

Leelanau  
County,  
Michigan



Year Ended  
December 31,  
2022

Financial  
Statements

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# LEELANAU COUNTY, MICHIGAN

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## INDEPENDENT AUDITORS' REPORT

May 26, 2023

Honorable Members of the  
Board of Commissioners  
Leelanau County  
Suttons Bay, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

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 **Leelanau County, Michigan** (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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



### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

As management of Leelanau County, Michigan, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

Key metrics and financial highlights of the County for the year ended December 31, 2022 are as follows:

Total net position	\$ 33,195,087
Unrestricted net position	14,335,851
Change in net position	(1,581,744)
Fund balances, governmental funds	12,196,177
Change in fund balances, governmental funds	(740,285)
Fund balance, General Fund	9,094,616
(as percentage of General Fund expenditures and transfers out)	58%
Unassigned fund balance, General Fund	8,974,942
(as percentage of General Fund expenditures and transfers out)	57%

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include various services within the legislative, general government, judicial, public safety, public works, health and welfare, and recreation and cultural functions. The business-type activities of the County include delinquent tax collection, building inspection, inmate commissary, and tax reversion functions.

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the *primary government*) , but also the legally separate Leelanau County Road Commission, Brownfield Redevelopment Authority and Land Bank Authority for which the County is financially accountable. Financial information for discretely presented *component units* is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and change in fund balances for the General Fund, the Senior Services Special Revenue Fund, the Communication Towers Special Revenue Fund, and the Village of Northport Sewer Debt Retirement Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets for the General Fund and the major special revenue funds.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax collection, building inspection, inmate commissary, homestead audit, and treasurer's tax reversion activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various County functions.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## LEELANAU COUNTY, MICHIGAN

### Management's Discussion and Analysis

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the pension plans.

The combining statements referred to earlier in connection with nonmajor funds are presented following the required supplementary information.

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,195,087 at the close of the most recent fiscal year. A large portion of the County's net position represents its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

#### Net Position

Net investment in capital assets is 44.8% of the total net position. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's total net position decreased by \$1,581,744 for the year ended December 31, 2022.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 28,433,256	\$ 25,159,690	\$ 8,548,990	\$ 8,060,809	\$ 36,982,246	\$ 33,220,499
Capital assets, net	18,735,018	20,022,095	-	-	18,735,018	20,022,095
<b>Total assets</b>	<u>47,168,274</u>	<u>45,181,785</u>	<u>8,548,990</u>	<u>8,060,809</u>	<u>55,717,264</u>	<u>53,242,594</u>
<b>Deferred outflow of resources</b>	<u>4,434,193</u>	<u>1,338,418</u>	<u>-</u>	<u>-</u>	<u>4,434,193</u>	<u>1,338,418</u>
<b>Liabilities</b>						
Long-term liabilities	17,080,671	11,650,521	16,146	20,615	17,096,817	11,671,136
Other liabilities	5,261,618	3,456,122	37,549	55,955	5,299,167	3,512,077
<b>Total liabilities</b>	<u>22,342,289</u>	<u>15,106,643</u>	<u>53,695</u>	<u>76,570</u>	<u>22,395,984</u>	<u>15,183,213</u>
<b>Deferred inflows of resources</b>	<u>4,560,386</u>	<u>4,620,968</u>	<u>-</u>	<u>-</u>	<u>4,560,386</u>	<u>4,620,968</u>
<b>Net position</b>						
Net investment in capital assets	14,882,378	15,486,149	-	-	14,882,378	15,486,149
Restricted	3,976,858	3,874,641	-	-	3,976,858	3,874,641
Unrestricted	5,840,556	7,431,802	8,495,295	7,984,239	14,335,851	15,416,041
<b>Total net position</b>	<u>\$ 24,699,792</u>	<u>\$ 26,792,592</u>	<u>\$ 8,495,295</u>	<u>\$ 7,984,239</u>	<u>\$ 33,195,087</u>	<u>\$ 34,776,831</u>

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,445,626	\$ 2,431,278	\$ 1,554,446	\$ 1,531,690	\$ 4,000,072	\$ 3,962,968
Operating grants	1,279,522	1,079,085	-	-	1,279,522	1,079,085
Capital grants	29,725	31,650	-	-	29,725	31,650
General revenues:						
Property taxes	13,437,388	12,930,101	-	-	13,437,388	12,930,101
Unrestricted grants and contributions	933,944	310,697	-	-	933,944	310,697
Unrestricted investment earnings (loss)	(19,959)	10,293	16,747	(338)	(3,212)	9,955
Gain on sale of capital assets	46,726	31,800	-	-	46,726	31,800
Other revenues	359,944	-	-	-	359,944	-
<b>Total revenues</b>	<b>18,512,916</b>	<b>16,824,904</b>	<b>1,571,193</b>	<b>1,531,352</b>	<b>20,084,109</b>	<b>18,356,256</b>
<b>Expenses</b>						
Legislative	968,553	569,688	-	-	968,553	569,688
General government	5,529,040	4,399,732	-	-	5,529,040	4,399,732
Judicial	1,626,791	1,449,196	-	-	1,626,791	1,449,196
Public safety	8,755,373	7,076,451	-	-	8,755,373	7,076,451
Public works	731,552	691,337	-	-	731,552	691,337
Health and welfare	2,746,080	2,123,906	-	-	2,746,080	2,123,906
Recreation and cultural	237,420	220,973	-	-	237,420	220,973
Interest on long-term debt	143,356	136,655	-	-	143,356	136,655
Delinquent tax collection	-	-	6,453	10,024	6,453	10,024
Building inspections	-	-	849,859	759,142	849,859	759,142
Inmate commissary	-	-	14,806	7,039	14,806	7,039
Treasurer's tax reversion	-	-	56,570	45,100	56,570	45,100
<b>Total expenses</b>	<b>20,738,165</b>	<b>16,667,938</b>	<b>927,688</b>	<b>821,305</b>	<b>21,665,853</b>	<b>17,489,243</b>
Change in net position, before transfers	(2,225,249)	156,966	643,505	710,047	(1,581,744)	867,013
<b>Transfers</b>	<b>132,449</b>	<b>254,346</b>	<b>(132,449)</b>	<b>(254,346)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(2,092,800)</b>	<b>411,312</b>	<b>511,056</b>	<b>455,701</b>	<b>(1,581,744)</b>	<b>867,013</b>
Net position, beginning of year	26,792,592	26,381,280	7,984,239	7,528,538	34,776,831	33,909,818
<b>Net position, end of year</b>	<b>\$ 24,699,792</b>	<b>\$ 26,792,592</b>	<b>\$ 8,495,295</b>	<b>\$ 7,984,239</b>	<b>\$ 33,195,087</b>	<b>\$ 34,776,831</b>

