>1,266,220</u>
Net Increase (Decrease) in Cash and Cash Equivalents	533,082	(634,955)	355,089	1,950,000	2,203,216
Cash and Cash Equivalents at Beginning of Year (Restated)	\$ <u>419,265</u>	\$ <u>2,146,068</u>	\$ <u>0</u>	\$ <u>760,312</u>	\$ <u>3,325,645</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>952,347</u></u>	\$ <u><u>1,511,113</u></u>	\$ <u><u>355,089</u></u>	\$ <u><u>2,710,312</u></u>	\$ <u><u>5,528,861</u></u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

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

	Enterprise Funds				
	Major Funds			Other Enterprise Funds	Total
	Ogemaw County Public Transit	Tax Umbrella	2019 DTRF		
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>					
Operating Income (Loss)	\$ (1,075,160)	\$ 33,134	\$ 175,828	\$ 507,446	\$ (358,752)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	140,117	0	0	9,524	149,641
Change in Assets and Liabilities:					
Receivables	(31)	57,236	987,143	(890,545)	153,803
Accounts and Other Payables	25,142	(19,637)	1,125	(131,727)	(125,097)
Net Pension Liability and Deferred Outflows and Inflows of Resources	37,931	0	0	0	37,931
Net Cash Provided (Used) by Operating Activities	<u>\$ (872,001)</u>	<u>\$ 70,733</u>	<u>\$ 1,164,096</u>	<u>\$ (505,302)</u>	<u>\$ (142,474)</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	Primary Government						Component Unit
	Custodial Funds						Pension (and Other Employee Benefit) Trust Fund
	Custodial Fund	Library Penal Fines	Tax Fund	Inmate Fund	Public Employee Health Care Fund	Total	Ogemaw County Road Commission Retiree Health Care Trust
<u>Assets</u>							
Cash and Cash Equivalents	\$ 313,345	\$ 49,724	\$ 2,022,863	\$ 29,570	\$ 0	\$ 2,415,502	\$ 707
Investments	0	0	0	0	0	0	138,612
Receivables:							
Accounts, Net	19,819	8,462	0	0	0	28,281	0
Due from Local Units	<u>93,962</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93,962</u>	<u>0</u>
Total Assets	<u>427,126</u>	<u>58,186</u>	<u>2,022,863</u>	<u>29,570</u>	<u>0</u>	<u>2,537,745</u>	<u>139,319</u>
<u>Liabilities</u>							
Accounts Payable	63,080	0	0	0	0	63,080	0
Due to Local Units	2	0	0	25,373	0	25,375	0
Due to State	201,051	0	1,670,125	0	0	1,871,176	0
Due to Other Units of Government	0	58,186	348,323	0	0	406,509	0
Due to Other Agencies and Individuals	<u>162,993</u>	<u>0</u>	<u>4,415</u>	<u>4,197</u>	<u>0</u>	<u>171,605</u>	<u>0</u>
Total Liabilities	<u>427,126</u>	<u>58,186</u>	<u>2,022,863</u>	<u>29,570</u>	<u>0</u>	<u>2,537,745</u>	<u>0</u>
<u>Net Position</u>							
Restricted For:							
Pensions	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,319</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

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

	Primary Government						Component Unit
	Custodial Funds						Pension (and Other Employee Benefit Trust Fund
	Custodial Fund	Library Penal Fines	Tax Fund	Inmate Fund	Public Employee Health Care Fund	Total	Ogemaw County Road Commission Retiree Health Care Trust
<u>Additions</u>							
Property Taxes Collected for Other Governments	\$ 0	\$ 0	\$ 6,855,621	\$ 0	\$ 0	\$ 6,855,621	\$ 0
Other Collections for Other Governments	1,624,520	0	0	0	0	1,624,520	0
Other Collections for Individuals and Agencies	137,192	0	0	0	0	137,192	0
Contributions							
Employer	0	0	0	0	34,107	34,107	80,630
Penal Fines	0	191,287	0	0	0	191,287	0
Inmate	0	0	0	713,003	0	713,003	0
Investment Income							
Net increase in the fair value of investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,926</u>
Total Additions	<u>1,761,712</u>	<u>191,287</u>	<u>6,855,621</u>	<u>713,003</u>	<u>34,107</u>	<u>9,555,730</u>	<u>100,556</u>
<u>Deductions</u>							
Property Taxes Distributed to Other Governments	0	0	6,855,621	0	0	6,855,621	0
Other Distributions to Other Governments	1,624,520	0	0	0	0	1,624,520	0
Other Distributions to Individuals and Agencies	137,192	0	0	0	0	137,192	0
Benefit Payments	0	0	0	0	34,107	34,107	43,630
Distribution of Penal Fines	0	191,287	0	0	0	191,287	0
Distribution to Inmates	<u>0</u>	<u>0</u>	<u>0</u>	<u>713,003</u>	<u>0</u>	<u>713,003</u>	<u>0</u>
Total Deductions	<u>1,761,712</u>	<u>191,287</u>	<u>6,855,621</u>	<u>713,003</u>	<u>34,107</u>	<u>9,555,730</u>	<u>43,630</u>
Change in Net Position	0	0	0	0	0	0	56,926
Net Position - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,393</u>
Net Position - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,319</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGE MAW
West Branch, Michigan

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2021

	Ogemaw County Road Commission	Ogemaw County Drain Commission	Economic Development Corporation	Ogemaw County Land Bank Authority	Total
Assets					
Cash and Cash Equivalents	\$ 2,427,772	\$ 30,347	\$ 67,900	\$ 22,570	\$ 2,548,589
Investments	1,214,111	0	0	0	1,214,111
Receivables:					
Special Assessments	0	3,676	0	0	3,676
Accounts, Net	125	0	0	0	125
Due from State	632,238	0	0	0	632,238
Prepaid Items	33,942	0	0	0	33,942
Inventory	747,560	0	0	0	747,560
Noncurrent Assets:					
Capital Assets Not Being Depreciated	26,040,272	0	0	0	26,040,272
Capital Assets, Net of Accumulated Depreciation	9,458,105	412,906	0	0	9,871,011
Total Assets	<u>40,554,125</u>	<u>446,929</u>	<u>67,900</u>	<u>22,570</u>	<u>41,091,524</u>
Deferred Outflows of Resources					
Deferred Amounts Related to Pensions	1,400,717	0	0	0	1,400,717
Deferred Amounts Related to OPEB	91,653	0	0	0	91,653
Total Deferred Outflows of Resources	<u>1,492,370</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,492,370</u>
Liabilities					
Current Liabilities					
Accounts Payable	220,804	0	0	0	220,804
Advances Payable	239,328	0	0	0	239,328
Accrued Liabilities	30,081	0	0	0	30,081
Unearned Revenue	16,676	0	0	0	16,676
Long-Term Liabilities					
Due Within One Year	24,899	2,484	0	0	27,383
Due In More Than One Year	180,582	0	0	0	180,582
Net OPEB Liability	397,945	0	0	0	397,945
Net Pension Liability	4,273,522	0	0	0	4,273,522
Total Liabilities	<u>5,383,837</u>	<u>2,484</u>	<u>0</u>	<u>0</u>	<u>5,386,321</u>
Deferred Inflows of Resources					
Deferred Amounts Related to Pensions	273,310	0	0	0	273,310
Deferred Amounts Related to OPEB	29,695	0	0	0	29,695
Total Deferred Inflows of Resources	<u>303,005</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>303,005</u>
Net Position					
Net Investment in Capital Assets	35,479,615	410,422	0	0	35,890,037
Restricted For:					
County Roads	880,038	0	0	0	880,038
Capital Projects	0	34,023	0	0	34,023
Economic Development	0	0	67,900	0	67,900
Unrestricted	0	0	0	22,570	22,570
Total Net Position	<u>\$ 36,359,653</u>	<u>\$ 444,445</u>	<u>\$ 67,900</u>	<u>\$ 22,570</u>	<u>\$ 36,894,568</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2021

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units				
					Ogemaw County Road Commission	Ogemaw County Drain Commission	Economic Development Corporation	Ogemaw County Land Bank Authority	
Governmental Activities:									
Drain Commission	\$ 20,037	\$ 0	\$ 290	\$ 0	\$ 0	\$ (19,747)	\$ 0	\$ 0	\$ (19,747)
Road Commission	6,928,165	1,086,730	6,195,469	489,560	843,594	0	0	0	843,594
Economic Development	25,182	0	75,951	0	0	0	50,769	0	50,769
Business-Type Activities:									
Land Bank Authority	<u>262</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(262)</u>	<u>(262)</u>
Total Component Units	<u>\$ 6,973,646</u>	<u>\$ 1,086,730</u>	<u>\$ 6,271,710</u>	<u>\$ 489,560</u>	<u>843,594</u>	<u>(19,747)</u>	<u>50,769</u>	<u>(262)</u>	<u>874,354</u>
General Revenues:									
Interest and Investment Earnings					2,746	4	0	0	2,750
Gain (Loss) on Disposal of Capital Assets					48,233	0	0	0	48,233
Other					<u>55,231</u>	<u>0</u>	<u>0</u>	<u>137</u>	<u>55,368</u>
Total General Revenue					<u>106,210</u>	<u>4</u>	<u>0</u>	<u>137</u>	<u>106,351</u>
Change in Net Position					949,804	(19,743)	50,769	(125)	980,705
Net Position - Beginning					<u>35,409,849</u>	<u>464,188</u>	<u>17,131</u>	<u>22,695</u>	<u>35,913,863</u>
Net Position - Ending					<u>\$ 36,359,653</u>	<u>\$ 444,445</u>	<u>\$ 67,900</u>	<u>\$ 22,570</u>	<u>\$ 36,894,568</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Ogemaw (County) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. The following is a summary of the significant accounting policies:

A. Description of County Operations and Fund Types

The County of Ogemaw, (the County), was organized in 1875 and covers an area of 624 square miles divided into 14 townships, 1 village and 2 cities. The County seat is located in the City of West Branch. The County operates under a five member elected Board of Commissioners and provides services to its more than 21,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The primary government is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In addition, the County is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

1. Discretely Presented Component Units

The component unit columns on the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

a. Governmental Activity and Fund Type Component Units

The Ogemaw County Drain Commission - The Ogemaw County Drain Commission is the Agency through which the County carries on the activities related to construction and maintenance of County drains. The Drain Commission is fiscally dependent on Ogemaw County. Public Act 40 (The Drain Code) of 1956 established each drainage district as a separate legal entity with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The Drain Commission may issue debt and levy special assessments without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for debt of the drainage districts. The Drain Commission deposits its receipts with the County Treasurer. The financial statements of the Drain Commission are presented as part of Other Supplementary Information and are not audited separately.

The Ogemaw County Road Commission - The governing body of this component unit is elected by the residents of the County of Ogemaw. The Road Commission was established to control the expenditures of Michigan Transportation Fund money distributed to the County which is earmarked by law for street and highway construction and repair purposes. Complete financial statements for the Ogemaw County Road Commission can be obtained from the Ogemaw County Road Commission's administrative office located at 1250 South M-33, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

The Ogemaw County Economic Development Corporation - The governing body of this component unit is appointed by the County Board of Commissioners. The EDC was established in 1977, under Public Act 338 of 1974, as amended. The EDC is governed by a 14 member board appointed by the County Board of Commissioners. The EDC's purpose is to support, enhance and sustain economic development in Ogemaw County. The financial statements of the EDC are presented as part of Other Supplementary Information and are not audited separately.

b. Business-Type Activity and Proprietary Fund Type Component Unit

The Ogemaw County Land Bank Authority - The Ogemaw County Land Bank Authority is a public corporation organized pursuant to the Michigan Land Bank Fast Track Public Act 258 and an intergovernmental agreement entered into between the Michigan Land Bank Fast Track Authority and the Treasurer of the County of Ogemaw. The Authority was legally established February 14, 2008. The Authority Board is comprised of nine members, as follows: Treasurer of Ogemaw County, at least one supervisor of a township located in Ogemaw County, six members that are residents of Ogemaw County and a representative from the City of West Branch or City of Rose City. All members, except the County Treasurer are appointed by the Ogemaw County Board. The Land Bank Authority was created to acquire, hold, manage, develop and dispose of vacant, abandoned and tax-foreclosed properties. The financial statements of the Authority, a Business-Type Activity, are presented as part of the Combining Component Unit Financial Statements and are not audited separately.

C. Joint Ventures

The County has entered into three joint ventures with governmental entities as follows:

AuSable Valley Community Mental Health Services Board

Ogemaw County, along with Iosco and Oscoda Counties, contributes to the AuSable Valley Community Mental Health Services Board. This Board operates autonomously under an appointed board (12 members) and provides services to residents in these counties under a full management contract with the Michigan Department of Mental Health. Ogemaw County's 2021 contribution to the AuSable Valley Community Mental Health Services Board was \$56,944. On dissolution of the Mental Health Services Board, the net position of the Board will be shared by each county in proportion to each county's total economic contribution since the existence of the Board. The Mental Health Board deposits their receipts with the Iosco County Treasurer, is part of Iosco County's common bank account and has investments through the County. At September 30, 2020, the most recent financial statements available, the Mental Health Board had total net position of \$3,911,615. Complete financial statements for the AuSable Valley Community Mental Health Services Board can be obtained from the Mental Health Services Board's administrative offices at 1199 Harris, Tawas City, Michigan 48763.

District Health Department No. 2

Ogemaw County, along with Alcona, Iosco and Oscoda Counties, contributes to the District Health Department No. 2. This Board operates autonomously under an appointed board and provides various health services to residents of the above aforementioned counties. The funding formula is based prorata on each unit's population and equalized valuation to the District's total population and valuations. Ogemaw County's 2021 contribution to the District Health Department No. 2 was \$129,588. The District Health Department No. 2 deposits their receipts with the Ogemaw County Treasurer through the common cash bank account. At September 30, 2021, the most recent financial statements available, the District Health Department No. 2 had total net position of \$2,506,195. Complete financial statements for the District Health Department No. 2 can be obtained from the District's administrative offices at 630 Progress Street, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Ventures (Continued)

West Branch Community Airport

Ogemaw County, along with the City of West Branch, contributes to the West Branch Community Airport. The board operates autonomously under an appointed board and was established in 1965 to construct, maintain, and operate the Airport. Ogemaw County's 2021 contribution to the West Branch Community Airport was \$59,400. On dissolution of the West Branch Community Airport, the net position of the Airport will be shared by the municipalities equally. At September 30, 2020, the most recent financial statements available, the West Branch Community Airport had total net position of \$3,484,457. Complete financial statements for the West Branch Community Airport can be obtained from the Airport Board's administrative offices at 1519 W. Airport Road, West Branch, Michigan 48661.

D. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government and its component units, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type, and are excluded from the government-wide financial statements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting

The County uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund - This fund accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenue.

Housing Commission Fund - This fund accounts for federal, state and local funding used to obtain financing and construct or rehabilitate low income housing for qualified Ogemaw County residents.

ARPA Fund - This fund accounts for federal funding used in accordance with the requirements of the American Rescue Plan Act of 2021.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital facilities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The County's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the County's major enterprise funds:

Public Transit - This fund accounts for all activity related to providing Transportation services to the residents of the County.

Tax Umbrella - This fund accounts for 2017 and prior delinquent property tax collection activity.

2019 DTRF - This fund accounts for the purchase of the 2019 delinquent taxes from other local taxing units and subsequent tax collections.

The other enterprise funds of the County account for the sale of property that was forfeited by property owners to pay delinquent property taxes; delinquent property tax collections; the accumulation of resources for, and the payment of debt; and for fees collected for park services by the County.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and OPEB) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own program. The County currently has one pension (and OPEB) trust fund through the Ogemaw County Road Commission. The County's custodial funds are used to account for amounts held for others in an agency capacity, primarily property tax collections, state-levied shared revenues, and fines and forfeitures.

F. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus.

All assets and all liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenue, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

G. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, proprietary and fiduciary funds financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Basis of Accounting (Continued)

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within 60 days of the fiscal year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including sales tax), grants, interest and rent.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Cash Equivalents

For presentation on the financial statements, investments in cash management pools and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Investments are reported at fair value, except for repurchase agreements and certificates of deposit which are reported at cost which approximates fair value. Fair value is based on quoted market prices. Mutual funds are reported at current share price.

I. Receivables

Receivables generally consist of accounts (fees), sales taxes, shared revenues, property taxes, mortgages receivable, special assessments, intergovernmental grants, and interest. All receivables are net of estimated uncollectible accounts. Receivables are recognized to the extent the amounts are determined material and substantiated, not only by supporting documentation but also by a reasonable systematic method of determining their existence, completeness, valuation, and collectability.

Using this criteria, the County has elected to not record child support arrearages in the agency funds. These amounts, while potentially significant, are not considered measurable, and because collections are significantly in arrears, the County is unable to determine a reasonable value.