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

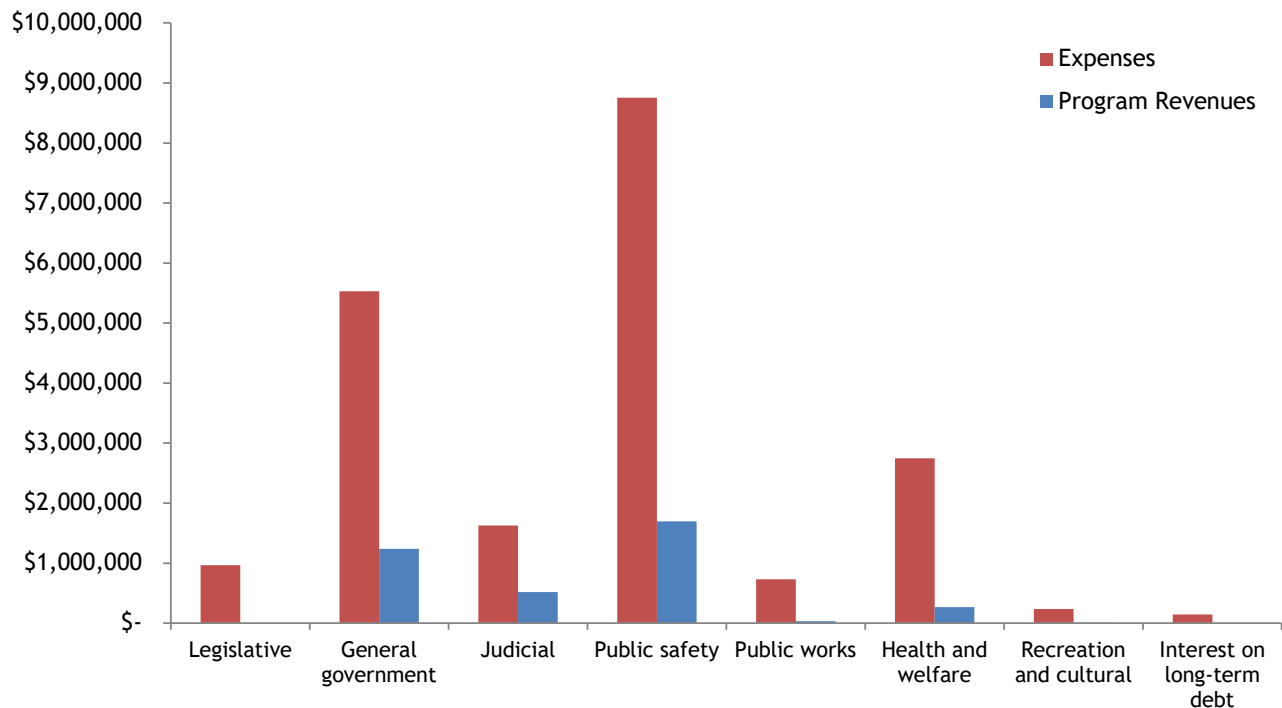
### Governmental Activities

Governmental activities decreased the County's net position by \$2,092,800, compared to an increase of \$411,312 in the prior year. Property tax revenues increased due to an increase in taxable values, while unrestricted grants and contributions increased due to revenue sharing increases and recognition of CSLFRF revenues in 2022. Other revenues increased due to various Opioid settlements that took place in 2022. Overall expenses increased by approximately 24.4% as compared to 2021, primarily due to an increase in pension expense and additional staffing level increases.

Governmental activities include:

- Legislative activities - expenses related to support the Board of Commissioners and high-level administrative expenses.
- General government activities - expenses related to support the departments of the County such as administration, human resources, treasury, information services, facilities management and finance.
- Judicial activities - expenses related to the administration of circuit, district and probate/family courts and court probation units.
- Public safety - expenses related to sheriff's administration and road patrol and County corrections services.
- Public works - expenses related to the County drain commissioner.
- Health and welfare - expenses related to veterans' services, medical examiner fees, expansion of a local hospital (a legally separate entity), operations of the senior services and childcare programs.
- Recreation and cultural activities - expenses related to County owned parks.

**Expenses and Program Revenues - Governmental Activities**

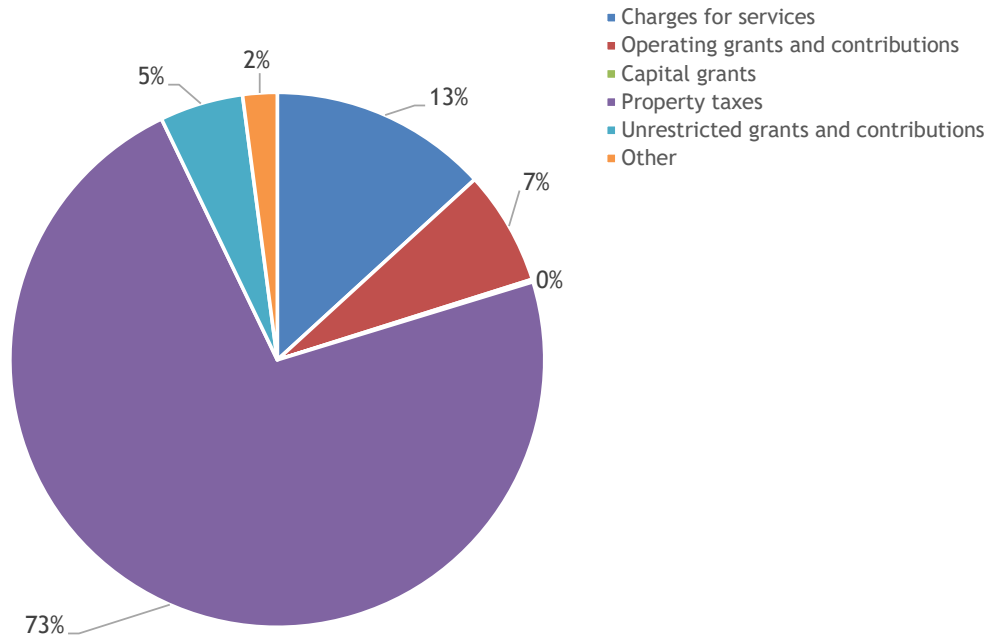




## LEELANAU COUNTY, MICHIGAN

### Management's Discussion and Analysis

Revenues by Source - Governmental Activities



#### Business-type Activities

The business-type activities of the County include enterprise fund operations. Business-type activities increased the County's net position by \$511,056, compared to an increase of \$455,701 in the prior year, primarily due to an increase in building and other permit revenues.

Business-type activities include:

- Unpledged Delinquent Tax Revolving Fund - this fund was established as a means to provide the local governments within the County's jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes. Current policy is to maintain cash and investments to fund 100% of the prior year's delinquent tax settlements.
- Building Inspection Fund - this fund accounts for the County's building inspection fees and related services.
- Nonmajor Enterprise Funds - this consists of the Inmate Commissary Funds, which provides for inspection services and jail commissary services in the County, the Homestead Audit Fund, and the Treasurer's Tax Reversion Fund, which accounts for the collection of tax revenue on foreclosed properties.

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

### Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The fund balance of the General Fund decreased by \$356,166 during 2022. Fund balance at December 31, 2022 totaled \$9,094,616, of which \$8,974,942 was considered unassigned.