The allowance for doubtful accounts at September 30, 2021 was \$0 for the primary government and the component unit.

J. Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "due from/to other funds". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. Balances due from/to component units are reported on the government-wide statement of net position.

K. Prepaid Items

The Road Commission has made certain payments to vendors that reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

L. Inventory

Inventory is presented at cost on a first-in, first-out method of accounting and is expensed when used. Inventory consists of expendable supplies held for consumption.

Road Commission inventories are charged to road construction, maintenance, equipment repairs, and operations as used. No other County inventories have been recognized in the financial statements as they are not material and have been expensed when purchased.

M. Long-Term Mortgages Receivable

Long-term mortgages receivable represent amounts due from individuals for housing loans and grants received, and are reported at their gross value.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amount, are capitalized.

The County's infrastructure consists of roads, bridges, dams and water and sewer lines. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Capital assets are depreciated using the straight-line method over the useful lives. Useful lives for Transit assets are as defined in the Local Public Transit Revenue and Expense Manual and/or as approved by the Bureau of Passenger Transportation. The useful lives for the Primary Government and all Component Units are as follows:

<u>Descriptions</u>	<u>Estimated Lives</u>
Land Improvements	15 years
Buildings	15 - 50 years
Machinery and Equipment	3 - 25 years
Equipment - Road	5 - 8 years
Equipment - Shop	10 years
Equipment - Office	3 - 10 years
Equipment - Engineer's	10 years
Equipment - Yard	10 - 30 years
Vehicles and Boats	5 years
Infrastructure	20 - 50 years
Infrastructure - Bridges	12 - 50 years
Infrastructure - Roads	8 - 30 years
Infrastructure - Whitney Drain	20 - 50 years
Infrastructure - Flowage Lake Dam	20 - 50 years
Infrastructure - Stylus Lake Dam	20 - 50 years

For the Ogemaw County Public Transit, the eligible depreciation of \$1,504 (\$140,117 total depreciation less ineligible depreciation of \$138,613) includes only the depreciation of assets purchased with local funds and where the useful life of the asset purchased has been approved by the Bureau of Passenger Transportation.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements at the time they are incurred, to the extent that they will be paid from current, expendable, financial resources. However, bonds and other long-term obligations, compensated absences, claims and judgments, contractually required pension contributions and special termination benefits that are paid from governmental funds are recognized as liabilities in the fund financial statements only to the extent that they are due for payment during the current year.

P. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made based on accumulated sick leave and the employee wage rates at year end taking into consideration limits specified in the County's termination policy. The County records a liability for sick leave earned at varying rates depending on County policy. The County records a liability for accumulated unused vacation time when earned for all employees with more than six months of service.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, the current portion of unpaid compensated absences is recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts, if any, are recorded in the account "Accrued Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the governmental fund financial statements. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Q. Net Pension Liability

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported to MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Ogemaw County Retiree Medical Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The County reports three categories of net position as follows:

Net investment in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the County's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The restricted net position shown in the Statement of Net Position is the same as the restricted fund balances detailed in Note 18, plus the Unavailable Revenue - Mortgages balance, shown on the Housing Commission Fund's Balance Sheet.

Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the County.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The County's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

T. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the County Board of Commissioners—the County's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County Board of Commissioners removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balances (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. The County Board of Commissioners has authorized the Budget & Finance Committee to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. If any portion of existing fund balance will be used to eliminate a projected deficit in the budget for the subsequent year, this amount would also be categorized as Assigned fund balance.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

U. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the County, these revenues are charges for services for camping at the County Park, fares collected for public transit, tax collections and title collection fees. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

V. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

W. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended September 30, 2021.

X. Budgets and Budgetary Accounting

The County of Ogemaw normally follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following October 1. This operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the governmental center to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Budgets and Budgetary Accounting (Continued)

4. All budget appropriations lapse at year-end. Budgetary amounts reported herein are as originally adopted, and as amended by the Board of Commissioners throughout the operating year.

The County adopts budgets for the General Fund and Special Revenue Funds.

The budgets of the County are prepared on the same basis of accounting as the financial statement presentation. The budgets were adopted at the activity level.

The legal level of control is at the activity level for the General Fund, and at fund expenditure totals for the Special Revenue Funds.

The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the County Board of Commissioners. The financial statements include budgetary amounts as amended.

Y. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Z. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLES

For 2021, the County was required to implement GASB Statement No. 84, "Fiduciary Activities". GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

For 2022, the County will be required to implement GASB Statement No. 87, "Leases". The objective of this Statement is to increase the usefulness of the governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments' leasing activities.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end, the County's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$ 3,611,549	\$ 5,528,861	\$ 2,415,502	\$ 11,555,912	\$ 2,549,296
Investments	<u>0</u>	<u>750,408</u>	<u>0</u>	<u>750,408</u>	<u>1,352,723</u>
Total	<u>\$ 3,611,549</u>	<u>\$ 6,279,269</u>	<u>\$ 2,415,502</u>	<u>\$ 12,306,320</u>	<u>\$ 3,902,019</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank Deposits (Checking and Savings Accounts and Certificates of Deposit)	\$ 12,299,270	\$ 2,080,806
Investments in Securities, Municipal Investment Account Pooled Funds, Repurchase Agreement Securities and Similar Vehicles	0	1,821,063
Petty Cash and Cash on Hand	<u>7,050</u>	<u>150</u>
Total	<u>\$ 12,306,320</u>	<u>\$ 3,902,019</u>

As of September 30, 2021, the County had the following investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturities</u>
Component Units:		
Mutual Funds	\$ 139,319	Daily
Investment Pools	<u>1,681,744</u>	Daily
	<u>\$ 1,821,063</u>	

Interest Rate Risk

In accordance with its investment policy, 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; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's known cash requirements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

State law authorizes investments in accordance with Act 196, PA 1997 and in investment pools as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a local government unit in Michigan. The Road Commission's MBIA Asset Management Group investment pools rated AAAM By Standard & Poors.

Custodial Credit Risk - Deposits - Primary Government

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, \$12,973,700 of the County's bank balance of \$13,773,560 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Deposits - Component Units

In the case of deposits, this is the risk that in the event of a bank failure, the component unit's deposits may not be returned to it. As of September 30, 2021, \$0 of the Drain Commission's bank balance of \$30,347 was exposed to custodial credit risk, \$595,758 of the Road Commission's bank balance of \$2,059,867 was exposed to custodial credit risk, \$1,460 of the Economic Development Corporation's bank balance of \$74,150, and \$22,570 of the Land Bank Authority's bank balance of \$22,570 was exposed to custodial credit risk because they were uninsured and uncollateralized.

Concentration of Credit Risk - Primary Government

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 so that the impact of potential losses from any one type of security or issuer will be minimized. The County's investment policy requires that no more than 60% of the total investment portfolio, with the exception of U. S. Treasury Securities, can be invested in a single security type or with a single financial institution.

Concentration of Credit Risk - Component Units

The Component Units will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Component Unit's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County and its Component Units 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 and its Component Units will minimize custodial credit risk, by; limiting investments to the types of securities approved in the County's investment policy which is in accordance with State law, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the County and its Component Units will do business.

Foreign Currency Risk

The County and its Component Units are not authorized to invest in investments which have this type of risk.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The County Board and its Component Units have adopted an investment policy in accordance with Act 196, PA 1997 which authorizes them to deposit and invest in the following:

- λ Accounts of federally insured banks, credit unions and savings and loan associations
- λ Bonds and other direct obligations of the United States or an agency or instrumentality of the United States
- λ United States government or federal agency obligation repurchase agreements
- λ Banker's acceptances of United States banks
- Commercial paper rated within the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase
- Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation

Michigan law requires that public funds may not be deposited in financial institutions that do not maintain an office in Michigan. The County's and its Component Units' deposits and investments are in accordance with statutory authority.

NOTE 4 - OGEMAW COUNTY PUBLIC TRANSIT STATE AND FEDERAL GRANTS RECEIVABLE (PAYABLE)

The following is a summary of the state and federal grants receivable (payable) for the Ogemaw County Public Transit as of September 30, 2021:

Federal Section 5311 Operating Assistance - FY18	\$	808
Federal Section 5311 Operating Assistance - FY19		9,424
Federal Section 5311 Operating Assistance - FY20		(31,150)
Federal Section 5311 Operating Assistance - FY21		100,577
State Act 51 Operating Assistance - FY18		(9,613)
State Act 51 Operating Assistance - FY19		1,785
State Act 51 Operating Assistance - FY20		(6,080)
State Act 51 Operating Assistance - FY21		<u>17,314</u>
Total	\$	<u><u>83,065</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables as of September 30, 2021 were as follows:

Due to	Due from			Total
	General Fund	2019 DTRF	Non-major Enterprise Funds	
Tax Umbrella Fund	\$ <u>351,478</u>	\$ <u>740,275</u>	\$ <u>2,700,780</u>	<u><u>3,792,533</u></u>

These balances result from the time lag between the dates that interfund goods and services are provided, transactions are recorded in the accounting system, and payments between funds are made.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the fiscal year ended September 30, 2021, was as follows:

	Balance 10/01/20	Additions	Deletions	Balance 09/30/21
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 255,553	\$ 0	\$ 0	\$ 255,553
Construction in Progress	7,140	239,959	0	247,099
Subtotal	262,693	239,959	0	502,652
Capital Assets Being Depreciated:				
Land Improvements	75,262	0	0	75,262
Buildings	9,562,190	0	0	9,562,190
Machinery and Equipment	2,220,738	68,164	(188,242)	2,100,660
Vehicles and Boats	548,979	110,460	(86,658)	572,781
Infrastructure	149,229	0	0	149,229
Subtotal	12,556,398	178,624	(274,900)	12,460,122
Less Accumulated Depreciation for:				
Land Improvements	(51,680)	(5,018)	0	(56,698)
Buildings	(4,247,762)	(188,353)	0	(4,436,115)
Machinery and Equipment	(2,005,109)	(74,820)	188,242	(1,891,687)
Vehicles and Boats	(405,762)	(58,554)	86,658	(377,658)
Infrastructure	(131,988)	(1,012)	0	(133,000)
Subtotal	(6,842,301)	(327,757)	274,900	(6,895,158)
Capital Assets Being Depreciated	5,714,097	(149,133)	0	5,564,964
Governmental Activities Total	\$ 5,976,790	\$ 90,826	\$ 0	\$ 6,067,616
Capital Assets - Net of Depreciation	\$ 5,976,790	\$ 90,826	\$ 0	\$ 6,067,616
	Balance 10/01/20	Additions	Deletions	Balance 09/30/21
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
Land Improvements	\$ 7,983	\$ 5,058	\$ 0	\$ 13,041
Buildings	490,167	0	0	490,167
Machinery and Equipment	189,477	0	0	189,477
Vehicles	1,153,998	0	(79,317)	1,074,681
Infrastructure	0	7,440	0	7,440
Subtotal	1,841,625	12,498	(79,317)	1,774,806
Less Accumulated Depreciation for:				
Land Improvements	(366)	(610)	0	(976)
Buildings	(476,847)	(3,851)	0	(480,698)
Machinery and Equipment	(147,889)	(10,860)	0	(158,749)
Vehicles	(640,536)	(134,289)	79,317	(695,508)
Infrastructure	0	(31)	0	(31)
Subtotal	(1,265,638)	(149,641)	79,317	(1,335,962)
Business-Type Activities Total	\$ 575,987	\$ (137,143)	\$ 0	\$ 438,844
Capital Assets - Net of Depreciation	\$ 575,987	\$ (137,143)	\$ 0	\$ 438,844

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General Government:

Judicial:

 Other Judicial \$ 1,496
 Other General Government 126,922

Public Safety:

 Sheriff 39,160
 Jail 146,056
 Other Public Safety 13,111

Public Works:

 Other Public Works 1,012

Total Governmental Activities \$ 327,757

Business-Type Activities

County Park \$ 826
Public Transit 140,117
Tax Reversion 8,698

Total Business-Type Activities \$ 149,641

Capital asset activity of the Drain Commission for the current year is as follows:

	Balance 10/01/20	Additions	Deletions	Balance 09/30/21
<u>Governmental Activities</u>				
Capital Assets Being Depreciated:				
Infrastructure - Whitney Drain	\$ 36,504	\$ 0	\$ 0	\$ 36,504
Infrastructure - Flowage Lake Dam	525,000	0	0	525,000
Infrastructure - Stylus Lake Dam	<u>192,697</u>	<u>0</u>	<u>0</u>	<u>192,697</u>
Subtotal	<u>754,201</u>	<u>0</u>	<u>0</u>	<u>754,201</u>
Less Accumulated Depreciation for:				
Infrastructure - Whitney Drain	(9,491)	(730)	0	(10,221)
Infrastructure - Flowage Lake Dam	(259,875)	(10,500)	0	(270,375)
Infrastructure - Stylus Lake Dam	<u>(56,845)</u>	<u>(3,854)</u>	<u>0</u>	<u>(60,699)</u>
Subtotal	<u>(326,211)</u>	<u>(15,084)</u>	<u>0</u>	<u>(341,295)</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 427,990</u>	<u>\$ (15,084)</u>	<u>\$ 0</u>	<u>\$ 412,906</u>

Depreciation expense was charged to programs of the Drain Commission as follows:

Governmental Activities

Public Works \$ 15,084

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Capital asset activity of the Road Commission for the current year is as follows:

	<u>Balance</u> <u>10/01/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/21</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ <u>25,318,152</u>	\$ <u>722,120</u>	\$ <u>0</u>	\$ <u>26,040,272</u>
Capital Assets Being Depreciated:				
Buildings	1,571,241	5,000	0	1,576,241
Equipment - Road	8,459,576	549,318	(453,491)	8,555,403
Equipment - Shop	189,122	5,203	0	194,325
Equipment - Office	191,326	604	(740)	191,190
Equipment - Engineer's	2,962	1,690	0	4,652
Equipment - Yard	300,553	0	0	300,553
Infrastructure - Bridges	2,364,092	0	0	2,364,092
Infrastructure - Roads	<u>18,248,171</u>	<u>464,956</u>	<u>(1,179,071)</u>	<u>17,534,056</u>
Subtotal	<u>31,327,043</u>	<u>1,026,771</u>	<u>(1,633,302)</u>	<u>30,720,512</u>
Less Accumulated Depreciation for:				
Buildings	(1,073,446)	(48,683)	0	(1,122,129)
Equipment - Road	(6,916,477)	(543,197)	452,764	(7,006,910)
Equipment - Shop	(168,093)	(4,714)	0	(172,807)
Equipment - Office	(165,263)	(5,183)	740	(169,706)
Equipment - Engineer's	(2,500)	(185)	0	(2,685)
Equipment - Yard	(268,654)	(3,491)	0	(272,145)
Infrastructure - Bridges	(1,282,008)	(64,316)	0	(1,346,324)
Infrastructure - Roads	<u>(11,275,688)</u>	<u>(1,073,084)</u>	<u>1,179,071</u>	<u>(11,169,701)</u>
Subtotal	<u>(21,152,129)</u>	<u>(1,742,853)</u>	<u>1,632,575</u>	<u>(21,262,407)</u>
Capital Assets Being Depreciated	<u>10,174,914</u>	<u>(716,082)</u>	<u>(727)</u>	<u>9,458,105</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	\$ <u>35,493,066</u>	\$ <u>6,038</u>	\$ <u>(727)</u>	\$ <u>35,498,377</u>

Depreciation expense was charged to programs of the Road Commission as follows:

<u>County</u>	
Direct Equipment Expense	\$ 543,198
Indirect Equipment Expense	51,825
Administrative Expense	10,431
Infrastructure	<u>1,137,399</u>
Total Depreciation Expense	<u>\$ 1,742,853</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM LIABILITIES

Primary Government:

A. Bonds Payable

	Governmental	Business-Type
Series 2012 Limited Tax General Obligation Refunding Bonds	\$ <u>4,895,000</u>	\$ <u>0</u>

Component Units:

B. Bonds Payable

	Governmental	Business-Type
Drain Commission - Whitney Intercounty Drain Bonds	\$ 2,484	\$ 0

C. Installment Purchase Agreements

Road Commission - 2017 Equipment Installment Purchase Agreement	18,762	0
Total Component Units	\$ <u>21,246</u>	\$ <u>0</u>

D. Detailed Long-Term Debt Disclosures

Direct Borrowing

Primary Government:

2012 Limited Tax General Obligation Refunding Bonds

The Series 2012 Limited Tax General Obligation Refunding Bonds, dated December 27, 2012 for the purpose of advance refunding the \$6,000,000 2008 Limited Tax General Obligation Bonds in the amount of \$6,390,000. The bonds bear interest at the rates of 2.00% to 3.25% and are due in annual installments through May 1, 2038. The original bonds were issued for the purpose of constructing a new jail. Payments are made from the Jail Renovation Debt Service Fund. The full faith and credit of the County have been pledged for the prompt payment of principal and interest on the Bonds. The Bonds are a first budget obligation of the County, payable from ad valorem taxes on all taxable property in the County.