The fund balance of the Senior Services Special Revenue Fund decreased by \$33,933 during 2022. The decrease was attributed to excess of ongoing operational expenditures over tax collections.

The fund balance of the Communication Towers Special Revenue Fund decreased by \$287,948 during 2022. The decrease was attributed to revenue on tower leases being deferred in recent contracts, along with the excess of ongoing operational expenditures.

The Village of Northport Sewer Debt Retirement Fund had current year revenues of \$778,081, which were used entirely for debt service expenditures. There was no ending fund balance of the Village of Northport Sewer Debt Retirement Fund at year-end, as expected.

**Proprietary funds.** The County's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Other factors considering the finances of these funds have been addressed in the discussion of the County's business-type activities.

### General Fund Budgetary Highlights

Over the course of the year, the County Board of Commissioners amended the budget to take into account events during the year. Specifically, the Board made several changes to the budget that fall into these categories:

- Amendments and supplemental appropriations to reflect actual beginning balances and prevention of budget overruns.
- Amendments to provide for the additional voluntary contributions made to the County's pension plan.
- Board approved capital expenditures for capital assets.

Overall expenditures were under budget by \$987,096, primarily due to conservative budgeting practices by the County. In addition, transfers out were under budget by \$386,649 due to the timing of cash flows needs for various maintenance and construction projects.

### Capital Asset and Debt Administration

**Capital assets.** A capital asset is an asset whose cost exceeds \$5,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated/amortized using the straight-line method over the course of their useful lives.

## LEELANAU COUNTY, MICHIGAN

### Management's Discussion and Analysis

During the year, the County's primary capital asset activity related to various vehicle purchases and other equipment additions.

	Capital Assets (Net of Depreciation/Amortization)	
	Governmental Activities	
	2022	2021
Land	\$ 1,305,276	\$ 1,305,276
Construction in progress	340,329	13,610
Infrastructure	1,762,137	1,891,209
Building & improvements	11,038,382	11,983,889
Land improvements	795,864	1,015,270
Towers	687,701	744,126
Equipment and furniture	1,768,174	2,169,519
Vehicles	470,968	310,361
Leased land	566,187	588,835
<b>Total capital assets, net</b>	<b>\$ 18,735,018</b>	<b>\$ 20,022,095</b>

**Long-term Debt.** General installment debt consist of bonds of the Department of Public Works maturing in 2028, a general obligation bond refunded during 2021 for construction of the County Law Enforcement Center maturing in 2027, and an installment purchase agreement maturing in 2026.

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Public placement bonds	\$ 6,640,000	\$ 7,755,000	\$ -	\$ -
Installment purchase agreement	1,054,611	1,306,339	-	-
Compensated absences	433,275	405,438	16,146	20,615
<b>Total long-term debt</b>	<b>\$ 8,127,886</b>	<b>\$ 9,466,777</b>	<b>\$ 16,146</b>	<b>\$ 20,615</b>

### Economic Factors and Next Year's Budget and Rates

The County's budget for 2023 does not increase property tax rates. Because of the impact of Proposal A, however, the County will continue to monitor its budget very closely. The Headlee statewide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5% unless there is a transfer of ownership. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the County could grow less than inflation, before considering new property additions. Generally, properties that have transfer of ownership will offset the properties that do not increase by the rate of inflation, resulting in an actual increase in value by more than the rate of inflation before new construction.

Although having faced revenue shortages from the State over the last five years, the overall County adopted 2023 budget is expected to be a stable one.

## LEELANAU COUNTY, MICHIGAN

### Management's Discussion and Analysis

The above indicators were considered when adopting the General Fund budget for 2023. As the County prepared for the 2022 budget, those same indicators guided us in our budget deliberations, in addition to such things as additional grant revenue, cost of living adjustments, the cost of postemployment benefits, and the rising cost of health care. After all estimates were calculated, the County's budget for 2023 is expected to remain steady.

The COVID-19 pandemic has resulted in many unknowns when considering the long-term future economic outlook for the County. However, the County was awarded several grants for reimbursement of expenditures incurred during fiscal year 2022 and 2023 related to the pandemic.

#### Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Leelanau County, 8527 E. Government Center Drive, Suite 101, Suttons Bay, Michigan, 49682. Additional information can be found at our website at [www.leelanau.gov](http://www.leelanau.gov).

## **BASIC FINANCIAL STATEMENTS**

# LEELANAU COUNTY, MICHIGAN

## Statement of Net Position

December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 13,188,656	\$ 7,533,310	\$ 20,721,966	\$ 846,085
Restricted cash and investments	3,922,290	-	3,922,290	-
Receivables	10,837,684	1,015,422	11,853,106	2,971,924
Prepaid items	404,626	258	404,884	43,487
Inventory	-	-	-	540,237
Long-term advance to component units	80,000	-	80,000	-
Assets held for resale	-	-	-	75,289
Capital assets:				
Not being depreciated	1,645,605	-	1,645,605	18,034,912
Being depreciated/amortized, net	17,089,413	-	17,089,413	20,387,218
<b>Total assets</b>	<b>47,168,274</b>	<b>8,548,990</b>	<b>55,717,264</b>	<b>42,899,152</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	4,434,193	-	4,434,193	731,504
<b>Liabilities</b>				
Accounts payable and accrued liabilities	1,343,799	37,549	1,381,348	397,624
Unearned revenue	3,917,819	-	3,917,819	461,257
Long-term advance from primary government	-	-	-	80,000
Leases payable:				
Due within one year	9,819	-	9,819	-
Due in more than one year	569,965	-	569,965	-
Long-term debt:				
Due within one year	1,799,685	16,146	1,815,831	105,122
Due in more than one year	6,328,201	-	6,328,201	264,873
Net pension liability (due in more than one year)	8,373,001	-	8,373,001	780,412
<b>Total liabilities</b>	<b>22,342,289</b>	<b>53,695</b>	<b>22,395,984</b>	<b>2,089,288</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	2,191,242	-	2,191,242	1,558,710
Deferred lease amounts	2,289,162	-	2,289,162	-
Deferred pension amounts	46,737	-	46,737	-
Deferred gain on refunding	33,245	-	33,245	-
<b>Total deferred inflows of resources</b>	<b>4,560,386</b>	<b>-</b>	<b>4,560,386</b>	<b>1,558,710</b>
<b>Net position</b>				
Net investment in capital assets	14,882,378	-	14,882,378	38,422,130
Restricted for:				
Capital projects	216,635	-	216,635	-
Health and welfare	359,944	-	359,944	-
Other state mandated programs	3,400,279	-	3,400,279	-
Unrestricted	5,840,556	8,495,295	14,335,851	1,560,528
<b>Total net position</b>	<b>\$ 24,699,792</b>	<b>\$ 8,495,295</b>	<b>\$ 33,195,087</b>	<b>\$ 39,982,658</b>

The accompanying notes are an integral part of these financial statements.