Component Units:

Drain Commission - Whitney Intercounty Drain Bonds

\$1,690,000 Whitney Intercounty Drain Bonds, dated October 1, 2007, due in annual installments through June 1, 2022, bearing interest at the rate of 4%. Said bonds were issued for the purpose of constructing a drain in Ogemaw, Iosco and Arenac Counties. Ogemaw County's portion of said bonds is 2.16% or \$36,504. Payments are made from the Whitney Drain Fund. The County has pledged it's limited tax full faith and credit should there be any default on the Bonds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

D. Detailed Long-Term Debt Disclosures (Continued)

Road Commission - 2017 Equipment Installment Purchase Agreement

On February 17, 2017, the Road Commission entered into an installment purchase agreement with Truck and Trailer Specialties of Boyne Falls, Inc. in the amount of \$216,962 for the purchase of new equipment for the two heavy-duty tandem axle trucks, which was subsequently assigned to Mercantile Bank immediately following the purchase. This note is repayable in 60 monthly installments of \$3,800 including interest at the rate of 1.95% on the unpaid balance. If the Road Commission fails to make an installment payment as required by the agreement and such default continues for five days following written receipt of notice of such nonpayment, the entire unpaid balance, together with all accrued interest, will become immediately due. The same amount is immediately due on written notice from the bank if the buyer defaults for more than forty-five days by failing to pay a timely payment.

E. Compensated Absences Payable

The County has an accrued liability for accumulated vested vacation and sick leave benefits of its employees. As of September 30, 2021, the accumulated vested vacation and sick leave benefits of the employees of various County departments and its component units were as follows:

<u>Accrued Employee Benefits Payable</u>	<u>Current Liability</u>	<u>Long-Term Liability</u>	<u>Total Balance</u>
<u>Primary Government</u>			
Governmental Activities	\$ 64,873	\$ 264,493	\$ 329,366
Business-Type Activities	<u>17,491</u>	<u>27,195</u>	<u>44,686</u>
	<u>\$ 82,364</u>	<u>\$ 291,688</u>	<u>\$ 374,052</u>
<u>Component Unit</u>			
Road Commission	<u>\$ 6,137</u>	<u>\$ 180,582</u>	<u>\$ 186,719</u>

The employment policies for accumulation of vacation and sick leave benefits vary based on union membership and employee group.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

F. Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the County for the year ended September 30, 2021:

	<u>Balance</u> <u>10/01/20</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>09/30/21</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Primary Government:					
Direct Borrowing:					
Bonds Payable	\$ 5,115,000	\$ 0	\$ (220,000)	\$ 4,895,000	\$ 225,000
Deferred Amounts for Issuance Premium	<u>13,906</u>	<u>0</u>	<u>(772)</u>	<u>13,134</u>	<u>772</u>
Total Bonds Payable	5,128,906	0	(220,772)	4,908,134	225,772
Installment Purchase Agreements Payable	43,115	0	(43,115)	0	0
Compensated Absences	<u>308,730</u>	<u>20,636</u> *	<u>0</u>	<u>329,366</u>	<u>64,873</u>
Total Primary Government	<u>\$ 5,480,751</u>	<u>\$ 20,636</u>	<u>\$ (263,887)</u>	<u>\$ 5,237,500</u>	<u>\$ 290,645</u>
Component Units:					
Direct Borrowing:					
Bonds Payable	\$ 4,968	\$ 0	\$ (2,484)	\$ 2,484	\$ 2,484
Installment Purchase Agreements	110,643	0	(91,881)	18,762	18,762
Compensated Absences	<u>198,714</u>	<u>0</u>	<u>(11,995)</u> *	<u>186,719</u>	<u>6,137</u>
Total Component Units	<u>\$ 314,325</u>	<u>\$ 0</u>	<u>\$ (106,360)</u>	<u>\$ 207,965</u>	<u>\$ 27,383</u>
<u>Business-Type Activities</u>					
Primary Government:					
Compensated Absences	<u>\$ 35,517</u>	<u>\$ 9,169</u> *	<u>\$ 0</u>	<u>\$ 44,686</u>	<u>\$ 17,491</u>

*Represents net of additions and retirements for the year.

The interest expenditures on long-term obligations for the year were \$179,705.

Compensated absences for the governmental funds are generally liquidated by the General Fund and various Special Revenue Funds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

The annual aggregate maturities for all debt outstanding (excluding compensated absences) as of September 30, 2021 are as follows:

Direct Borrowing:

Primary Government

Bonds Payable	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 225,000	\$ 149,425	\$ 0	\$ 0	\$ 374,425
2023	230,000	144,363	0	0	374,363
2024	240,000	137,462	0	0	377,462
2025	245,000	130,263	0	0	375,263
2026	255,000	122,912	0	0	377,912
2027 - 2031	1,385,000	495,763	0	0	1,880,763
2032 - 2036	1,600,000	273,137	0	0	1,873,137
2037 - 2038	<u>715,000</u>	<u>35,100</u>	<u>0</u>	<u>0</u>	<u>750,100</u>
Total	<u>\$ 4,895,000</u>	<u>\$ 1,488,425</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,383,425</u>

Component Units

Bonds Payable	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	<u>\$ 2,484</u>	<u>\$ 99</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,583</u>

Installment Purchase Agreements

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	<u>\$ 18,762</u>	<u>\$ 94</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,856</u>

NOTE 8 - PROPERTY TAXES

Property taxes include amounts levied against all real property and tangible personal property located in the County. Property taxes become an enforceable lien on property as of December 1, 2020 for winter taxes and July 1, 2021 for summer taxes. Taxes are levied on December 1, 2020 and July 1, 2021 and are payable by February 28, 2021 and September 15, 2021, respectively. The cities and townships within the County bill and collect the property taxes for the County.

County taxes levied December 1, 2020, are collected in and are intended to finance 2021 operations. The taxable value of real and personal property for the December 1, 2020 levy was \$896,136,403. The 2020 tax rate is currently 0.1250 mills for veterans, 0.0400 for soldiers and sailors relief, 0.7500 mills for seniors, 0.1465 mills for MSU extension, 0.6000 mills for public transit, and 1.0000 mills for road patrol.

County taxes levied July 1, 2021, are collected in and are intended to finance 2021 operations. The taxable value of real and personal property for the July 1, 2021 levy was \$919,674,705. The 2021 tax rate is currently 6.0992 mills for operations.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 8 - PROPERTY TAXES (CONTINUED)

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2021. County funds were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to replenish County funds. This activity is recorded in the Delinquent Tax Revolving Funds, which are Enterprise Funds.

NOTE 9 - OPERATING TRANSFERS

During the year ended September 30, 2021, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>				<u>Total</u>
	<u>General Fund</u>	<u>ARPA Fund</u>	<u>Tax Umbrella Fund</u>	<u>Non-major Governmental Funds</u>	
General Fund	\$ 0	\$ 500,000	\$ 750,969	\$ 10,000	\$ 1,260,969
Non-major Governmental Funds	<u>1,199,817</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,199,817</u>
	<u>\$ 1,199,817</u>	<u>\$ 500,000</u>	<u>\$ 750,969</u>	<u>\$ 10,000</u>	<u>\$ 2,460,786</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 - EXCESS OF EXPENDITURES OVER APPROPRIATION IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the County's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the County for these budgetary funds were adopted at the activity level.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 10 - EXCESS OF EXPENDITURES OVER APPROPRIATION IN BUDGETARY FUNDS (CONTINUED)

During the year ended September 30, 2021, the County incurred expenditures which were in excess of the amounts appropriated as follows:

<u>Fund/Activity</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund/Legislative and Executive	\$ 218,739	\$ 231,763	\$ 13,024
General Fund/Financial and Tax Administration	\$ 1,088,384	\$ 1,138,885	\$ 50,501
General Fund/Other General Government	\$ 1,540,487	\$ 1,595,152	\$ 54,665
General Fund/Health and Welfare	\$ 1,074,594	\$ 1,137,060	\$ 62,466
General Fund/Community and Economic Development	\$ 26,896	\$ 35,589	\$ 8,693
General Fund/Capital Outlay	\$ 30,250	\$ 46,960	\$ 16,710
General Fund/Operating Transfers Out	\$ 1,115,754	\$ 1,199,817	\$ 84,063
ARPA Fund/Other General Government	\$ 0	\$ 8,025	\$ 8,025
ARPA Fund/Public Safety	\$ 0	\$ 113,085	\$ 113,085
ARPA Fund/Operating Transfers Out	\$ 0	\$ 500,000	\$ 500,000

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED

Defined Benefit Plan

Primary Government

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

<u>01 - General: Closed to new hires</u>	<u>2020 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	0
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	5.50%
DC Plan for New Hires:	10/1/2006
Act 88:	No

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Benefits Provided (Continued)

<u>02 - Sheriff: Closed to new hires</u>	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
	55/15
Early Retirement (Reduced):	0
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	5.50%
DC Plan for New Hires:	10/1/2007
Act 88:	No

<u>11 - Admin-Super: Closed to new hires</u>	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25
	55/15
Early Retirement (Reduced):	0
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	0%
DC Plan for New Hires:	10/1/2007
Act 88:	No

<u>20 - Command Officers: Open Division</u>	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	20 and Out
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	7.50%
Act 88:	No

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	118
Inactive employees entitled to but not yet receiving benefits	12
Active employees	26
Pending refunds	<u>6</u>
	<u>162</u>

Contributions

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

Employer contributions were as follows:

<u>Division</u>	<u>Contribution Range</u>
General: Closed	\$58,885 to \$70,424 per month
Sheriff: Closed	\$38,369 to \$39,087 per month
Admin-Super: Closed	\$12,945 to \$13,689 per month
Command Officers: Open	184.24% to 195.11% of annual payroll

Net Pension Liability

The employer'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.

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 an age-related scale to reflect merit, longevity, and promotional pay increases.

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

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

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

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

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.0%	7.45%	4.47%	2.50%	2.97%
Global Fixed Income	20.0%	4.90%	0.98%	2.50%	0.48%
Private Investments	20.0%	9.50%	1.90%	2.50%	1.40%
Total	<u>100.0%</u>		<u>7.35%</u>		<u>4.85%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit Plan (Continued)

Primary Government (Continued)

Changes in Net Pension Liability

Calculating the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 12/31/19	\$ 30,801,239	\$ 22,032,155	\$ 8,769,084
Changes for the Year			
Service Cost	194,455	0	194,455
Interest on Total Pension Liability	2,272,857	0	2,272,857
Changes in benefits	0	0	0
Difference between expected and actual experience	323,003	0	323,003
Changes in assumptions	1,455,490	0	1,455,490
Employer contributions	0	1,356,953	(1,356,953)
Employee contributions	0	79,539	(79,539)
Net investment income	0	2,794,202	(2,794,202)
Benefit payments, including employee refunds	(1,984,898)	(1,984,898)	0
Administrative expense	0	(44,196)	44,196
Other changes	0	(1)	1
Net changes	2,260,907	2,201,599	59,308
Balances as of 12/31/20	\$ 33,062,146	\$ 24,233,754	\$ 8,828,392

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
County's net pension liability	\$ 12,456,237	\$ 8,828,392	\$ 5,772,025

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Benefit 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 employer recognized pension expense of \$2,290,177. The employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Investment Returns	\$ 0	\$ 738,154
Contributions Subsequent to the Measurement Date*	<u>1,259,384</u>	<u>0</u>
Total	<u>\$ 1,259,384</u>	<u>\$ 738,154</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 of resources related to net investment returns will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Pension Expense</u>
2022	\$ 1,121,631
2023	78,178
2024	(450,122)
2025	(228,457)

Road Commission

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

The Ogemaw County Road Commission's net pension liability as of September 30, 2021 was \$4,273,522. The 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 the annual actuarial valuation as of December 31, 2020. For the year ended, September 30, 2021, the Ogemaw County Road Commission recognized pension expense of \$766,156. At September 30, 2021 the Ogemaw County Road Commission reported total deferred outflows of \$1,400,717 and deferred inflows of \$273,310.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 11 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Defined Contribution Plan

Primary Government

Plan Description

The County's defined contribution pension plan provides retirement benefits to plan members and beneficiaries. The plan covers employees hired on or after October 1, 2006 for new employees that would have formerly been eligible as part of the General Members of the defined benefit plan and employees hired on or after October 1, 2007 for new employees that would have formerly been eligible as part of the Sheriff and Admin-Super Members of the defined benefit plan. The plan is affiliated with the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer, state-wide, public employee pension created under Public Act 135 of 1945, and now operated under Public Act 220 of 1996, and the MERS Plan Document as revised. The plan services are provided by an Alliance Agreement of May 1997 by MERS, exclusively through the ICMA Retirement Corporation as the plan administrator. Any municipality within the State may elect to become a participating member of MERS or elect to terminate participation by a majority vote of the municipality's governing body. Changes in benefit coverage are available to bargaining units after approval by a majority of the municipality's governing body. The MERS of Michigan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing MERS of Michigan, 1134 Municipal Way, Lansing, Michigan, 48917 or by calling 1-800-767-6377.

Funding Policy

The County is required to match employee contributions up to 7% of each eligible employee's earnings for the plan year, subject to the limitations of sections 415(c) and (e) of the Internal Revenue Code. Employees are not required to contribute. However, when an employee is hired they can elect to contribute up to 7% of eligible earnings.

Vesting

Employees become vested in the plan at the rate of 25% per year after two years of service with 100% vesting after six years of service.

Plan Contributions

During the year ended September 30, 2021, the County contributed \$164,580 on behalf of eligible employees. Employee contributions amounted to \$164,580.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Primary Government

Plan Description

The Ogemaw County Retiree Medical Plan is a single-employer defined benefit postemployment health care plan administered by the County.

The Public Employee Health Care fund financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan provisions and contribution requirements are established and may be amended by the County Board. The Plan does not issue a separate or stand-alone report.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Benefits Provided

Eligibility

- λ USWA - Any retiree who has applied for a MERS annuity and retired on or before October 1, 2009.
- λ POAM 2 - Closed group of retirees. No new retirees may join.
- λ POLC - Any retiree who has applied for a MERS annuity and was hired before December 4, 2012.
- Teamsters - Sheriff/Jail employees (including POAM 1) are eligible if hired on or before October 1, 2014. Court employees are not eligible.

Benefits

- λ USWA - \$100 for all Medicare and non-Medicare retirees with no CPI.
- λ POAM 2 - \$100 for all Medicare and non-Medicare retirees with no CPI.
- λ POLC - \$100 for all Medicare and non-Medicare retirees with no CPI.
- Teamsters (Sheriffs and POAM1) - \$100 for all Medicare and non-Medicare retirees with no CPI excepts that current POAM 1 retirees receive \$74.23 with CPI inflation. Employees hired after June 23, 2010 (ratification date of Union Agreement) are not entitled to the benefit.
- λ Teamsters (Court Employees): No retiree health benefits.
- λ 34th Circuit Court: \$135.39 with CPI inflation.

Employees Covered by Benefit Terms

As of September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>9</u>
	<u>38</u>

Contributions

The County Commissioners have the authority to establish and amend the contribution requirements of the County and employees to the Plan. The Board of Commissioners establishes rates based on an actuarially determined rate. For the year ended September 30, 2021, the County contributed \$34,107. Employees are not required to contribute to the plan.

Net OPEB Liability

The County's net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of that date.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Actuarial Assumptions

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate: 2.21% as of September 30, 2021 based on the expected return of assets expected to be available to pay plan benefits.

Mortality rates used were based on Pub 2010 General Headcount-weighted mortality table (Employee, Disabled and Healthy Annuitant, and male and female, as appropriate).

Projection: General projection using Projection Scale MP-2018 (male and female as appropriate).

Employee turnover/withdrawal: MERS for all employees. Rates are shown in the table below.

<u>Year of Service</u>	<u>Rate</u>
0	19.60%
1	16.30%
2	13.30%
3	10.50%
4	8.60%
5	6.90%
10	4.60%
15	3.40%
20	2.60%
25	2.20%
30 and over	2.20%

Disablement: MERS disability rates for all employees. Rates are shown in the table below.

<u>Age</u>	<u>Percent Becoming Disabled Within One Year</u>
20	0.02%
25	0.02%
30	0.02%
35	0.05%
40	0.08%
45	0.20%
50	0.29%
55	0.38%
60	0.39%
65	0.39%

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Retirement rates are based on the "replacement index" as follows: Age 75+, 100%.

<u>Years of Service</u>	<u>Rate</u>
5-9	5%
10-14	15%
15-19	20%
20-24	20%
25-29	20%
30-34	30%
35+	40%

Participation rate: 100% of current employees are expected to participate in Ogemaw County's retiree health insurance plan.

CPI: 2.5% compounded annually.

Actual monthly 2020 medical costs per retiree:

<u>Age</u>	<u>"POAM 1" Group</u>	<u>34th Circuit Court</u>	<u>All Other Groups</u>
64	N/A	\$135.39	\$100
65	\$74.23	\$135.39	\$100

Salary increases: 3.5% compounded annually. For groups whose reimbursement benefits include a CPI increase, an annual increase of 2.5% is assumed.

Discount Rate

The discount rate used to measure the total OPEB liability is 2.21%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at the rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Changes in Net OPEB Liability

Calculating the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 9/30/20	\$ 596,775	\$ 0	\$ 596,775
Changes for the Year			
Service Cost	4,012	0	4,012
Interest on Total OPEB Liability	15,530	0	15,530
Effect of Assumptions Changes or Inputs	30,617	0	30,617
Employer Contributions	0	34,107	(34,107)
Benefit Payments, Including Employee Refunds	(34,107)	(34,107)	0
Net Changes	16,052	0	16,052
Balances as of 9/30/21	\$ 612,827	\$ 0	\$ 612,827

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the Net OPEB Liability of the County, as well as what the County's Net OPEB Liability would be using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
County's net OPEB liability (asset)	\$ 691,289	\$ 612,827	\$ 548,135

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates

The following presents the Net OPEB Liability of the County, as well as what the County's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
County's net OPEB liability (asset)	\$ 604,701	\$ 612,827	\$ 622,212

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 12 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the employer recognized OPEB expense of \$74,774. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ <u>13,221</u>	\$ <u>0</u>

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

Year Ended	OPEB Expense
2022	\$ 13,221

Road Commission

Plan Description

The Ogemaw County Road Commission Retiree Medical Plan is a single-employer defined benefit postemployment health care plan administered by the Road Commission and can be amended at its discretion. Plan provisions and contribution requirements are established and may be amended by the Road Commission Board. The Plan is reported as an other employee benefit trust fund in the accompanying financial statements. The Plan does not issue a separate or stand-alone report.

The Ogemaw County Road Commission's net OPEB liability as of September 30, 2021 was \$397,945. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by the annual actuarial valuation as of December 31, 2020. For the year ended, September 30, 2021, the Ogemaw County Road Commission recognized OPEB expense of \$31,465. At September 30, 2021 the Ogemaw County Road Commission reported total deferred outflows of \$91,653 and deferred inflows of \$29,695.

NOTE 13 - DEFERRED COMPENSATION PLAN

The County offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457. The assets of the plans are held in trust, in a custodial account as described in IRC Section 457 (g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the County for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the County's financial statements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The County has purchased commercial insurance for risks of loss. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 15 - CONTINGENCIES AND COMMITMENTS

The County participates in a number of federally assisted grant programs which are subject to program compliance audits. The audits of these programs for and including the year ended September 30, 2021, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the County expects such amounts, if any, to be immaterial.

The County is currently a defendant in multiple lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of the County's attorneys, it is too premature to determine whether or not the resolution of these matters will have a material adverse effect on the financial condition of the County.

On May 6, 2021, the Board of Commissioners approved the purchase of a phone server through Cisco for \$60,003 plus a 10% contingency. As of September 30, 2021, only the equipment portion of the purchase was made and the server is included in construction in progress for \$42,514.

On May 27, 2021, the Board of Commissioners approved a quote from Jack Morris Construction to renovate the Day Treatment Facility for \$180,810 with a 10% contingency. On August 12, 2021, the Board of Commissioners approved additional work on the Day Treatment Facility with Jack Morris Construction for \$44,085, for a total approved amount of \$224,895. As of September 30, 2021, \$120,225 was expensed and included in construction in progress for the work completed on the facility through that date.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

The following prior period adjustment was required to adjust the balances as of September 30, 2020:

PPA 1 - To adjust prior year revenue and due from state for prior year state and federal projects that were closed out during the current year. These projects are reimbursement based and calculated from audited numbers and subject to availability of funds, making the receivables estimates until the projects are finalized and closed out.

PPA 2 - GASB Statement No. 84 requires that certain funds formerly reported as Fiduciary Funds may need to be moved into the General Fund or into a separate Special Revenue Fund. As a result various Funds are having their beginning fund balances restated. The General Fund beginning fund balance is being increased by \$9,139, the Veteran's Office Fund's beginning fund balance is being increased by \$10,292, and the Friend of the Court Fund's beginning fund balance is being increased by \$4,584.

PPA 3 - A prior period adjustment was recorded to close out old Delinquent Tax Revolving Funds (2011-2017) into the Tax Umbrella Fund.

PPA 4 - A prior period adjustment was recorded to separate out the Building Department activity out of the General Fund.

	Net Position/Fund Balance - Beginning	PPA 1	PPA 2	PPA 3	PPA 4	Net Position/Fund Balance - Beginning (Restated)
Governmental Activities	\$ (3,372,132)	\$ 0	\$ 24,015	\$ 0	\$ (256)	\$ (3,348,373)
Business-Type Activities	7,928,139	5,399	0	0	256	7,933,794
General Fund	0	0	9,139	0	(256)	8,883
Ogemaw County Public Transit	764,246	5,399	0	0	0	769,645
Tax Umbrella	3,410,665	0	0	2,654,419	0	6,065,084
2017 DTRF	378,467	0	0	(378,467)	0	0
2016 DTRF	356,681	0	0	(356,681)	0	0
2015 DTRF	389,690	0	0	(389,690)	0	0
2014 DTRF	380,291	0	0	(380,291)	0	0
2013 DTRF	356,395	0	0	(356,395)	0	0
2012 DTRF	376,856	0	0	(376,856)	0	0
2011 DTRF	416,039	0	0	(416,039)	0	0
Veterans Office	252,251	0	10,292	0	0	262,543
Friend of the Court	0	0	4,584	0	0	4,584
Building Department Fund	0	0	0	0	256	256

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 17 - FUND BALANCES

Amounts for specific purposes by fund and fund balance classifications for the year ended September 30, 2021, are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	
Restricted:		
Friend of the Court	Child Support Establishment and Enforcement	\$ 39,399
Housing Commission Fund	Home Rehabilitation	79,874
MSU Extension Fund	MSU Extension Activities	93,016
Veterans Office Fund	Veterans Relief	310,836
Indigent Defense Counsel	Indigent Defense Counsel	142,610
Local Corrections Officer's Training Fund	Training of Corrections Officers	36,785
Register of Deeds Automation	Register of Deeds Equipment	69,276
Road Patrol Fund	Road Patrol Activities	307,362
Concealed Weapons Licensing Fund	Concealed Weapons Licensing	50,993
ORV Fund	ORV Law Enforcement	2,075
COVID Emergency Supplemental Funding Fund	COVID Related Activities	20,164
Probate Child Care Fund	Probate Child Care	403,637
Sheriff K-9 Fund	Sheriff Department K-9 Unit	4,074
Drug Forfeiture Fund	Prosecutor's Office Drug Enforcement	1,484
Law Enforcement Drug Forfeiture Fund	Sheriff Department Drug Enforcement	11,858
Community Corrections Fund	Community Corrections	<u>9,291</u>
Total Restricted		<u>1,582,734</u>
Committed:		
Marriage Counseling Fund	Marriage Counseling Activities	42,234
Commissary Fund	Law Enforcement and Correctional Activities	330,699
Streets and Address Committee Fund	Streets and Address Committee Activities	3,592
Capital Improvement Fund	Capital Projects	<u>1,841</u>
Total Committed		<u>378,366</u>
Assigned:		
General Fund	Sheriff's Posse	<u>9,139</u>
Unassigned:		
General Fund	County Operations	<u>207,623</u>
Total Fund Balances		<u>\$ 2,177,862</u>

NOTE 18 - SUBSEQUENT EVENTS

On January 27, 2022, the Commissioners approved a resolution to authorize the issuance of refunding bonds, not to exceed \$5,000,000. The resolution noted that the bonds shall be designated "Limited Tax General Obligation Refunding Bonds, Series 2022"; shall be numbered from 1 upwards; shall be fully registered; shall be in the denominations and bear interest at a rate or rates per annum not exceeding 5% per annum as shall be determined by order of the Authorized Officer. The municipal advisor and bond counsel appointed by the Commissioners were Baker Tilly Municipal Advisors, LLC and Dickinson Wright PLLC.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

NOTE 19 - PUBLIC TRANSIT ASSURANCES

Cost Allocation Plans

The Ogemaw County Public Transit has one cost allocation plan in use in the year ended September 30, 2021 where the methodology has been approved by the Office of Passenger Transportation (OPT). This cost allocation plan was for central service costs and was adhered to in the preparation of these statements.

Explanation of Ineligible Expenses per the OPT R&E Manual

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual).

Ogemaw County Public Transit utilizes the services of a third party to attract advertisers and negotiate terms. Subsequently, the Transit receives proceeds from the advertising. As a result, Ogemaw County Public Transit did not incur any expenses associated with #40615 advertising revenue and, therefore no expenses are subtracted out as ineligible on the Nonurban Regular Service Expense Report on page 90.

Audit costs are typically the only costs in which eligibility differs from the State R&E Manual and the Uniform Guidance. Since the audit costs included on page 90 included a Single Audit, conducted under the provisions of the Uniform Guidance, these costs are eligible in the current year for State Assistance and Federal Assistance.

The Nonurban Regular Service Revenue Report on page 89 shows Other Revenue of \$486. None of this amount is applicable to 40710 Sale of Maintenance Services or 44000 Refunds and Credits and the associated expenses are subtracted out as ineligible. None of the Other Revenue is applicable to the other 406/407 codes. The entire amount of \$486 was interest income and no expenses were incurred as a result of the nature of the interest income.

Depreciation

Depreciation Expense included as eligible only includes assets purchased with local funds where the useful life of the asset has been approved by the OPT.

Capital Grants

Capital grant funds used to pay operating expenses are required to be treated as ineligible for calculating state and federal operating assistance. During the current year, the Transit did not have any of these type of grants that were used to pay for operating expenses.

Retirement Benefits

Ogemaw County has a Defined Benefit Plan and a Defined Contribution Plan in which Transit employees can participate. Pension costs incurred for the plans were calculated pursuant to the MERS GASB 68 Implementation Guide. The total Defined Contribution Plan pension expense recognized and expensed on the books is \$7,606. The total Defined Benefit Plan pension expense recognized as calculated in Step 6 of the guide and expensed on the books is \$128,629. The Transit paid \$90,698, therefore, \$37,931 (\$128,629 less the amount paid) is subtracted out under 58020 Ineligible DB Pension. Although the County has an Other Post-Employment Benefit (OPEB) retirement plan, the Transit does not participate in it. Therefore, no OPEB costs were expensed on the Transit's books.

Nonfinancial Data

The methodology used for compiling mileage for regular service on the Nonurban Regular Service Nonfinancial Report has been reviewed and the recording has been found to be adequate and reliable.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF CHANGES IN EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
For the Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability							
Service cost	\$ 194,455	\$ 245,154	\$ 263,615	\$ 331,939	\$ 333,442	\$ 333,410	\$ 356,817
Interest	2,272,857	2,369,141	2,300,820	2,245,458	2,251,213	2,073,677	1,994,791
Changes of benefit terms	0	0	0	0	0	0	0
Difference between expected and actual experience	323,003	(1,377,284)	90,514	(211,558)	(295,647)	(60,499)	0
Changes of assumptions	1,455,490	1,005,938	0	0	0	1,379,696	0
Benefit payments, including employee refunds	(1,984,898)	(1,866,789)	(1,716,616)	(1,562,684)	(1,520,098)	(1,439,456)	(1,327,999)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2)</u>	<u>(60,653)</u>	<u>0</u>	<u>1</u>
Net Change in Total Pension Liability	2,260,907	376,160	938,333	803,153	708,257	2,286,828	1,023,610
Total Pension Liability - Beginning	<u>30,801,239</u>	<u>30,425,079</u>	<u>29,486,746</u>	<u>28,683,593</u>	<u>27,975,336</u>	<u>25,688,508</u>	<u>24,664,898</u>
Total Pension Liability - Ending	<u>\$ 33,062,146</u>	<u>\$ 30,801,239</u>	<u>\$ 30,425,079</u>	<u>\$ 29,486,746</u>	<u>\$ 28,683,593</u>	<u>\$ 27,975,336</u>	<u>\$ 25,688,508</u>
Plan Fiduciary Net Position							
Employer contributions	\$ 1,356,953	\$ 1,103,097	\$ 962,177	\$ 822,418	\$ 666,043	\$ 612,364	\$ 536,464
Employee contributions	79,539	81,295	103,635	113,029	115,921	120,865	133,658
Net investment income	2,794,202	2,753,116	(870,135)	2,690,340	2,149,759	(298,632)	1,232,098
Benefit payments, including employee refunds	(1,984,898)	(1,866,789)	(1,716,616)	(1,562,684)	(1,520,098)	(1,439,456)	(1,327,999)
Administrative expense	(44,196)	(47,176)	(43,409)	(42,615)	(42,465)	(43,757)	(45,180)
Other	<u>(1)</u>	<u>(916,035)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	2,201,599	1,107,508	(1,564,348)	2,020,488	1,369,160	(1,048,615)	529,041
Plan Fiduciary Net Position - Beginning	<u>22,032,155</u>	<u>20,924,647</u>	<u>22,488,995</u>	<u>20,468,507</u>	<u>19,099,347</u>	<u>20,147,962</u>	<u>19,618,921</u>
Plan Fiduciary Net Position - Ending	<u>\$ 24,233,754</u>	<u>\$ 22,032,155</u>	<u>\$ 20,924,647</u>	<u>\$ 22,488,995</u>	<u>\$ 20,468,507</u>	<u>\$ 19,099,347</u>	<u>\$ 20,147,962</u>
Employer Net Pension Liability	<u>\$ 8,828,392</u>	<u>\$ 8,769,084</u>	<u>\$ 9,500,432</u>	<u>\$ 6,997,751</u>	<u>\$ 8,215,086</u>	<u>\$ 8,875,989</u>	<u>\$ 5,540,546</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73 %	72 %	69 %	76 %	71 %	68 %	78 %
Covered Employee Payroll	\$ 1,243,220	\$ 1,583,115	\$ 1,755,714	\$ 2,172,507	\$ 2,179,119	\$ 2,211,482	\$ 2,364,946
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	710 %	554 %	541 %	322 %	377 %	401 %	234 %

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
For the Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 1,356,953	\$ 1,103,097	\$ 962,177	\$ 822,418	\$ 666,043	\$ 612,364	\$ 536,464
Contributions in relation to the actuarially determined contribution	<u>1,356,953</u>	<u>1,103,097</u>	<u>962,177</u>	<u>822,418</u>	<u>666,043</u>	<u>651,018</u>	<u>536,464</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,654)</u>	<u>\$ 0</u>
Covered employee payroll	\$ 1,243,220	\$ 1,583,115	\$ 1,755,714	\$ 2,172,507	\$ 2,179,119	\$ 2,211,482	\$ 2,364,946
Contributions as a percentage of covered employee payroll	109 %	70 %	55 %	38 %	31 %	28 %	23 %

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	18 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.0%
Investment rate of return	7.35%
Retirement age	60; 50 with 25 years of service or 55 with 15 years of service, unreduced, for closed plans. 60; 20 years of service and out, unreduced, or 55 with 15 years of service, reduced, for open plans.
Mortality	Pub-2010 and fully generational MP-2019

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF CHANGES IN EMPLOYER'S
NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 4,012	\$ 3,119	\$ 3,437	\$ 3,879
Interest	15,530	21,112	19,861	18,210
Effect of economic/demographic gains or losses	0	(3,410)	0	0
Changes of assumptions	30,617	91,029	(30,120)	(37,250)
Benefit payments, including employee refunds	<u>(34,107)</u>	<u>(33,712)</u>	<u>(33,197)</u>	<u>(34,552)</u>
Net Change in Total OPEB Liability	16,052	78,138	(40,019)	(49,713)
Total OPEB Liability - Beginning	<u>596,775</u>	<u>518,637</u>	<u>558,656</u>	<u>608,369</u>
Total OPEB Liability - Ending	<u>\$ 612,827</u>	<u>\$ 596,775</u>	<u>\$ 518,637</u>	<u>\$ 558,656</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 34,107	\$ 33,712	\$ 33,197	\$ 34,552
Benefit payments, including employee refunds	<u>(34,107)</u>	<u>(33,712)</u>	<u>(33,197)</u>	<u>(34,552)</u>
Net Change in Plan Fiduciary Net Position	0	0	0	0
Plan Fiduciary Net Position - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
County's Net OPEB Liability	<u>\$ 612,827</u>	<u>\$ 596,775</u>	<u>\$ 518,637</u>	<u>\$ 558,656</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00 %	0.00 %	0.00 %	0.00 %
Covered Employee Payroll	\$ 421,239	\$ 491,185	\$ 467,502	\$ 428,144
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	145 %	121 %	111 %	130 %