# LEELANAU COUNTY, MICHIGAN

## Statement of Activities

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 968,553	\$ -	\$ -	\$ -	\$ (968,553)
General government	5,529,040	1,022,175	216,153	-	(4,290,712)
Judicial	1,626,791	271,937	248,541	-	(1,106,313)
Public safety	8,755,373	1,052,237	613,389	29,725	(7,060,022)
Public works	731,552	31,237	-	-	(700,315)
Health and welfare	2,746,080	68,040	201,141	-	(2,476,899)
Recreation and cultural	237,420	-	298	-	(237,122)
Interest on long-term debt	143,356	-	-	-	(143,356)
Total governmental activities	20,738,165	2,445,626	1,279,522	29,725	(16,983,292)
Business-type activities:					
Delinquent tax collection	6,453	315,086	-	-	308,633
Building inspections	849,859	1,082,116	-	-	232,257
Inmate commissary	14,806	29,319	-	-	14,513
Treasurer's tax reversion	56,570	127,925	-	-	71,355
Total business-type activities	927,688	1,554,446	-	-	626,758
Total primary government	\$ 21,665,853	\$ 4,000,072	\$ 1,279,522	\$ 29,725	\$ (16,356,534)
Component units					
Road Commission	\$ 9,146,719	\$ 1,164,693	\$ 6,220,794	\$ -	\$ (1,761,232)
Brownfield Redevelopment Authority	23,867	-	1,469	-	(22,398)
Land Bank Authority	143	37	-	-	(106)
Total component units	\$ 9,170,729	\$ 1,164,730	\$ 6,222,263	\$ -	\$ (1,783,736)

continued...

# LEELANAU COUNTY, MICHIGAN

## Statement of Activities

For the Year Ended December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
<b>Changes in net position</b>				
Net (expenses) revenues	\$ (16,983,292)	\$ 626,758	\$ (16,356,534)	\$ (1,783,736)
General revenues:				
Property taxes	13,437,388	-	13,437,388	1,527,760
Grants and contributions not restricted to specific programs	933,944	-	933,944	-
Unrestricted investment earnings (loss)	(19,959)	16,747	(3,212)	3,814
Gain on sale of capital assets	46,726	-	46,726	65,339
Other revenues	359,944	-	359,944	-
Transfers	132,449	(132,449)	-	-
Total general revenues and transfers	14,890,492	(115,702)	14,774,790	1,596,913
<b>Change in net position</b>	(2,092,800)	511,056	(1,581,744)	(186,823)
Net position, beginning of year	26,792,592	7,984,239	34,776,831	40,169,481
<b>Net position, end of year</b>	<u>\$ 24,699,792</u>	<u>\$ 8,495,295</u>	<u>\$ 33,195,087</u>	<u>\$ 39,982,658</u>

concluded

The accompanying notes are an integral part of these financial statements.



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## LEELANAU COUNTY, MICHIGAN

### Balance Sheet

Governmental Funds

December 31, 2022

	General	Senior Services Special Revenue	Communication Towers Special Revenue	Village of Northport Sewer Debt Retirement
<b>Assets</b>				
Cash and investments	\$ 8,991,348	\$ 1,044,447	\$ 180,067	\$ -
Restricted cash and investments	3,922,290	-	-	-
Receivables:				
Accounts	193,145	-	15,988	-
Loans	-	-	-	-
Taxes	477,394	897,182	-	-
Leases	-	-	2,381,794	-
Installment sales agreement	-	-	-	4,455,000
Interest	4,373	-	-	18,098
Due from other governments	347,963	-	-	-
Prepaid items	39,674	-	-	-
Long-term advance to component units	80,000	-	-	-
<b>Total assets</b>	<u>\$ 14,056,187</u>	<u>\$ 1,941,629</u>	<u>\$ 2,577,849</u>	<u>\$ 4,473,098</u>
<b>Liabilities</b>				
Accounts payable	\$ 487,205	\$ 59,779	\$ 1,507	\$ -
Accrued liabilities	246,880	9,114	-	-
Unearned revenue	3,917,819	-	-	-
<b>Total liabilities</b>	<u>4,651,904</u>	<u>68,893</u>	<u>1,507</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	309,667	2,115	-	-
Unavailable revenue - loans receivable	-	-	-	-
Unavailable revenue - opioid settlement	-	-	-	-
Unavailable revenue - installment sales agreement and interest receivable	-	-	-	4,473,098
Taxes levied for a subsequent period	-	1,039,689	-	-
Deferred lease amounts	-	-	2,289,162	-
<b>Total deferred inflows of resources</b>	<u>309,667</u>	<u>1,041,804</u>	<u>2,289,162</u>	<u>4,473,098</u>
<b>Fund balances</b>				
Nonspendable	119,674	-	-	-
Restricted	-	830,932	287,180	-
Committed	-	-	-	-
Unassigned	8,974,942	-	-	-
<b>Total fund balances</b>	<u>9,094,616</u>	<u>830,932</u>	<u>287,180</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 14,056,187</u>	<u>\$ 1,941,629</u>	<u>\$ 2,577,849</u>	<u>\$ 4,473,098</u>

The accompanying notes are an integral part of these financial statements.



Nonmajor Governmental Funds	Total
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\$ 2,174,617	\$ 12,390,479
-	3,922,290
449,659	658,792
561,154	561,154
992,697	2,367,273
-	2,381,794
-	4,455,000
-	22,471
43,237	391,200
16,030	55,704
-	80,000
<u>\$ 4,237,394</u>	<u>\$ 27,286,157</u>
\$ 181,263	\$ 729,754
31	256,025
-	3,917,819
<u>181,294</u>	<u>4,903,598</u>
-	311,782
561,154	561,154
359,944	359,944
-	4,473,098
1,151,553	2,191,242
-	2,289,162
<u>2,072,651</u>	<u>10,186,382</u>
16,030	135,704
1,919,503	3,037,615
47,916	47,916
-	8,974,942
<u>1,983,449</u>	<u>12,196,177</u>
<u>\$ 4,237,394</u>	<u>\$ 27,286,157</u>

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## LEELANAU COUNTY, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
December 31, 2022

<b>Fund balances - total governmental funds</b>	<b>\$ 12,196,177</b>
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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 not reported in the funds.

Capital assets not being depreciated	1,645,605
Capital assets being depreciated/amortized, net	17,089,413
Less amounts accounted for in internal service funds	(495,365)

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Unavailable property taxes receivable	311,782
Unavailable loans receivable	561,154
Unavailable opioid settlement	359,944
Unavailable installment sales agreement and interest receivable	4,473,098

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.

Net position of governmental activities accounted for in internal service funds	1,309,959
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Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds.

Bonds and installment purchase agreement payable	(7,694,611)
Leases payable	(579,784)
Compensated absences	(433,275)
Deferred gain on refunding, net	(33,245)
Accrued interest on long-term debt	(25,515)

Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

Net pension liability	(8,373,001)
Deferred outflows related to the net pension liability	4,434,193
Deferred inflows related to the net pension liability	(46,737)

<b>Net position of governmental activities</b>	<b><u>\$ 24,699,792</u></b>
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The accompanying notes are an integral part of these financial statements.

## LEELANAU COUNTY, MICHIGAN

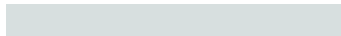
### Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended December 31, 2022

	General	Senior Services Special Revenue	Communication Towers Special Revenue	Village of Northport Sewer Debt Retirement
<b>Revenues</b>				
Property taxes	\$ 11,358,018	\$ 992,543	\$ -	\$ -
Licenses and permits	12,189	-	-	-
Intergovernmental	1,716,061	17,495	-	778,081
Charges for services	1,038,711	-	433,567	-
Refunds and reimbursements	103,282	24	-	-
Fines and forfeitures	3,817	-	-	-
Investment income (loss)	(28,809)	-	-	-
Other	408,350	6,909	-	-
<b>Total revenues</b>	<b>14,611,619</b>	<b>1,016,971</b>	<b>433,567</b>	<b>778,081</b>
<b>Expenditures</b>				
Current:				
Legislative	914,531	-	-	-
General government	3,503,043	-	-	-
Judicial	1,585,017	-	-	-
Public safety	7,099,684	-	102,647	-
Public works	-	-	-	-
Health and welfare	1,116,638	982,015	-	-
Recreation and cultural	204,162	-	-	-
Other expenditures	551,026	-	-	-
Debt service:				
Principal	-	-	-	700,000
Lease principal	-	-	9,051	-
Interest and fiscal charges	-	-	10,952	78,081
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>14,974,101</b>	<b>982,015</b>	<b>122,650</b>	<b>778,081</b>
Revenues over (under) expenditures	(362,482)	34,956	310,917	-
<b>Other financing sources (uses)</b>				
Transfers in	787,813	-	-	-
Transfers out	(781,497)	(68,889)	(598,865)	-
<b>Total other financing sources (uses)</b>	<b>6,316</b>	<b>(68,889)</b>	<b>(598,865)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(356,166)</b>	<b>(33,933)</b>	<b>(287,948)</b>	<b>-</b>
Fund balances, beginning of year	9,450,782	864,865	575,128	-
<b>Fund balances, end of year</b>	<b>\$ 9,094,616</b>	<b>\$ 830,932</b>	<b>\$ 287,180</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.



Nonmajor Governmental Funds	Total
-----------------------------------	-------

\$ 1,069,711	\$ 13,420,272
-	12,189
292,494	2,804,131
372,847	1,845,125
93,172	196,478
-	3,817
1,204	(27,605)
84,423	499,682
<u>1,913,851</u>	<u>18,754,089</u>

-	914,531
10,519	3,513,562
-	1,585,017
229,244	7,431,575
590,973	590,973
599,830	2,698,483
-	204,162
-	551,026
666,728	1,366,728
-	9,051
58,815	147,848
487,067	487,067
<u>2,643,176</u>	<u>19,500,023</u>
<u>(729,325)</u>	<u>(745,934)</u>

1,440,572	2,228,385
(773,485)	(2,222,736)
<u>667,087</u>	<u>5,649</u>
(62,238)	(740,285)
<u>2,045,687</u>	<u>12,936,462</u>
<u>\$ 1,983,449</u>	<u>\$ 12,196,177</u>

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## LEELANAU COUNTY, MICHIGAN

### Reconciliation

Net Change in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended December 31, 2022

**Net change in fund balances - total governmental funds** \$ (740,285)

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

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 and reported as depreciation/amortization expense.

Capital assets purchased/constructed	879,430
Less acquisition/construction of capital assets accounted for in governmental internal service funds	(268,343)
Depreciation/amortization expense	(2,162,857)
Less depreciation/amortization expense accounted for in governmental internal service funds	160,970
Loss on disposal of capital assets	(3,650)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather deferred to the following fiscal year.

Change in unavailable property tax receivables	17,116
Change in unavailable loans receivable	30,239
Change in unavailable opioid settlement	359,944
Change in unavailable installment sales agreement	(700,000)
Change in unavailable interest receivable	(2,844)

The issuance of long-term debt provides current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term debt	1,366,728
Principal payments on leases payable	9,051

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 governmental funds.

Change in accrued interest on bonds payable	4,492
Change in accrued compensated absences	(27,837)
Change in net pension liability and related deferred amounts	(1,208,179)
Amortization of deferred gain on refunding	7,527

Internal service funds are used by management to charge the costs of certain activities, such as equipment usage to individual funds. The net revenue of internal service funds is reported with governmental activities.

Net operating income from governmental activities accounted for in internal service funds	4,526
Gain on sale of capital assets in governmental internal service funds	46,726
Investment income from governmental internal service funds	7,646
Net operating transfers in from governmental activities accounted for in internal service funds	126,800

**Change in net position of governmental activities** \$ (2,092,800)

The accompanying notes are an integral part of these financial statements.

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 10,595,600	\$ 11,305,295	\$ 11,358,018	\$ 52,723
Licenses and permits	14,300	14,300	12,189	(2,111)
Intergovernmental	1,227,758	1,658,685	1,716,061	57,376
Charges for services	787,865	1,053,415	1,038,711	(14,704)
Refunds and reimbursements	91,332	91,332	103,282	11,950
Fines and forfeitures	500	2,500	3,817	1,317
Investment income (loss)	10,240	78,222	(28,809)	(107,031)
Other	328,708	418,610	408,350	(10,260)
<b>Total revenues</b>	<b>13,056,303</b>	<b>14,622,359</b>	<b>14,611,619</b>	<b>(10,740)</b>
<b>Expenditures</b>				
Legislative:				
Board of Commissioners	750,601	1,024,102	914,531	(109,571)
General government:				
Accounting	194,844	203,421	197,779	(5,642)
Elections	88,376	88,376	78,414	(9,962)
County clerk	554,423	609,552	570,953	(38,599)
Circuit court clerk	29,242	29,242	15,562	(13,680)
Equalization	450,111	465,735	445,818	(19,917)
Attorney/legal fees	85,534	85,534	80,657	(4,877)
Remonumentation	31,000	34,850	33,880	(970)
Prosecuting attorney	611,681	637,874	633,851	(4,023)
Prosecuting attorney - social services	91,307	95,134	76,578	(18,556)
Victim services	90,783	93,975	89,184	(4,791)
Register of deeds	354,095	404,751	392,153	(12,598)
Plat board	496	496	-	(496)
Treasurer	337,781	369,993	358,913	(11,080)
Cooperative extension	271,570	280,077	277,031	(3,046)
Drain commission	63,622	152,348	124,522	(27,826)
Soil conservation	72,248	72,248	72,248	-
County audit	58,800	58,800	55,500	(3,300)
<b>Total general government</b>	<b>3,385,913</b>	<b>3,682,406</b>	<b>3,503,043</b>	<b>(179,363)</b>

continued...