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
For the Year Ended September 30, 2021

	2021	2020	2019	2018
Actuarially determined contributions	\$ 34,107	\$ 33,712	\$ 33,197	\$ 34,552
Contributions in relation to the actuarially determined contribution	<u>34,107</u>	<u>33,712</u>	<u>33,197</u>	<u>34,552</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered employee payroll	\$ 421,239	\$ 491,185	\$ 467,502	\$ 428,144
Contributions as a percentage of covered employee payroll	8 %	7 %	7 %	8 %

Notes to Schedule

Actuarial cost method	Entry age
Discount rate	2.21%
Inflation	2.50%
Salary increases including inflation	3.50%
Retirement age	100% at age 75
Mortality	Pub-2010 General Headcount-weighted mortality table (Employee, Disabled and Healthy Annuitant, and male and female as appropriate) with generational projection using MP-2018 (male and female as appropriate)

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Property Taxes	\$ 6,484,609	\$ 6,484,609	\$ 6,483,841	\$ (768)
Federal Grants and Revenue	195,628	195,628	201,310	5,682
State Grants and Revenue	621,018	621,018	801,876	180,858
State Shared Revenue	493,284	493,284	498,252	4,968
Contributions from Other Governments	57,100	57,100	58,562	1,462
Licenses and Permits	20,000	20,000	26,233	6,233
Charges for Services	1,737,590	1,737,590	1,469,376	(268,214)
Fines and Forfeits	31,600	31,600	3,540	(28,060)
Interest and Rentals	21,000	21,000	45,650	24,650
Other Revenue	99,949	99,949	29,870	(70,079)
Total Revenue	<u>9,761,778</u>	<u>9,761,778</u>	<u>9,618,510</u>	<u>(143,268)</u>
<u>Expenditures</u>				
Current:				
General Government:				
Legislative and Executive	218,739	218,739	231,763	(13,024)
Judicial	1,772,055	1,772,055	1,681,949	90,106
Financial and Tax Administration	1,088,384	1,088,384	1,138,885	(50,501)
Other General Government	1,540,487	1,540,487	1,595,152	(54,665)
Public Safety	3,817,835	3,817,835	3,498,944	318,891
Public Works	119,253	119,253	105,481	13,772
Health and Welfare	1,074,594	1,074,594	1,137,060	(62,466)
Community and Economic Development	26,896	26,896	35,589	(8,693)
Capital Outlay	30,250	30,250	46,960	(16,710)
Total Expenditures	<u>9,688,493</u>	<u>9,688,493</u>	<u>9,471,783</u>	<u>216,710</u>
Excess of Revenue Over (Under) Expenditures	<u>73,285</u>	<u>73,285</u>	<u>146,727</u>	<u>73,442</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	910,969	910,969	1,260,969	350,000
Operating Transfers Out	(1,115,754)	(1,115,754)	(1,199,817)	(84,063)
Total Other Financing Sources (Uses)	<u>(204,785)</u>	<u>(204,785)</u>	<u>61,152</u>	<u>265,937</u>
Net Change in Fund Balances	(131,500)	(131,500)	207,879	339,379
Fund Balances - Beginning of Year (Restated)	<u>8,883</u>	<u>8,883</u>	<u>8,883</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ (122,617)</u>	<u>\$ (122,617)</u>	<u>\$ 216,762</u>	<u>\$ 339,379</u>

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOUSING COMMISSION FUND - SPECIAL REVENUE FUND
For the Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Federal Grants and Revenue	\$ 352,857	\$ 352,857	\$ 258,126	\$ (94,731)
Local Grants	50,000	50,000	14,500	(35,500)
Interest and Rentals	500	500	52	(448)
Other Revenue	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>
Total Revenue	453,357	453,357	272,678	(180,679)
<u>Expenditures</u>				
Current:				
Community and Economic Development	<u>451,857</u>	<u>451,857</u>	<u>235,558</u>	<u>216,299</u>
Excess of Revenue Over (Under) Expenditures	1,500	1,500	37,120	35,620
Fund Balances - Beginning of Year	<u>42,754</u>	<u>42,754</u>	<u>42,754</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 44,254</u>	<u>\$ 44,254</u>	<u>\$ 79,874</u>	<u>\$ 35,620</u>

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ARPA FUND - SPECIAL REVENUE FUND
For the Year Ended September 30, 2021

	Original Budget	Final Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenue				
Federal Grants and Revenue	\$ 0	\$ 0	\$ 621,110	\$ 621,110
<u>Expenditures</u>				
Current:				
General Government:				
Other General Government	0	0	8,025	(8,025)
Public Safety	0	0	113,085	(113,085)
Total Expenditures	0	0	121,110	(121,110)
Excess of Revenue Over (Under) Expenditures	0	0	500,000	500,000
<u>Other Financing Sources (Uses)</u>				
Operating Transfers Out	0	0	(500,000)	(500,000)
Net Change in Fund Balance	0	0	0	0
Fund Balances - Beginning of Year	0	0	0	0
Fund Balances - End of Year	\$ 0	\$ 0	\$ 0	\$ 0

OTHER INFORMATION

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2021

	Special Revenue Funds											
	Sheriff K-9 Unit	Liquor Law Enforcement Fund	Friend of the Court	Marriage Counseling Fund	Register of Deeds Automation Fund	Road Patrol Fund	Community Corrections Fund	Concealed Weapons Licensing	Local Corrections Officer's Training Fund	Drug Forfeiture Fund	Law Enforcement Drug Forfeiture	Street and Address Committee
Assets												
Cash and Cash Equivalents	\$ 4,074	\$ 370	\$ 45,179	\$ 42,219	\$ 71,014	\$ 408,421	\$ 5,682	\$ 50,861	\$ 36,785	\$ 1,484	\$ 11,858	\$ 3,592
Receivables:												
Accounts, Net	0	0	3,096	15	675	0	2,707	166	0	0	0	0
Due from Local Units	0	0	0	0	0	0	0	0	0	0	0	0
Due from State	0	0	9,320	0	0	0	2,202	0	0	0	0	0
Total Assets	\$ 4,074	\$ 370	\$ 57,595	\$ 42,234	\$ 71,689	\$ 408,421	\$ 10,591	\$ 51,027	\$ 36,785	\$ 1,484	\$ 11,858	\$ 3,592
Liabilities												
Accounts Payable	\$ 0	\$ 0	\$ 837	\$ 0	\$ 2,413	\$ 82,419	\$ 1,300	\$ 34	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Units of Government	0	0	225	0	0	0	0	0	0	0	0	0
Accrued Liabilities	0	370	7,814	0	0	18,640	0	0	0	0	0	0
Total Liabilities	0	370	8,876	0	2,413	101,059	1,300	34	0	0	0	0
Deferred Inflows of Resources												
Unavailable Revenue - Grants	0	0	9,320	0	0	0	0	0	0	0	0	0
Fund Equity												
Fund Balances:												
Restricted	4,074	0	39,399	0	69,276	307,362	9,291	50,993	36,785	1,484	11,858	0
Committed	0	0	0	42,234	0	0	0	0	0	0	0	3,592
Total Fund Equity	4,074	0	39,399	42,234	69,276	307,362	9,291	50,993	36,785	1,484	11,858	3,592
Total Liabilities, Deferred Inflows of Resources and Fund Equity	\$ 4,074	\$ 370	\$ 57,595	\$ 42,234	\$ 71,689	\$ 408,421	\$ 10,591	\$ 51,027	\$ 36,785	\$ 1,484	\$ 11,858	\$ 3,592

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2021

	Special Revenue Funds						Debt Service Fund	Capital Project Fund	Total Other Governmental Funds	
	MSU Extension	Indigent Defense Fund	COVID Emergency Supplemental Funding	Probate Child Care Fund	Veterans Office	ORV Fund	Jail Renovation Debt Service Fund	Capital Improvement Fund		
Assets										
Cash and Cash Equivalents	\$ 94,569	\$ 157,888	\$ 19,389	\$ 405,140	\$ 313,595	\$ 2,075	\$ 300,599	\$ 0	\$ 1,841	\$ 1,976,635
Receivables:										
Accounts, Net	0	0	0	0	0	0	15,716	0	0	22,375
Due from Local Units	0	0	0	0	0	0	29,014	0	0	29,014
Due from State	0	0	40,747	34,565	0	0	0	0	0	86,834
Total Assets	\$ 94,569	\$ 157,888	\$ 60,136	\$ 439,705	\$ 313,595	\$ 2,075	\$ 345,329	\$ 0	\$ 1,841	\$ 2,114,858
Liabilities										
Accounts Payable	\$ 465	\$ 15,278	\$ 304	\$ 5,593	\$ 75	\$ 0	\$ 14,630	\$ 0	\$ 0	\$ 123,348
Due to Other Units of Government	0	0	0	24,225	0	0	0	0	0	24,450
Accrued Liabilities	1,088	0	0	5,430	2,684	0	0	0	0	36,026
Total Liabilities	1,553	15,278	304	35,248	2,759	0	14,630	0	0	183,824
Deferred Inflows of Resources										
Unavailable Revenue - Grants	0	0	39,668	820	0	0	0	0	0	49,808
Fund Equity										
Fund Balances:										
Restricted	93,016	142,610	20,164	403,637	310,836	2,075	0	0	0	1,502,860
Committed	0	0	0	0	0	0	330,699	0	1,841	378,366
Total Fund Equity	93,016	142,610	20,164	403,637	310,836	2,075	330,699	0	1,841	1,881,226
Total Liabilities, Deferred Inflows of Resources and Fund Equity	\$ 94,569	\$ 157,888	\$ 60,136	\$ 439,705	\$ 313,595	\$ 2,075	\$ 345,329	\$ 0	\$ 1,841	\$ 2,114,858

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Special Revenue Funds											
	Sheriff K-9 Unit	Liquor Law Enforcement Fund	Friend of the Court	Marriage Counseling Fund	Register of Deeds Automation Fund	Road Patrol Fund	Community Corrections Fund	Concealed Weapons Licensing	Local Corrections Officer's Training Fund	Drug Forfeiture Fund	Law Enforcement Drug Forfeiture	Street and Address Committee
Revenue												
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 899,167	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Grants and Revenue	0	0	233,808	0	0	0	0	0	0	0	0	0
State Grants and Revenue	0	0	31,155	0	0	0	27,891	0	0	0	0	0
Local Grants	0	0	0	0	0	0	0	0	0	0	0	0
Charges for Services	0	0	28,294	1,879	38,330	0	0	20,652	6,377	0	0	0
Fines and Forfeits	0	0	0	0	0	0	0	0	0	0	1,050	0
Interest and Rentals	0	0	4	0	0	0	0	0	0	0	0	0
Other Revenue	4,393	0	1,524	0	0	0	0	0	0	0	0	0
Total Revenue	4,393	0	294,785	1,879	38,330	899,167	27,891	20,652	6,377	0	1,050	0
Expenditures												
Current:												
General Government:												
Judicial	0	6,059	386,087	161	0	0	0	0	0	0	0	0
Other General Government	0	0	0	0	38,310	0	0	0	0	0	0	0
Public Safety	2,227	0	0	0	0	591,805	28,443	3,822	5,292	0	0	0
Health and Welfare	0	0	0	0	0	0	0	0	0	0	0	0
Community and Economic Development	0	0	0	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	1,748	0	0	0	0
Debt Service:												
Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	2,227	6,059	386,087	161	38,310	591,805	28,443	5,570	5,292	0	0	0
Excess of Revenue Over (Under) Expenditures	2,166	(6,059)	(91,302)	1,718	20	307,362	(552)	15,082	1,085	0	1,050	0
Other Financing Sources (Uses)												
Operating Transfers In	0	6,059	126,117	0	0	0	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0	0	(10,000)	0	0	0	0
Total Other Financing Sources (Uses)	0	6,059	126,117	0	0	0	0	(10,000)	0	0	0	0
Net Change in Fund Balances	2,166	0	34,815	1,718	20	307,362	(552)	5,082	1,085	0	1,050	0
Fund Balances - Beginning of Year (Restated)	1,908	0	4,584	40,516	69,256	0	9,843	45,911	35,700	1,484	10,808	3,592
Fund Balances - End of Year	\$ 4,074	\$ 0	\$ 39,399	\$ 42,234	\$ 69,276	\$ 307,362	\$ 9,291	\$ 50,993	\$ 36,785	\$ 1,484	\$ 11,858	\$ 3,592

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Special Revenue Funds						Debt Service Fund	Capital Project Fund	Total Other Governmental Funds
	MSU Extension	Indigent Defense Fund	COVID Emergency Supplemental Funding	Probate Child Care Fund	Veterans Office	ORV Fund	Jail Renovation Debt Service Fund	Capital Improvement Fund	
Revenue									
Property Taxes	\$ 131,009	\$ 0	\$ 0	\$ 0	\$ 111,778	\$ 0	\$ 0	\$ 0	\$ 1,141,954
Federal Grants and Revenue	0	0	56,040	0	0	0	0	0	289,848
State Grants and Revenue	0	278,811	0	325,502	0	0	0	0	663,359
Local Grants	0	0	0	2,500	0	0	0	0	2,500
Charges for Services	0	0	0	51,297	0	0	0	0	146,829
Fines and Forfeits	0	0	0	0	0	0	0	0	1,050
Interest and Rentals	0	0	0	0	0	0	0	0	4
Other Revenue	0	0	0	16,073	0	0	324,687	0	346,677
Total Revenue	131,009	278,811	56,040	395,372	111,778	0	324,687	0	2,592,221
Expenditures									
Current:									
General Government:									
Judicial	0	465,627	35,876	0	0	0	0	0	893,810
Other General Government	0	0	0	0	0	0	121,959	0	160,269
Public Safety	0	0	0	0	0	0	0	0	631,589
Health and Welfare	0	0	0	545,829	63,485	0	0	0	609,314
Community and Economic Development	89,474	0	0	0	0	0	0	0	89,474
Capital Outlay	0	0	0	0	0	0	44,616	0	46,364
Debt Service:									
Principal	0	0	0	0	0	0	220,000	0	220,000
Interest and Fiscal Charges	0	0	0	0	0	0	154,825	0	154,825
Total Expenditures	89,474	465,627	35,876	545,829	63,485	0	166,575	374,825	2,805,645
Excess of Revenue Over (Under) Expenditures	41,535	(186,816)	20,164	(150,457)	48,293	0	158,112	(374,825)	(213,424)
Other Financing Sources (Uses)									
Operating Transfers In	0	147,849	0	544,967	0	0	374,825	0	1,199,817
Operating Transfers Out	0	0	0	0	0	0	0	0	(10,000)
Total Other Financing Sources (Uses)	0	147,849	0	544,967	0	0	374,825	0	1,189,817
Net Change in Fund Balances	41,535	(38,967)	20,164	394,510	48,293	0	158,112	0	976,393
Fund Balances - Beginning of Year (Restated)	51,481	181,577	0	9,127	262,543	2,075	172,587	1,841	904,833
Fund Balances - End of Year	\$ 93,016	\$ 142,610	\$ 20,164	\$ 403,637	\$ 310,836	\$ 2,075	\$ 330,699	\$ 1,841	\$ 1,881,226

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
September 30, 2021

	County Park	Tax Reversion Fund	Building Department Fund	2020 DTRF	2018 DTRF	Total
<u>Assets</u>						
Cash and Cash Equivalents	\$ 70,433	\$ 433,110	\$ 126,088	\$ 1,694,107	\$ 386,574	\$ 2,710,312
Investments	0	250,034	0	0	0	250,034
Receivables:						
Delinquent Taxes	0	0	0	1,111,360	30,193	1,141,553
Accounts, Net	440	4,150	8,349	0	0	12,939
Due from Other Units of Government	0	48,355	0	0	0	48,355
Noncurrent Assets:						
Capital Assets, Net of Accumulated Depreciation	13,847	22,470	0	0	0	36,317
Total Assets	<u>84,720</u>	<u>758,119</u>	<u>134,437</u>	<u>2,805,467</u>	<u>416,767</u>	<u>4,199,510</u>
<u>Liabilities</u>						
Current Liabilities:						
Accounts Payable	5,196	5,227	54	0	0	10,477
Due to Other Funds	0	0	0	2,700,780	0	2,700,780
Due to Local Units	0	0	0	269	0	269
Accrued Liabilities	0	0	3,555	0	0	3,555
Total Liabilities	<u>5,196</u>	<u>5,227</u>	<u>3,609</u>	<u>2,701,049</u>	<u>0</u>	<u>2,715,081</u>
<u>Net Position</u>						
Net Investment in Capital Assets	13,847	22,470	0	0	0	36,317
Unrestricted	<u>65,677</u>	<u>730,422</u>	<u>130,828</u>	<u>104,418</u>	<u>416,767</u>	<u>1,448,112</u>
Total Net Position	<u>\$ 79,524</u>	<u>\$ 752,892</u>	<u>\$ 130,828</u>	<u>\$ 104,418</u>	<u>\$ 416,767</u>	<u>\$ 1,484,429</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
OTHER ENTERPRISE FUNDS
For the Year Ended September 30, 2021