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
Judicial:				
Circuit court	\$ 230,917	\$ 262,631	\$ 239,558	\$ (23,073)
Circuit court - family	283,455	290,024	257,556	(32,468)
Friend of the court	45,000	45,000	45,000	-
Circuit court - family volume	800	800	-	(800)
Circuit court - juvenile	124,814	163,486	159,106	(4,380)
Family coordinating council	12,000	12,000	12,000	-
District court	430,780	430,780	379,244	(51,536)
Jury fees	13,890	15,478	15,357	(121)
Probate court	384,426	435,975	429,448	(6,527)
Friend of the court	48,300	48,300	45,674	(2,626)
Law library	9,500	9,500	2,074	(7,426)
Total judicial	1,583,882	1,713,974	1,585,017	(128,957)
Public safety:				
Sheriff	2,326,042	2,482,366	2,401,230	(81,136)
Emergency medical service	100	100	-	(100)
Marine	82,946	160,746	145,945	(14,801)
Sheriff secondary road patrol	98,861	102,539	92,573	(9,966)
Jail	2,139,972	2,209,656	2,184,125	(25,531)
Planning department	274,204	299,802	296,697	(3,105)
Planning commission	15,641	15,641	3,197	(12,444)
COPS Fast	87,989	88,790	81,253	(7,537)
Township/Village police services	92,519	95,276	90,257	(5,019)
Anti-Drug	102,396	106,933	95,369	(11,564)
Emergency services	99,439	390,495	388,486	(2,009)
Disaster contingency	5,500	5,500	-	(5,500)
Animal control	101,782	110,909	99,410	(11,499)
Community corrections	10,350	10,350	10,350	-
911	1,159,602	1,258,158	1,210,792	(47,366)
Total public safety	6,597,343	7,337,261	7,099,684	(237,577)

continued...

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
Health and welfare:				
Benzie/Leelanau health department	\$ 348,035	\$ 348,035	\$ 347,935	\$ (100)
Substance abuse	51,500	53,204	53,203	(1)
Ambulance services	100	100	-	(100)
Medical examiner	85,096	93,417	93,417	-
Mental health board	139,700	139,700	139,700	-
American legion	3,000	3,000	1,134	(1,866)
Veteran's affairs	56,324	99,083	77,253	(21,830)
Veteran's burial	10,800	10,800	900	(9,900)
Department of human services	15,000	15,000	15,000	-
Child care	541,668	553,964	289,955	(264,009)
Soldiers and sailors	4,200	4,200	1,973	(2,227)
Juvenile justice	100,757	106,605	96,168	(10,437)
Total health and welfare	1,356,180	1,427,108	1,116,638	(310,470)
Recreation and cultural:				
Parks and recreation	171,756	219,348	204,162	(15,186)
Other expenditures:				
Insurance	477,000	477,000	474,771	(2,229)
Bonds	8,000	9,214	9,214	-
Unemployment compensation	5,000	5,000	2,108	(2,892)
Workers compensation insurance	60,330	60,330	59,479	(851)
NW Michigan council of governments	5,454	5,454	5,454	-
Total other expenditures	555,784	556,998	551,026	(5,972)
<b>Total expenditures</b>	14,401,459	15,961,197	14,974,101	(987,096)
Revenues under expenditures	(1,345,156)	(1,338,838)	(362,482)	976,356
<b>Other financing sources (uses)</b>				
Transfers in	842,994	842,994	787,813	(55,181)
Transfers out	(1,170,697)	(1,168,146)	(781,497)	(386,649)
<b>Total other financing sources (uses)</b>	(327,703)	(325,152)	6,316	331,468
<b>Net change in fund balance</b>	(1,672,859)	(1,663,990)	(356,166)	1,307,824
Fund balance, beginning of year	9,450,782	9,450,782	9,450,782	-
<b>Fund balance, end of year</b>	<u>\$ 7,777,923</u>	<u>\$ 7,786,792</u>	<u>\$ 9,094,616</u>	<u>\$ 1,307,824</u>

The accompanying notes are an integral part of these financial statements.

concluded

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Senior Services Special Revenue Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 991,160	\$ 991,160	\$ 992,543	\$ 1,383
Intergovernmental	35,000	35,000	17,495	(17,505)
Refunds and reimbursements	-	-	24	24
Other	15,000	15,000	6,909	(8,091)
<b>Total revenues</b>	1,041,160	1,041,160	1,016,971	(24,189)
<b>Expenditures</b>				
Current - health and welfare	973,271	1,024,545	982,015	(42,530)
Revenues over expenditures	67,889	16,615	34,956	18,341
<b>Other financing uses</b>				
Transfers out	(68,889)	(68,889)	(68,889)	-
<b>Net change in fund balance</b>	(1,000)	(52,274)	(33,933)	18,341
Fund balance, beginning of year	864,865	864,865	864,865	-
<b>Fund balance, end of year</b>	<u>\$ 863,865</u>	<u>\$ 812,591</u>	<u>\$ 830,932</u>	<u>\$ 18,341</u>

The accompanying notes are an integral part of these financial statements.

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Communication Towers Special Revenue Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 367,261	\$ 372,261	\$ 433,567	\$ 61,306
<b>Expenditures</b>				
Current:				
Public Safety	152,258	152,258	102,647	(49,611)
Debt service:				
Lease principal	9,051	9,051	9,051	-
Interest and fiscal charges	10,952	10,952	10,952	-
<b>Total expenditures</b>	<u>172,261</u>	<u>172,261</u>	<u>122,650</u>	<u>(49,611)</u>
Revenues over expenditures	195,000	200,000	310,917	110,917
<b>Other financing uses</b>				
Transfers out	<u>(195,000)</u>	<u>(598,865)</u>	<u>(598,865)</u>	<u>-</u>
<b>Net change in fund balance</b>	-	(398,865)	(287,948)	110,917
Fund balance, beginning of year	<u>575,128</u>	<u>575,128</u>	<u>575,128</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 575,128</u>	<u>\$ 176,263</u>	<u>\$ 287,180</u>	<u>\$ 110,917</u>

The accompanying notes are an integral part of these financial statements.

# LEELANAU COUNTY, MICHIGAN

## Statement of Net Position

Proprietary Funds  
December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Unpledged Delinquent Tax Revolving	Building Inspection	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 5,810,549	\$ 1,218,857	\$ 503,904	\$ 7,533,310	\$ 798,177
Receivables:					
Accounts	-	-	23,094	23,094	-
Delinquent taxes	853,124	-	13,059	866,183	-
Interest on delinquent taxes	126,145	-	-	126,145	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	258	258	348,922
Total current assets	6,789,818	1,218,857	540,315	8,548,990	1,147,099
Noncurrent assets:					
Capital assets being depreciated, net	-	-	-	-	495,365
<b>Total assets</b>	<b>6,789,818</b>	<b>1,218,857</b>	<b>540,315</b>	<b>8,548,990</b>	<b>1,642,464</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	17	2,102	1,726	3,845	302,846
Accrued liabilities	-	20,645	-	20,645	29,659
Due to other governments	-	-	13,059	13,059	-
Compensated absences	-	16,146	-	16,146	-
<b>Total liabilities (all current)</b>	<b>17</b>	<b>38,893</b>	<b>14,785</b>	<b>53,695</b>	<b>332,505</b>
<b>Net position</b>					
Investment in capital assets	-	-	-	-	495,365
Unrestricted	6,789,801	1,179,964	525,530	8,495,295	814,594
<b>Total net position</b>	<b>\$ 6,789,801</b>	<b>\$ 1,179,964</b>	<b>\$ 525,530</b>	<b>\$ 8,495,295</b>	<b>\$ 1,309,959</b>

The accompanying notes are an integral part of these financial statements.