	County Park	Tax Reversion Fund	Building Department Fund	2020 DTRF	2018 DTRF	Total
<u>Operating Revenue</u>						
Charges For Services	\$ 0	\$ 300,102	\$ 328,450	\$ 0	\$ 0	\$ 628,552
Tax Collection Fees	0	0	0	55,385	9,224	64,609
User Fees	76,521	0	0	0	0	76,521
Interest and Penalties on Taxes	0	0	0	49,287	90,704	139,991
Total Operating Revenue	<u>76,521</u>	<u>300,102</u>	<u>328,450</u>	<u>104,672</u>	<u>99,928</u>	<u>909,673</u>
<u>Operating Expenses</u>						
Salaries and Wages	2,048	0	84,532	0	0	86,580
Payroll Taxes and Employee Benefits	67	0	99,651	0	0	99,718
Advertising	0	1,013	0	0	0	1,013
Contractual Services	6,500	22,100	450	0	0	29,050
Depreciation	826	8,698	0	0	0	9,524
Dues and Subscriptions	133	275	4,003	0	0	4,411
Equipment	0	2,009	414	0	0	2,423
Equipment Rental	0	0	225	0	0	225
Gasoline and Oil	65	0	2,785	0	0	2,850
Insurance and Bonds	150	5,346	3,017	0	0	8,513
Licenses and Permits	450	0	225	0	0	675
Office Supplies	0	0	976	0	0	976
Operating Supplies	13,225	1,218	0	0	0	14,443
Postage	0	0	473	0	0	473
Printing and Advertising	147	542	0	0	0	689
Professional Fees and Services	824	46,038	0	0	0	46,862
Repair and Maintenance	3,222	19,820	125	0	0	23,167
Telephone	0	0	1,002	0	0	1,002
Travel and Training	55	1,754	0	0	0	1,809
Utilities	26,683	0	0	0	0	26,683
Other	0	40,887	0	254	0	41,141
Total Operating Expenses	<u>54,395</u>	<u>149,700</u>	<u>197,878</u>	<u>254</u>	<u>0</u>	<u>402,227</u>
Operating Income (Loss)	<u>22,126</u>	<u>150,402</u>	<u>130,572</u>	<u>104,418</u>	<u>99,928</u>	<u>507,446</u>
<u>Nonoperating Revenue (Expenses)</u>						
Interest and Investment Earnings	0	279	0	0	0	279
Contributions	6,837	0	0	0	0	6,837
Total Nonoperating Revenue (Expenses)	<u>6,837</u>	<u>279</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,116</u>
Change in Net Position	28,963	150,681	130,572	104,418	99,928	514,562
Net Position - Beginning of Year (Restated)	<u>50,561</u>	<u>602,211</u>	<u>256</u>	<u>0</u>	<u>316,839</u>	<u>969,867</u>
Net Position - End of Year	<u>\$ 79,524</u>	<u>\$ 752,892</u>	<u>\$ 130,828</u>	<u>\$ 104,418</u>	<u>\$ 416,767</u>	<u>\$ 1,484,429</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended September 30, 2021

	County Park	Tax Reversion Fund	Building Department Fund	2020 DTRF	2018 DTRF	Total
<u>Cash Flows From Operating Activities</u>						
Receipts from Customers and Taxpayers	\$ 76,081	\$ 300,102	\$ 320,101	\$ 104,672	\$ 111,815	\$ 912,771
Payments to Suppliers for Goods and Services	(47,682)	(279,185)	(13,641)	15	0	(340,493)
Payments to Employees for Services	(2,115)	0	(180,628)	0	0	(182,743)
Delinquent Taxes Collected	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,111,360)</u>	<u>216,523</u>	<u>(894,837)</u>
Net Cash Provided (Used) by Operating Activities	<u>26,284</u>	<u>20,917</u>	<u>125,832</u>	<u>(1,006,673)</u>	<u>328,338</u>	<u>(505,302)</u>
<u>Cash Flows From Non-Capital Financing Activities</u>						
Operating Subsidies and Transfers From (To) Other Funds/Component Units	0	0	0	2,700,780	2,498	2,703,278
Intergovernmental Contributions	<u>6,837</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,837</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>6,837</u>	<u>0</u>	<u>0</u>	<u>2,700,780</u>	<u>2,498</u>	<u>2,710,115</u>
<u>Cash Flows From Capital and Related Financing Activities</u>						
Acquisition and Construction of Capital Assets	<u>(5,058)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,058)</u>
<u>Cash Flows From Investing Activities</u>						
Interest Earned	0	279	0	0	0	279
Redemption (Purchase) of Investment Securities	<u>0</u>	<u>(250,034)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(250,034)</u>
Net Cash Provided (Used) by Investing Activities	<u>0</u>	<u>(249,755)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(249,755)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	28,063	(228,838)	125,832	1,694,107	330,836	1,950,000
Cash and Cash Equivalents at Beginning of Year	<u>42,370</u>	<u>661,948</u>	<u>256</u>	<u>0</u>	<u>55,738</u>	<u>760,312</u>
Cash and Cash Equivalents at End of Year	<u>\$ 70,433</u>	<u>\$ 433,110</u>	<u>\$ 126,088</u>	<u>\$ 1,694,107</u>	<u>\$ 386,574</u>	<u>\$ 2,710,312</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>						
Operating Income (Loss)	\$ 22,126	\$ 150,402	\$ 130,572	\$ 104,418	\$ 99,928	\$ 507,446
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	826	8,698	0	0	0	9,524
Change in Assets and Liabilities:						
Receivables	(440)	0	(8,349)	(1,111,360)	229,604	(890,545)
Accounts and Other Payables	<u>3,772</u>	<u>(138,183)</u>	<u>3,609</u>	<u>269</u>	<u>(1,194)</u>	<u>(131,727)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 26,284</u>	<u>\$ 20,917</u>	<u>\$ 125,832</u>	<u>\$ (1,006,673)</u>	<u>\$ 328,338</u>	<u>\$ (505,302)</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT
GOVERNMENTAL FUNDS
September 30, 2021

	Debt Retirement Fund	Capital Project Funds				Total Governmental Funds
	<u>Whitney Drain</u>	<u>Ausable Lake Assessment</u>	<u>Stylus Lake Assessment</u>	<u>Tee Lake Assessment</u>	<u>Flowage Lake Dam Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 0	\$ 4,854	\$ 6,296	\$ 12,694	\$ 6,503	\$ 30,347
Receivables:						
Special Assessments	<u>3,676</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,676</u>
Total Assets	<u>\$ 3,676</u>	<u>\$ 4,854</u>	<u>\$ 6,296</u>	<u>\$ 12,694</u>	<u>\$ 6,503</u>	<u>\$ 34,023</u>
<u>Liabilities</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Special Assessments	3,676	0	0	0	0	3,676
<u>Fund Equity</u>						
Fund Balances:						
Restricted For:						
Capital Projects	<u>0</u>	<u>4,854</u>	<u>6,296</u>	<u>12,694</u>	<u>6,503</u>	<u>30,347</u>
Total Liabilities, Deferred Inflows of Resources and Fund Equity	<u>\$ 3,676</u>	<u>\$ 4,854</u>	<u>\$ 6,296</u>	<u>\$ 12,694</u>	<u>\$ 6,503</u>	<u>\$ 34,023</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2021

Total Governmental Fund Balances		\$	30,347
Amounts reported for 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 governmental funds. Capital assets at year end consist of:			
Capital Assets Cost		\$	754,201
Accumulated Depreciation			<u>(341,295)</u>
			412,906
Other assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds:			
Special Assessments			3,676
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:			
Bonds Payable			<u>(2,484)</u>
Total Net Position - Governmental Activities		\$	<u><u>444,445</u></u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Debt Retirement Fund	Capital Project Funds				Total Governmental Funds
	Whitney Drain	Ausable Lake Assessment	Stylus Lake Assessment	Tee Lake Assessment	Flowage Lake Dam Fund	
<u>Revenue</u>						
Interest Income	\$ 0	\$ 0	\$ 1	\$ 2	\$ 1	\$ 4
Other Revenue	<u>2,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,563</u>
Total Revenue	<u>2,563</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>2,567</u>
<u>Expenditures</u>						
Current:						
Public Works	0	1,500	2,254	620	500	4,874
Debt Service:						
Principal	2,273	0	0	0	0	2,273
Interest and Fiscal Charges	<u>290</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>290</u>
Total Expenditures	<u>2,563</u>	<u>1,500</u>	<u>2,254</u>	<u>620</u>	<u>500</u>	<u>7,437</u>
Excess of Revenue Over (Under) Expenditures	0	(1,500)	(2,253)	(618)	(499)	(4,870)
Fund Balances - Beginning of Year	<u>0</u>	<u>6,354</u>	<u>8,549</u>	<u>13,312</u>	<u>7,002</u>	<u>35,217</u>
Fund Balances - End of Year	<u>\$ 0</u>	<u>\$ 4,854</u>	<u>\$ 6,296</u>	<u>\$ 12,694</u>	<u>\$ 6,503</u>	<u>\$ 30,347</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY DRAIN COMMISSION - COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	(4,870)
Amounts reported for governmental activities in the statement of activities are different because:		
Receivables not currently available are reported as revenue when collected or when currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements:		
Special Assessments		(2,273)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Current Year Depreciation Expense		(15,084)
Principal repayments on long-term debt are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount of repayments reported as expenditures in the governmental funds consist of:		
Bonds Payable		<u>2,484</u>
Change in Net Position of Governmental Activities	\$	<u><u>(19,743)</u></u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
 ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT
 GOVERNMENTAL FUNDS
September 30, 2021

	<u>Special Revenue Funds</u>		Total
	<u>EDC Fund</u>	<u>EDC Alliance Fund</u>	<u>Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ <u>1,460</u>	\$ <u>66,440</u>	\$ <u>67,900</u>
<u>Liabilities</u>	\$ 0	\$ 0	\$ 0
<u>Fund Equity</u>			
Fund Balances:			
Restricted For:			
Economic Development	<u>1,460</u>	<u>66,440</u>	<u>67,900</u>
Total Liabilities and Fund Equity	\$ <u>1,460</u>	\$ <u>66,440</u>	\$ <u>67,900</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF
 REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
 ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	<u>Special Revenue Funds</u>		
	<u>EDC Fund</u>	<u>EDC Alliance Fund</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Other Revenue	\$ 1,200	\$ 74,751	\$ 75,951
 <u>Expenditures</u>			
Current:			
Community and Economic Development	<u>0</u>	<u>25,182</u>	<u>25,182</u>
Excess of Revenue Over (Under) Expenditures	1,200	49,569	50,769
Fund Balances - Beginning of Year	<u>260</u>	<u>16,871</u>	<u>17,131</u>
Fund Balances - End of Year	<u>\$ 1,460</u>	<u>\$ 66,440</u>	<u>\$ 67,900</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
NONURBAN REGULAR SERVICE REVENUE REPORT
For the Year Ended September 30, 2021

	<u>Ogemaw County Public Transit</u>
Farebox Revenue	
Passenger Fares	\$ 37,266
Contract Fares	15,124
NonTrans Revenues	
Advertising Revenue	3,893
Gain (Loss) on Sale of Capital Assets	6,800
Other Revenue	468
Local Revenue	
Taxes Levied Directly for/by Transit Agency	527,431
State Formula and Contracts	
State Operating Assistance	358,358
Federal Contracts	
Section 5311 (Operating Funds Only)	177,941
CARES Act Lost Revenue Replacement/CARES Flex	85,938
CARES Act	<u>165,762</u>
	<u>\$ 1,378,981</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
NONURBAN REGULAR SERVICE EXPENSE REPORT
For the Year Ended September 30, 2021

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total</u>
Labor				
Operator's Salaries & Wages	\$ 215,840	\$ 0	\$ 0	\$ 215,840
Other Salaries & Wages	9,169	47,147	42,558	98,874
Dispatchers' Salaries & Wages	168,188	0	0	168,188
Fringe Benefits				
Other Fringe Benefits	128,617	21,863	28,174	178,654
Pensions	96,914	27,487	11,834	136,235
Services				
Audit Cost	0	0	7,465	7,465
Other Services	0	2,956	57,491	60,447
Material and Supplies				
Fuel & Lubricants	58,349	0	0	58,349
Tires & Tubes	8,356	0	0	8,356
Other Materials & Supplies	940	11,899	506	13,345
Utilities				
Utilities	8,649	0	869	9,518
Insurance				
Liability Insurance	32,690	0	0	32,690
Other Insurance	0	0	1,537	1,537
Misc Expenses				
Association Dues & Subscriptions	0	0	1,011	1,011
Other Misc Expenses	0	0	817	817
Depreciation				
Depreciation	<u>130,997</u>	<u>9,120</u>	<u>0</u>	<u>140,117</u>
Total Expenses	<u>858,709</u>	<u>120,472</u>	<u>152,262</u>	<u>1,131,443</u>
Ineligible Expenses				
Ineligible Depreciation	129,524	9,089	0	138,613
Ineligible Percent of Assoc. Dues	0	0	169	169
Excess Pensions Costs Paid but Not Expensed	<u>27,082</u>	<u>7,359</u>	<u>3,490</u>	<u>37,931</u>
Total Ineligible Expenses	<u>156,606</u>	<u>16,448</u>	<u>3,659</u>	<u>176,713</u>
Total Eligible Expenses	<u>\$ 702,103</u>	<u>\$ 104,024</u>	<u>\$ 148,603</u>	<u>\$ 954,730</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2021

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program Award Amount	Current Year Expenditures			Prior Year Expenditures	Award Amount Remaining
				Total	Federal	State		
<u>U.S. Department of Transportation</u>								
Passed Through Michigan Department of Transportation								
Operating Assistance - Section 5311	20.509	2017-0110/P12	\$ 177,941	\$ 177,941	\$ 177,941	\$ 0	\$ 0	\$ 0
Operating Assistance - Section 5311 - CARES	20.509	2017-0110/P12	165,762	165,762	165,762	0	0	0
Operating Assistance - CARES Flex	20.509	BW7973B20/3120	85,938	85,938	85,938	0	0	0
<u>Michigan Department of Transportation</u>								
Non Urban Operating Assistance - Act 51 Current Year	N/A	N/A	<u>358,358</u>	<u>358,358</u>	<u>0</u>	<u>358,358</u>	<u>0</u>	<u>0</u>
Total Federal and State Grants			<u>\$ 787,999</u>	<u>\$ 787,999</u>	<u>\$ 429,641</u>	<u>\$ 358,358</u>	<u>\$ 0</u>	<u>\$ 0</u>

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
 OPERATING ASSISTANCE CALCULATION
For the Year Ended September 30, 2021

	<u>2017-0110/P12 Federal Section 5311 and CARES Act</u>	<u>State Operating Assistance</u>
Total Expenses	\$ <u>1,131,443</u>	\$ <u>1,131,443</u>
Less Ineligible Expenses		
Depreciation (Less Eligible)	138,613	138,613
Association Dues	169	169
Pension Costs Expensed but Not Paid	<u>37,931</u>	<u>37,931</u>
Total Ineligible Expenses	<u>176,713</u>	<u>176,713</u>
Net Eligible Expenses	\$ <u>954,730</u>	\$ <u>954,730</u>
Maximum Federal Reimbursement	\$ <u>343,703</u>	
State Operating Assistance		\$ <u>358,358</u>

Federal Reimbursement includes 41301 Section 5311 Revenue (18.0%) as well as 41361 CARES Act Revenue (18.0%) for a total reimbursement rate computed at 36.0% of the current eligible expenses. Federal Section 5311 expenses are only those expenses incurred in providing service to nonurbanized areas. The State Operating Assistance is to be computed at 37.535% of the current eligible expenses.

COUNTY OF OGEMAW
West Branch, Michigan

OGEMAW COUNTY PUBLIC TRANSIT
NONURBAN REGULAR SERVICE NONFINANCIAL REPORT
For the Year Ended September 30, 2021

<u>Code</u>	<u>Description</u>	<u>Weekday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
611	Vehicle Miles	211,369	639	0	212,008



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COUNTY OF OGEMAW
WEST BRANCH, MICHIGAN

SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2021

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1 - 2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	3 - 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	5 - 7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	8 - 11
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS	12
COUNTY PREPARED DOCUMENTS	
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	
CORRECTIVE ACTION PLAN	



Stephenson & Company, P.C.

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February 24, 2022

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INDEPENDENT AUDITORS' 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

Board of Commissioners
County of Ogemaw
West Branch, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Ogemaw as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Ogemaw's basic financial statements and have issued our report thereon dated February 24, 2022.

Internal Control Over Financial Reporting

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

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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Ogemaw's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-004.

The County of Ogemaw's Response to Findings

The County of Ogemaw's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Ogemaw's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephenson & Company, P.C.



Stephenson & Company, P.C.

Certified Public Accountants & Consultants

February 24, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
County of Ogemaw
West Branch, Michigan

Report on Compliance for Each Major Federal Program

We have audited the County of Ogemaw's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Ogemaw's major federal programs for the year ended September 30, 2021. The County of Ogemaw's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Ogemaw's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Ogemaw's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Ogemaw's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Ogemaw complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Ogemaw as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Ogemaw's basic financial statements. We issued our report thereon dated February 24, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Stephenson & Company, P.C.

COUNTY OF OGEMAW
West Branch, Michigan

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

Summary of Auditors' Results

1. The auditors' report expresses unmodified opinions on the financial statements of the County of Ogemaw.
2. Two material weaknesses and one significant deficiency in internal control relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. One instance of noncompliance material to the financial statements of the County of Ogemaw, which is required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No material weaknesses relating to the audit of internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the County of Ogemaw expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the County of Ogemaw are reported in this schedule.
7. The programs tested as major programs included: Formula Grant for Rural Areas, CFDA# 20.509; Coronavirus Relief Local Government Grants Program, CFDA# 21.027
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The County of Ogemaw does not qualify as a low-risk auditee.

Findings - Financial Statement Audit

2021-001

Financial Statement Preparation

Condition and Criteria: Accounting principles require personnel of the County of Ogemaw to have the knowledge to review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles. The County of Ogemaw personnel prepare financial information throughout the year to assess the operations and the financial condition of the County. However, prior to the closing of the year end, multiple reclassification journal entries, material to the financial statements, were proposed by their Independent Audit Firm. Also, the County relies on their Independent Audit Firm to assist in reporting the annual financial report in accordance with GAAP.

Effect: As a result, the County is considered to have a material weakness, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the County would not be in a position to detect the errors or omissions.

COUNTY OF OGEMAW
West Branch, Michigan

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

Findings - Financial Statement Audit (Continued)

2021-001

Financial Statement Preparation (Continued)

Cause: The County relies on their Independent Audit Firm to assist in reporting the annual financial report in accordance with GAAP as well as propose material journal entries to the financial statements.

Context: The County of Ogemaw has individuals on staff to review the financial report to ensure it is accurate, and the financial information reflects the recording of the proposed entries. However, the individuals do not review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles.

Auditors' Recommendation: We recommend that Management and those charged with governance evaluate and document their decision on the cost and benefits of whether to contract for this service with their independent audit firm.

Views of Responsible Officials and Planned Corrective Actions: The County understands the risk of having the auditors prepare the financial statements and have determined to accept this risk as they feel the benefit outweighs the risk itself. However, to mitigate this risk, the 2021 PPC Governmental Disclosure Checklist was received and reviewed by the County Treasurer and Clerk as part of reviewing and approving their financial statements, to assist in ensuring that all required disclosures are properly included in the financial statements.

2021-002

Bank Reconciliations Not Completed Timely

Condition and Criteria: Preparation and review of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. During our audit, it was noted that bank reconciliations were not being completed properly or in a timely manner throughout the fiscal year, primarily due to switching General Ledger software and staff turnover in the prior year.

Effect: Opportunities therefore exist, that would allow for the misstatement of both cash receipts and disbursements.

Cause: Due to the building closures from the pandemic in the prior year, as well as the implementation of new software, and staff turnover, staff fell behind in bank reconciliation duties, causing the year end bank reconciliation to have a significant unreconciled difference.

Context: Lack of timely completed bank reconciliations could allow for misstatement of cash receipts and disbursements.

Auditors' Recommendation: We recommend that all reconciliations be prepared on a timely basis, reviewed by someone who is not involved in the reconciliation process and ensure that any unadjusted and/or un-reconciled differences are followed up on and corrected immediately, documented with initialing and dating of the reconciliation.

Views of Responsible Officials and Planned Corrective Actions: The County understands the risk of not having timely completed bank reconciliations and will begin implementing the above recommendations immediately.

COUNTY OF OGEMAW
West Branch, Michigan

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

Findings - Financial Statement Audit (Continued)

2021-003

Payroll Tracking Controls

Condition and Criteria: Adequate tracking of payroll activities, including paid time off and comp time balances, is crucial to ensuring employees are being paid appropriately according to their respective employee agreements. During our audit, we noted two separate instances where adequate tracking of payroll-related items was not occurring.

Effect: The County could over pay employees for comp time and/or paid time off that the employee did not truly still have available.

Cause: Currently, not all payroll related functions are being handled centrally in the County Clerk's office.

Context: Two areas at the County currently allow for manual tracking of comp time and/or paid time off, which allows for errors in the available balances at any given time.

Auditors' Recommendation: We recommend that all payroll related tracking and activities being handled centrally in the County Clerk's Office through an electronic system that leaves less room for error.

Views of Responsible Officials and Planned Corrective Actions: Management understands the issues and is in the process of implementing new payroll software that will resolve this issue.

2021-004

Timely Disbursement of Taxes

Condition and Criteria: Governmental entities are required to distribute taxes to the appropriate entities within 10 business days of the first and fifteenth day of each month as detailed out in MCL 211.43. During our audit, we noted that one material tax disbursement that was not made until well after the required 10 business days.

Effect: The County is out of compliance with MCL 211.43.

Cause: An oversight occurring in the Treasurer's office allowed for a tax payment to be missed and go undetected for several months.

Context: One large tax payment that should have been paid out within 10 business days after the first or fifteenth day of the month was missed, and not paid out timely.

Auditor's Recommendation: We recommend that care is taken to ensure any tax payments received by the County are distributed in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: Management understands what happened and is in the process of implementing steps in their office to prevent such oversights from occurring in the future.

Findings and Questioned Costs - Major Federal Award Programs Audit

There were no findings or questioned costs related to the major federal award program audit for the year ended September 30, 2021.

COUNTY OF OGEMAW
West Branch, Michigan

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

Federal Grantor or Pass Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/2020	Current Year Expenditures	Current Year Receipts (Cash Basis)	Adjustments	Accrued (Deferred) Revenue at 9/30/2021	Current Year Cash Transferred to Subrecipients
<u>U.S. Department of Agriculture</u>									
Direct Program:									
Rural Housing Preservation Grant									
Housing Preservation Grant Program Income	10.433	N/A	\$ 0	\$ 0	\$ 30,653	\$ 30,653	\$ 0	\$ 0	\$ 0
Housing Preservation Grant 10-533 '2019 - 2020		162,520	61,901	38,114	79,324	110,050	0	7,388	0
		<u>162,520</u>	<u>61,901</u>	<u>38,114</u>	<u>109,977</u>	<u>140,703</u>	<u>0</u>	<u>7,388</u>	<u>0</u>
Schools and Roads Grant to States 2021	10.665	22,781	0	0	22,781	22,781	0	0	22,781
Community Facilities Grant: Police Vehicles Grant - 2021	10.766	29,400	0	0	29,400	29,400	0	0	0
Total U.S. Department of Agriculture		<u>214,701</u>	<u>61,901</u>	<u>38,114</u>	<u>162,158</u>	<u>192,884</u>	<u>0</u>	<u>7,388</u>	<u>22,781</u>
<u>U.S. Department of Housing and Urban Development</u>									
Passed through Michigan State Housing Development Authority:									
Community Development Block Grant Program Income	14.228	N/A	0	0	120,793	120,793	0	0	0
<u>U.S. Department of Interior</u>									
Passed through the Michigan State Housing Development Authority:									
Payment in lieu of Taxes Program	15.226	7,207	0	0	7,207	7,207	0	0	0
Bankhead-Jones Farm Tenant Act - Title III - 2019		5,405	5,405	0	0	0	0	0	5,405
Bankhead-Jones Farm Tenant Act - Title III - 2020		4,110	0	0	4,110	4,110	0	0	4,110
Bankhead-Jones Farm Tenant Act - Title III - 2021		3,440	0	0	3,440	3,440	0	0	3,440
		<u>20,162</u>	<u>5,405</u>	<u>0</u>	<u>14,757</u>	<u>14,757</u>	<u>0</u>	<u>0</u>	<u>12,955</u>
<u>U.S. Department of Justice</u>									
Direct Program									
Coronavirus Emergency Supplemental Funding Grants									
34th Circuit and 82nd District Courts - CESF-8-65-083	16.034	54,838	5,680	5,680	36,507	41,107	0	1,080	0
Prosecutor's Office - CESF-7-65-056		21,000	106	106	14,503	13,853	0	756	0
Sheriff's Office - CESF-322-2020		38,912	38,912	38,912	0	0	0	38,912	0
		<u>114,750</u>	<u>44,698</u>	<u>44,698</u>	<u>51,010</u>	<u>54,960</u>	<u>0</u>	<u>40,748</u>	<u>0</u>
Direct Program									
Bulletproof Vest Partnership Grant FY2020 Regular Fund	16.607	2,700	0	0	2,100	0	0	2,100	0
Total Department of Justice		<u>117,450</u>	<u>44,698</u>	<u>44,698</u>	<u>53,110</u>	<u>54,960</u>	<u>0</u>	<u>42,848</u>	<u>0</u>

The accompanying notes are an integral part of this schedule.

COUNTY OF OGEMAW
West Branch, Michigan

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

Federal Grantor or Pass Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/20	Current Year Expenditures	Current Year Receipts (Cash Basis)	Adjustments	Accrued (Deferred) Revenue at 9/30/21	Current Year Cash Transferred to Subrecipients
<u>U.S. Department of Transportation</u>									
Passed through Michigan Department of Transportation:									
Formula Grants for Rural Areas									
Operating Assistance - Section 5311 12-0146 131734	20.509	\$ 166,816	\$ 166,816	\$ 10,834	\$ 0	\$ 10,026	\$ 0	\$ 808	\$ 0
Operating Assistance - Section 5311 12-0146 131734		176,063	176,063	9,424	0	0	0	9,424	0
Operating Assistance - Section 5311 2017-0110/P10/R1		329,994	331,845	59,242	0	90,392	0	(31,150)	0
Operating Assistance - Section 5311 2017-0110/P12		177,941	0	0	177,941	163,302	0	14,639	0
CARES Act Flex Revenue (Covid-19) BW7973B20/3120		85,938	0	0	85,938	85,938	0	0	0
CARES Act Revenue (Covid-19)		165,762	0	0	165,762	165,762	0	0	0
		<u>1,102,514</u>	<u>674,724</u>	<u>79,500</u>	<u>429,641</u>	<u>515,420</u>	<u>0</u>	<u>(6,279)</u>	<u>0</u>
<u>U.S. Department of Treasury</u>									
Passed through Michigan Department of Treasury:									
Coronavirus Emergency Supplemental Funding Program									
Public Safety & Health Payroll Reimbursement Program									
SLT0040 / SLT0247	21.019	13,052	11,418	(1,634)	0	0	1,634	0	0
First Responder Hazard Pay Premiums Program		43,000	42,000	(1,000)	0	0	1,000	0	0
SLT0040 / SLT0247		<u>56,052</u>	<u>53,418</u>	<u>(2,634)</u>	<u>0</u>	<u>0</u>	<u>2,634</u>	<u>0</u>	<u>0</u>
Passed through Michigan Department of Treasury:									
Coronavirus Relief Local Government Grants Program									
	21.027	<u>2,039,211</u>	<u>0</u>	<u>0</u>	<u>621,110</u>	<u>2,039,211</u>	<u>0</u>	<u>(1,418,101)</u>	<u>0</u>
Total U.S. Department of Treasury		<u>2,095,263</u>	<u>53,418</u>	<u>(2,634)</u>	<u>621,110</u>	<u>2,039,211</u>	<u>2,634</u>	<u>(1,418,101)</u>	<u>0</u>
<u>U.S. Department of Health and Human Services</u>									
Child Support Enforcement									
Passed through Michigan Department of Human Services									
Prosecuting Attorney CS-PA17-65002	93.563	292,631	167,460	6,861	39,708	42,792	0	3,777	0
Friend of the Court Title IV D CS/FOC-17-65001		1,669,504	884,980	33,141	230,126	248,573	0	14,694	0
Performance Incentive Payments		28,186	0	0	28,186	28,186	0	0	0
		<u>1,990,321</u>	<u>1,052,440</u>	<u>40,002</u>	<u>298,020</u>	<u>319,551</u>	<u>0</u>	<u>18,471</u>	<u>0</u>
<u>U.S. Department of Homeland Security</u>									
Passed through Michigan Department of Natural Resources:									
Boating Safety Financial Assistance - 2020	97.012	8,700	5,200	5,200	0	5,200	0	0	0
Boating Safety Financial Assistance - 2021		8,700	0	0	8,700	0	0	8,700	0
		<u>17,400</u>	<u>5,200</u>	<u>5,200</u>	<u>8,700</u>	<u>5,200</u>	<u>0</u>	<u>8,700</u>	<u>0</u>

The accompanying notes are an integral part of this schedule.

COUNTY OF OGEMAW
West Branch, Michigan

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

Federal Grantor or Pass Through Grantor Program Title/Grantor's Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/20	Current Year Expenditures	Current Year Receipts (Cash Basis)	Adjustments	Accrued (Deferred) Revenue at 9/30/21	Current Year Cash Transferred to Subrecipients
<u>U.S. Department of Homeland Security (Continued)</u>									
Passed through Michigan State Police:									
Emergency Management Performance Grant - 2020	97.042	\$ 6,966	\$ 6,966	\$ 6,966	\$ 0	\$ 6,966	\$ 0	\$ 0	\$ 0
Emergency Management Performance Grant - 2021		6,574	0	0	6,574	0	0	6,574	0
Emergency Management Performance Grant - American Recue Plan Act		3,426	0	0	3,426	0	0	3,426	0
		<u>16,966</u>	<u>6,966</u>	<u>6,966</u>	<u>10,000</u>	<u>6,966</u>	<u>0</u>	<u>10,000</u>	<u>0</u>
Passed through Midland County:									
Homeland Security Grant EMW-2016-SS-00010-S01	97.067	106,682	106,682	32,154	0	32,154	0	0	0
Homeland Security Grant EMW-2019-SS-00021		41,663	0	0	41,663	20,313	0	21,350	0
		<u>148,345</u>	<u>106,682</u>	<u>32,154</u>	<u>41,663</u>	<u>52,467</u>	<u>0</u>	<u>21,350</u>	<u>0</u>
Total U.S. Department of Homeland Security		<u>182,711</u>	<u>118,848</u>	<u>44,320</u>	<u>60,363</u>	<u>64,633</u>	<u>0</u>	<u>40,050</u>	<u>0</u>
Total Federal Financial Awards		<u>\$ 5,723,122</u>	<u>\$ 2,011,434</u>	<u>\$ 244,000</u>	<u>\$ 1,759,952</u>	<u>\$ 3,322,209</u>	<u>\$ 2,634</u>	<u>\$ (1,315,623)</u>	<u>\$ 35,736</u>

The accompanying notes are an integral part of this schedule.

COUNTY OF OGEMAW
West Branch, Michigan

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Ogemaw under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Ogemaw, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Ogemaw .

Note 2 - Summary of Significant Accounting Policies

- A. The Schedule of Expenditures of Federal Awards is a summary of the cash activity of the County's federal awards and does not present transactions that would be included in financial statements of the County presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.
- B. The County of Ogemaw did not elect to use a flat de minimus rate of 10% of modified total direct costs for their indirect cost rate.