# LEELANAU COUNTY, MICHIGAN

## Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Unpledged Delinquent Tax Revolving	Building Inspection	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues</b>					
Charges for services	\$ 111,178	\$ 1,082,116	\$ 157,244	\$ 1,350,538	\$ 3,544,895
Interest on delinquent taxes	203,908	-	-	203,908	-
<b>Total operating revenues</b>	<u>315,086</u>	<u>1,082,116</u>	<u>157,244</u>	<u>1,554,446</u>	<u>3,544,895</u>
<b>Operating expenses</b>					
Salaries and fringes	-	696,728	-	696,728	342,908
Depreciation	-	-	-	-	160,970
Other operating expenses	6,453	153,131	71,376	230,960	3,036,491
<b>Total operating expenses</b>	<u>6,453</u>	<u>849,859</u>	<u>71,376</u>	<u>927,688</u>	<u>3,540,369</u>
Operating income	<u>308,633</u>	<u>232,257</u>	<u>85,868</u>	<u>626,758</u>	<u>4,526</u>
<b>Nonoperating revenues</b>					
Gain on sale of capital assets	-	-	-	-	46,726
Investment income	16,747	-	-	16,747	7,646
<b>Total nonoperating revenues</b>	<u>16,747</u>	<u>-</u>	<u>-</u>	<u>16,747</u>	<u>54,372</u>
Income before transfers	<u>325,380</u>	<u>232,257</u>	<u>85,868</u>	<u>643,505</u>	<u>58,898</u>
<b>Transfers</b>					
Transfers in	-	-	25,000	25,000	126,800
Transfers out	(50,000)	(83,621)	(23,828)	(157,449)	-
<b>Total transfers</b>	<u>(50,000)</u>	<u>(83,621)</u>	<u>1,172</u>	<u>(132,449)</u>	<u>126,800</u>
<b>Change in net position</b>	<u>275,380</u>	<u>148,636</u>	<u>87,040</u>	<u>511,056</u>	<u>185,698</u>
Net position, beginning of year	<u>6,514,421</u>	<u>1,031,328</u>	<u>438,490</u>	<u>7,984,239</u>	<u>1,124,261</u>
<b>Net position, end of year</b>	<u>\$ 6,789,801</u>	<u>\$ 1,179,964</u>	<u>\$ 525,530</u>	<u>\$ 8,495,295</u>	<u>\$ 1,309,959</u>

The accompanying notes are an integral part of these financial statements.



# LEELANAU COUNTY, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Unpledged Delinquent Tax Revolving	Building Inspection	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash received from interfund services	\$ -	\$ -	\$ -	\$ -	\$ 3,496,852
Cash received from customers	3,138,512	1,079,972	147,991	4,366,475	-
Cash payments for delinquent taxes	(2,739,500)	-	-	(2,739,500)	-
Cash payments to suppliers for goods and services	(6,453)	(150,983)	(89,993)	(247,429)	(1,037,370)
Cash payments to employees for services	-	(701,197)	-	(701,197)	(2,359,162)
<b>Net cash provided by operating activities</b>	<u>392,559</u>	<u>227,792</u>	<u>57,998</u>	<u>678,349</u>	<u>100,320</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	-	-	25,000	25,000	126,800
Transfers out	(50,000)	(83,621)	(23,828)	(157,449)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(50,000)</u>	<u>(83,621)</u>	<u>1,172</u>	<u>(132,449)</u>	<u>126,800</u>
<b>Cash flows from capital and related financing activities</b>					
Purchases of capital assets	-	-	-	-	(268,343)
Proceeds from sale of capital assets	-	-	-	-	46,726
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221,617)</u>
<b>Cash flows from investing activities</b>					
Interest received	<u>16,747</u>	<u>-</u>	<u>-</u>	<u>16,747</u>	<u>7,646</u>
<b>Net change in cash and investments</b>	<u>359,306</u>	<u>144,171</u>	<u>59,170</u>	<u>562,647</u>	<u>13,149</u>
Cash and investments, beginning of year	<u>5,451,243</u>	<u>1,074,686</u>	<u>444,734</u>	<u>6,970,663</u>	<u>785,028</u>
<b>Cash and investments, end of year</b>	<u>\$ 5,810,549</u>	<u>\$ 1,218,857</u>	<u>\$ 503,904</u>	<u>\$ 7,533,310</u>	<u>\$ 798,177</u>

continued...

# LEELANAU COUNTY, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Unpledged Delinquent Tax Revolving	Building Inspection	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ 308,633	\$ 232,257	\$ 85,868	\$ 626,758	\$ 4,526
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	-	-	-	160,970
Changes in operating assets and liabilities which provided (used) cash:					
Receivables:					
Accounts	-	-	(23,094)	(23,094)	2,153
Delinquent taxes	81,386	-	13,311	94,697	-
Interest on delinquent taxes	2,541	-	-	2,541	-
Due from other governments	-	-	530	530	-
Prepaid items	-	-	(208)	(208)	(19,198)
Accounts payable	17	(2,144)	(5,099)	(7,226)	(1,532)
Accrued liabilities	-	2,148	-	2,148	(46,599)
Due to other governments	(18)	-	(13,310)	(13,328)	-
Compensated absences	-	(4,469)	-	(4,469)	-
<b>Net cash provided by operating activities</b>	<u>\$ 392,559</u>	<u>\$ 227,792</u>	<u>\$ 57,998</u>	<u>\$ 678,349</u>	<u>\$ 100,320</u>

concluded

The accompanying notes are an integral part of these financial statements.

LEELANAU COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Custodial Funds
Assets	
Cash and investments	\$ 486,524
Liabilities	
Due to other governments	<u>450,051</u>
Net position restricted for	
Individuals, organizations, and	
other governments	<u>\$ 36,473</u>

The accompanying notes are an integral part of these financial statements.

## LEELANAU COUNTY, MICHIGAN

### Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2022

	Custodial Funds
<b>Additions</b>	
Property tax collections for other governments	\$ 24,933,010
Library penal fine collections	33,464
Inmate trust collections	103,092
Miscellaneous	271,829
	<hr/>
<b>Total additions</b>	25,341,395
	<hr/>
<b>Deductions</b>	
Payments of property taxes to other governments	24,933,010
Library penal fine distributions	33,464
Inmate trust distributions	83,643
Miscellaneous	271,829
	<hr/>
<b>Total deductions</b>	25,321,946
	<hr/>
<b>Change in net position</b>	19,449
	<hr/>
Net position, beginning of year	17,024
	<hr/>
<b>Net position, end of year</b>	<u><u>\$ 36,473</u></u>

The accompanying notes are an integral part of these financial statements.