Note 3 - Reconciliation to Financial Statements:

Federal revenue presented in the financial statements:

Governmental Funds	\$ 1,370,394
Proprietary Funds	429,641
	1,800,035

Accounts receivable for the year ended September 30, 2020 received more than 60 days after year-end and recognized as federal revenue in the fiscal year

September 30, 2021 financial statements:

Housing Preservation Grant 10-533	(27,356)
34th Circuit and 82nd District Courts - CESF-8-65-083	(5,680)
Prosecutor's Office - CESF-7-65-056	(106)
Sheriff's Office - CESF-322-2021	(38,912)
Friend of the Court Title IV D CS/FOC-17-65001	(33,141)
Prosecuting Attorney CS-PA17-65002	(6,861)
Emergency Management Performance Grant	(6,966)

Accounts receivable for the year ended September 30, 2021 received more than 60 days after year-end and to be recognized as federal revenue in fiscal year

September 30, 2022 financial statements:

Boating Safety Financial Assistance - 2021	8,700
Friend of the Court Title IV D CS/FOC-17-65001	14,694
Prosecuting Attorney CS-PA17-65002	3,777
Emergency Management Performance Grant - 2021	6,574
Emergency Management Performance Grant - American Recue Plan Act	3,426
Prosecutor's Office - CESF-7-65-056	756
Sheriff's Office - CESF-322-2020	38,912
Bulletproof Vest Partnership Grant FY2020 Regular Fund	2,100

Federal revenue on the Schedule of Expenditures of Federal Awards	\$ 1,759,952
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County of Ogemaw
West Branch, Michigan

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

<u>Federal Program Title/Subrecipient</u>	<u>Project Number</u>	<u>Federal CFDA Number</u>	<u>Approved Grant Award Amount</u>	<u>Due to Subrecipient October 1, 2020</u>	<u>Current Year Transfer to Subrecipient</u>	<u>Current Year Subrecipient Federal Expenditures</u>	<u>Due to Subrecipient September 30, 2021</u>
Schools & Roads Grants	N/A	10.665	N/A				
West Branch Rose City Schools				\$ 0	\$ 17,086	\$ 17,086	\$ 0
Rose Township				0	2,392	2,392	0
Goodar Township				0	3,303	3,303	0
				<u>0</u>	<u>22,781</u>	<u>22,781</u>	<u>0</u>
Bankhead-Jones Farm Tenant Act - 2019	N/A	15.226	N/A				
West Branch Rose City Schools				4,054	4,054	0	0
Rose Township				567	567	0	0
Goodar Township				784	784	0	0
				<u>5,405</u>	<u>5,405</u>	<u>0</u>	<u>0</u>
Bankhead-Jones Farm Tenant Act - 2020	N/A	15.226	N/A				
West Branch Rose City Schools				0	3,082	3,082	0
Rose Township				0	432	432	0
Goodar Township				0	596	596	0
				<u>0</u>	<u>4,110</u>	<u>4,110</u>	<u>0</u>
Bankhead-Jones Farm Tenant Act - 2021	N/A	15.226	N/A				
West Branch Rose City Schools				0	2,580	2,580	0
Rose Township				0	361	361	0
Goodar Township				0	499	499	0
				<u>0</u>	<u>3,440</u>	<u>3,440</u>	<u>0</u>
Total Federal Awards Provided to Subrecipients				<u>\$ 5,405</u>	<u>\$ 35,736</u>	<u>\$ 30,331</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this schedule.

CAREN PIGLOWSKI
OGEMAW COUNTY TREASURER
806 W. Houghton Ave. Rm#103, West Branch, MI 48661
989-345-0084
Cindy Scott, Chief Deputy Treasurer

Summary Schedule of Prior Year Audit Findings:

Findings – Financial Statements Audit

2020-001 - Financial Statement Preparation

Finding: The County of Ogemaw's personnel prepare financial information throughout the year to assess the operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in reporting the annual financial report in accordance with Generally Accepted Accounting Principles.

Year of Initial Occurrence: September 30, 2007

Status: This situation still exists. See the current year Corrective Action Plan.

2020-002 - Bank Reconciliations Not Completed Timely

Finding: The County of Ogemaw's personnel has not been preparing or reviewing monthly bank reconciliations in a timely manner.

Year of Initial Occurrence: September 30, 2020

Status: This situation still exists. See the current year Corrective Action Plan.

Findings and Questioned Costs – Major Federal Award Programs Audit

There were no related findings or questioned costs related to the major federal award program audit for the year ended September 30, 2020.

CAREN PIGLOWSKI
OGEMAW COUNTY TREASURER

806 W. Houghton Ave. Rm#103, West Branch, MI 48661
989-345-0084

Cindy Scott, Chief Deputy Treasurer

Corrective Action Plan
2020-2021 Fiscal Year

2021-001 - Financial Statement Preparation Controls

Condition: The County of Ogemaw's personnel prepare financial information throughout the year to assess the operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in reporting the annual financial report in accordance with Generally Accepted Accounting Principles.

Corrective Action: The County understands the risk of having the auditors prepare the financial statements and has determined to accept this risk as they feel the benefit outweighs the risk itself. However, to mitigate this risk, the 2021 PPC Governmental Disclosure Checklist is received and reviewed by the County Treasurer and Clerk as part of reviewing and approving their financial statements to assist in ensuring that all required disclosures are properly included in the financial statements.

Contact Person Responsible for Corrective Action: Caren Piglowski, County Treasurer and Tim Dolehanty, County Administrator

Anticipated Completion Date: Ongoing, with annual review by the County Treasurer, County Administrator, Board of Commissioners, and Auditor.

2021-002 - Bank Reconciliations Not Completed Timely

Condition: During the audit it was noted that bank reconciliations were not being completed properly or in a timely manner throughout the fiscal year, primarily due to switching General Ledger software and staff turnover in the prior year. This caused the year end bank reconciliation to have a significant unreconciled difference.

Corrective Action: Ogemaw County understands the risk of bank reconciliations not being prepared or reviewed timely. Additional contracted services have been obtained to assist with the reconciliation process. New software has been implemented and will be utilized to facilitate timely and accurate bank reconciliations, reviewed and approved by the County Treasurer on a monthly basis.

Contact Person Responsible for Corrective Action: Caren Piglowski, County Treasurer

Anticipated Completion Date: Ongoing, with annual review by the County Treasurer, Board of Commissioners, and Auditor

2021-004 - Timely Disbursement of Taxes

Condition: During the fiscal year, there was one material tax disbursement that was not made until well after the required 10 business days, causing the County to be out of compliance with MCL 211.43.

Corrective Action: Ogemaw County Treasurer's Office has newly trained staff monitoring the calendar dates and using an excel spreadsheet to be in compliance with MCL 211.43.

Contact Person Responsible for Corrective Action: Caren Piglowski, County Treasurer and Tim Dolehanty, County Administrator

Anticipated Completion Date: Ongoing, with annual review by the County Treasurer, County Administrator, Board of Commissioners, and Auditor.

OGEMAW COUNTY CLERK Breck L. Gildner

TRACY L. TURNER
CHIEF DEPUTY COUNTY CLERK

COUNTY OF OGEMAW
34th JUDICIAL CIRCUIT

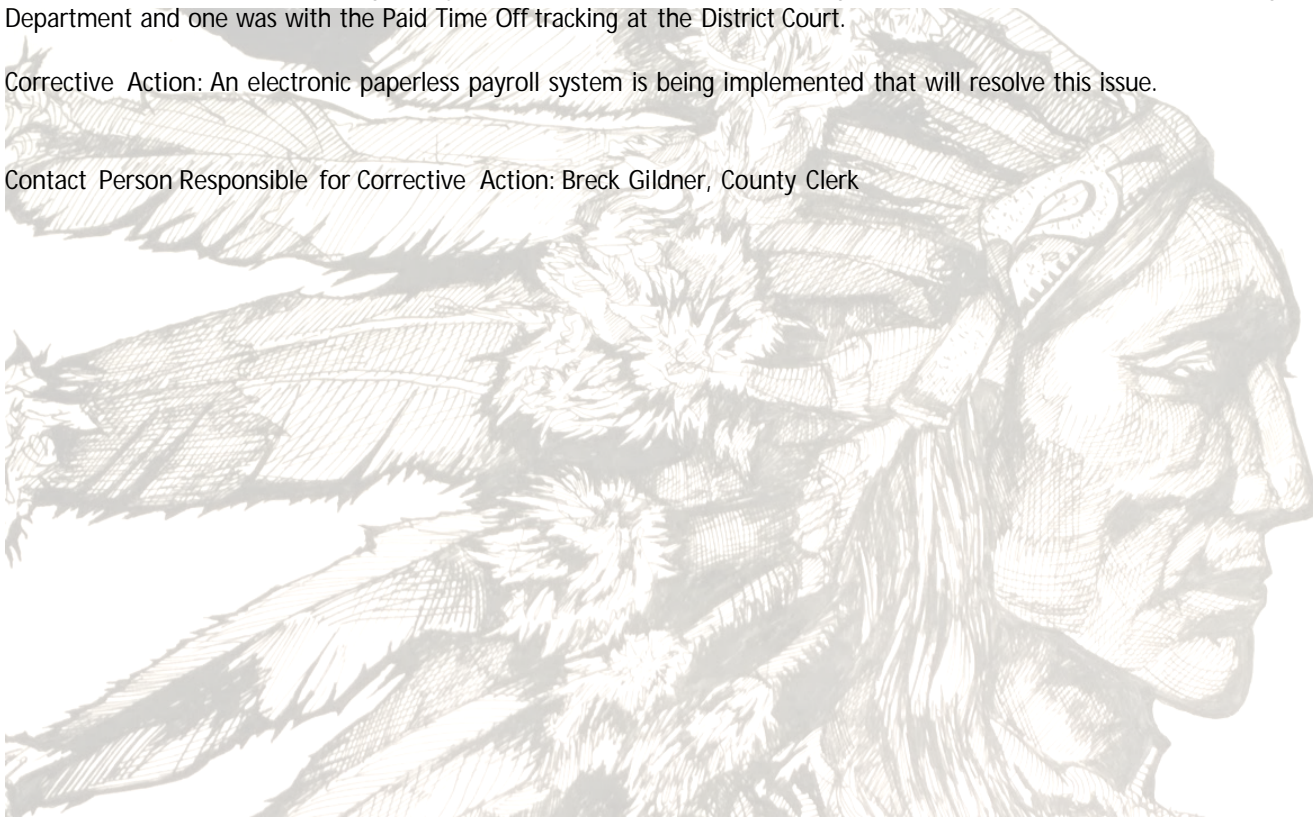
Corrective Action Plan Continued 2020-2021 Fiscal Year

2021-003 – Payroll Tracking Controls

Condition: Not all payroll related functions are being handled centrally in the County Clerk's office, allowing for two separate instances where adequate tracking of payroll-related items was not occurring. One was with the Comp Time tracking at the Sheriff's Department and one was with the Paid Time Off tracking at the District Court.

Corrective Action: An electronic paperless payroll system is being implemented that will resolve this issue.

Contact Person Responsible for Corrective Action: Breck Gildner, County Clerk





Stephenson & Company, P.C.
Certified Public Accountants & Consultants

Alan J. Stephenson, CPA
Donald W. Brannan, CPA
Kyle E. Troyer, CPA
Robert J. Morand, CPA
Brenden A. Stephenson, CPA/PFS, CFP®
Cynthia R. Scott, CPA, CFE

February 24, 2022

Management and the Board
County of Ogemaw
West Branch, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 4, 2021. Professional standards also require that we communicate to you the following information related to our audit. The appendices to this letter set forth those communications as follows:

I Communication with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel of the County during the audit and met with management on February 24, 2022. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Commissioners, others within the County and the Michigan Department of Treasury and are not intended to be, and should not be, used by anyone other than those specified parties.

Very truly yours,

Stephenson & Company, P.C.

APPENDIX I COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Significant Audit Matters

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Ogemaw are described in Note 1 to the financial statements. As described in Note 2 to the financial statements, the County of Ogemaw changed accounting policies related to Fiduciary Activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, "Fiduciary Activities" in 2021. Accordingly, the cumulative effect on the accounting change as of the beginning of the year is reported in the Statement of Net Position. We noted no transactions entered into by the County of Ogemaw during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County of Ogemaw's financial statements were:

Management's estimate of the net pension liability and the net OPEB liability are based on pension and OPEB obligations and actuarial reports. We evaluated the key factors and assumptions used to develop the net pension liability and annual required contribution for post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

Although management worked very hard in trying to meet the necessary deadlines, difficulties were encountered during the audit due to cash not being in balance at year end, as well as significant journal entries being required during the audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined the effects of the unadjusted audit differences are immaterial, both individually and in the aggregate, to the financial statements as a whole, and material misstatements provided to management on February 24, 2022 were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County of Ogemaw's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. It is our understanding that the County contracted with Maner Costerisan during the fiscal year for assistance with cash reconciliations, consultations with the American Recovery Act dollars and related calculations, overall general ledger clean up, and assistance with proper implementation of GASB 84.

**APPENDIX I
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Ogemaw's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

We were engaged to report on the combining nonmajor fund financial statements, Ogemaw County Drain Commission – component unit fund financial statements, Economic Development Corporation – component unit fund financial statements, Ogemaw County Public Transit – Nonurban Regular Service Revenue Report, Ogemaw County Public Transit – Schedule of Expenditures of Federal and State Awards, and Ogemaw County Public Transit – Operating Assistance Calculation, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Ogemaw County Public Transit – Nonurban Regular Service Nonfinancial Report, which accompanies the financial statements but is not RSI. Such information has 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 it.

APPENDIX II MANAGEMENT COMMENTS

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Ogemaw as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the County of Ogemaw'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 of Ogemaw's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Ogemaw's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

FINANCIAL STATEMENT PREPARATION CONTROLS

In conjunction with our audit, we have been contracted to prepare the financial statements and related disclosures based on the information provided to us by Management. We would like to stress that this service is allowable under AICPA ethics guidelines and may be the most efficient and effective method for preparation of the County's financial statements. However, if at any point in the audit we as auditors are part of the County's control system for producing reliable financial statements, auditing standards indicate that the County has a control deficiency. If Management is not able to prepare financial statements, including disclosures, and the auditors are contracted to prepare these statements, this is considered a control deficiency. The effect of this material weakness is that reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles (GAAP) and the County would not be in a position to detect the errors or omissions. We recommend that Management and those charged with governance evaluate and document their decision on the costs and benefits of whether to contract for this service with our firm.

BANK RECONCILIATIONS

Timely preparation and review of complete and accurate bank reconciliations is key to maintaining adequate control over both cash receipts and disbursements. During our audit, it was noted that bank reconciliations were not being completed properly or in a timely manner throughout the fiscal year, primarily due to switching General Ledger software and staff turnover in the prior year. While an outside CPA firm was brought in to assist with getting the bank reconciliations caught up, the reconciliations were still not properly completed as of the time of the audit, resulting in a reconciling difference at September 30, 2021 of \$71,475. We recommend that all reconciliations be prepared on a timely basis, reviewed by someone who is not involved in the reconciliation process and ensure that any unadjusted and/or un-reconciled differences are followed up on and corrected immediately. This review should be documented with initialing and dating the reconciliation. With the new software now being implemented, and with having a clean starting point with the bank reconciliations for the new fiscal year, these reconciliations should be more easily completed, in an accurate fashion, and on a consistent 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. We consider the following deficiency in the County of Ogemaw's internal control to be a significant deficiency:

**APPENDIX II
MANAGEMENT COMMENTS**

PAYROLL TRACKING CONTROLS

Adequate tracking of payroll, including paid time off and comp time balances, is crucial to ensuring employees are being paid appropriately according to their respective employee agreements. During our audit, we noted two separate instances where adequate tracking of payroll-related items was not occurring. The first related to comp time not being properly deducted from the manual spreadsheet maintained by the Sheriff's Office. The second instance related to lack of documentation for paid time off for District Court employees. We recommend that all payroll related tracking and activities being handled centrally in the County Clerk's Office through an electronic system that leaves less room for error.

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, or other matters that are opportunities for strengthening internal controls and operating efficiency.

TIMELY DISBURSEMENT OF TAXES

Governmental entities are required to distribute taxes to the appropriate entities within 10 business days of the first and fifteenth day of each month as detailed out in MCL 211.43. During our audit, we noted that one tax disbursement that we considered to be material to the financial statements was not made until well after the required 10 business days. We recommend that care is taken to ensure any tax payments received by the County are distributed in a timely manner.

BUDGET CONTROL

During our audit, we noted that the final budget provided to the board, as well as posted on the County website, did not change from the original budget approved before the fiscal year began. Not adjusting the budget for significant events that transpired throughout the year triggered material variances between the appropriated expenditures and actual expenditures at year end. We did note various resolutions throughout the year authorizing the budget overages and transfers of funds; however, these approved resolutions did not make their way to the official budget. We recommend that management incorporate all approved budget related resolutions directly into the accounting software, so that the final budget being approved by the Board incorporates all known changes and reflects the true intentions of the County.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

STATUS OF PRIOR YEAR COMMENTS:

We have reviewed the status of comments and recommendations made in the prior year. The status of prior year comments is as follows:

<u>Comment</u>	<u>Implemented/ Situation Corrected</u>	<u>Management Decision To Not Implement</u>	<u>Progress Made</u>	<u>Situation Still Exists</u>
Financial Statement Preparation Controls				X
Timely Bank Reconciliations			X	
Taxes Receivable Subsidiary Ledgers	X			
Adhearance to Purchasing Policy	X			