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Net Position

Discretely Presented Component Units  
December 31, 2022

	Road Commission	Brownfield Redevelopment Authority	Land Bank Authority	Total
<b>Assets</b>				
Cash and investments	\$ 554,315	\$ 214,549	\$ 77,221	\$ 846,085
Receivables	2,951,924	-	20,000	2,971,924
Prepaid items	43,487	-	-	43,487
Inventory	540,237	-	-	540,237
Assets held for resale	-	-	75,289	75,289
Capital assets:				
Not being depreciated	18,034,912	-	-	18,034,912
Being depreciated, net	20,387,218	-	-	20,387,218
<b>Total assets</b>	<b>42,512,093</b>	<b>214,549</b>	<b>172,510</b>	<b>42,899,152</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	731,504	-	-	731,504
<b>Liabilities</b>				
Accounts payable and accrued liabilities	407,695	(10,071)	-	397,624
Unearned revenue	461,257	-	-	461,257
Long-term advance from primary government	-	80,000	-	80,000
Long-term debt:				
Due within one year	80,788	24,334	-	105,122
Due in more than one year	22,865	242,008	-	264,873
Net pension liability (due in more than one year)	780,412	-	-	780,412
<b>Total liabilities</b>	<b>1,753,017</b>	<b>336,271</b>	<b>-</b>	<b>2,089,288</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	1,558,710	-	-	1,558,710
<b>Net position</b>				
Investment in capital assets	38,422,130	-	-	38,422,130
Unrestricted (deficit)	1,509,740	(121,722)	172,510	1,560,528
<b>Total net position</b>	<b>\$ 39,931,870</b>	<b>\$ (121,722)</b>	<b>\$ 172,510</b>	<b>\$ 39,982,658</b>

The accompanying notes are an integral part of these financial statements.

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Activities

Discretely Presented Component Units  
For the Year Ended December 31, 2022

	Road Commission	Brownfield Redevelopment Authority	Land Bank Authority	Total
<b>Expenses</b>				
Road Commission	\$ 9,146,719	\$ -	\$ -	\$ 9,146,719
Brownfield Redevelopment Authority	-	23,867	-	23,867
Land Bank Authority	-	-	143	143
<b>Total expenses</b>	<u>9,146,719</u>	<u>23,867</u>	<u>143</u>	<u>9,170,729</u>
<b>Program revenues</b>				
Charges for services	1,164,693	-	37	1,164,730
Operating grants and contributions	6,220,794	1,469	-	6,222,263
<b>Total program revenues</b>	<u>7,385,487</u>	<u>1,469</u>	<u>37</u>	<u>7,386,993</u>
Net expenses	<u>(1,761,232)</u>	<u>(22,398)</u>	<u>(106)</u>	<u>(1,783,736)</u>
<b>General revenues</b>				
Property taxes	1,458,880	58,826	10,054	1,527,760
Unrestricted investment earnings	3,586	228	-	3,814
Gain on sale of capital assets	65,339	-	-	65,339
<b>Total general revenues</b>	<u>1,527,805</u>	<u>59,054</u>	<u>10,054</u>	<u>1,596,913</u>
<b>Change in net position</b>	<u>(233,427)</u>	<u>36,656</u>	<u>9,948</u>	<u>(186,823)</u>
Net position, beginning of year	<u>40,165,297</u>	<u>(158,378)</u>	<u>162,562</u>	<u>40,169,481</u>
<b>Net position, end of year</b>	<u>\$ 39,931,870</u>	<u>\$ (121,722)</u>	<u>\$ 172,510</u>	<u>\$ 39,982,658</u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leelanau County, Michigan (the "County") was organized in 1863 and covers an area of approximately 334 square miles with the county seat located in Suttons Bay, Michigan. The County operates under an elected Board of Commissioners of seven members and provides services, assistance and care to its more than 21,000 residents, primarily from the operations of its general and special revenue funds. The County's services, assistance and care include the (1) general county departments, boards and commissions; (2) court system administration; (3) law enforcement and corrections; (4) assistance and/or institutional care to the aged, needy, wards of the court, neglected children and public and mental health recipients; (5) libraries; and (6) recreation.

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

#### **Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

#### *Discretely Presented Component Units*

**Leelanau County Road Commission** (the "Road Commission") - The Road Commission is responsible for the maintenance and construction of the County road system. The County appoints the members of the Road Commission and is a direct beneficiary of the services provided. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission is audited individually and complete financial statements can be obtained from the Road Commission at 10550 E. Eckerle Road, Suttons Bay, MI 49682.

**Brownfield Redevelopment Authority** (the "Brownfield") - Members of the governing board of the Brownfield are appointed by the County Board of Commissioners. The Brownfield reviews and approves plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. The County has the ability to significantly influence the operations of the Brownfield and has accountability for fiscal matters. There are no separately issued financial statements for the Brownfield.



## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

**Land Bank Authority** (the "Land Bank") - The Land Bank was incorporated pursuant to the Michigan Land Bank Fast Track Act (Public Act 258) and an intergovernmental agreement between the Land Bank and Leelanau County. The agreement established the Land Bank as a separate legal entity and public body corporate to administer and execute Land Bank objectives. Because members of the Land Bank are appointed by the Leelanau County Board of Commissioners, the County exercises effective control over its activities. There are no separately issued financial statements for the Land Bank.

#### *Regional Joint Operations*

The County participates jointly in the operations of the Benzie-Leelanau District Health Department. The financial operations of the Benzie-Leelanau District Health Department are recorded as a component unit of Benzie County. The County's appropriation to the Benzie-Leelanau District Health Department for the year ended December 31, 2022 was \$347,935.

The County participates in the operation of the Northwest Michigan Regional Airport Commission with Grand Traverse County. The Airport Commission operates with a separate treasurer. Separate financial statements for the Airport Commission are available from the Northwest Michigan Regional Airport Commission, Cherry Capital Airport Administrative Office, Traverse City, MI 49684.

The County participates jointly in the operations of the Grand Traverse County 86<sup>th</sup> District Court and 13<sup>th</sup> Circuit Court, including the Friend of the Court. The financial operations of the courts are reported in the financial statements of Grand Traverse County. Leelanau County provides financial support of the Friend of the Court through an appropriation, which amounted to \$41,554 for the year ended December 31, 2022.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *Senior Services Special Revenue Fund* accounts for the dedicated tax millage and senior services expenditures of the County.

The *Tower Communications Special Revenue Fund* accounts for lease agreements for equipment placed on County owned towers and related assigned expenditures.

The *Village of Northport Sewer Debt Retirement Fund* accounts for the debt payments made to retire the Northport Village sewer bond issue and the related receivable due from the Village.

The government reports the following major proprietary funds:

The *Unpledged Delinquent Tax Revolving (DTR) Fund* accounts for the County's administration and collection of delinquent real property taxes for all taxing units in Leelanau County.

The *Building Inspection Fund* accounts for the County's building inspection fees and related services.

Additionally, the government reports the following fund types:

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Debt Service Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Enterprise Funds* account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

*Internal Service Funds* account for the fleet and equipment management, building and grounds, data processing, copy machine, mailing department, and insurance services provided to other departments or agencies of the government on a cost reimbursement basis.

*Custodial Funds* are used to account for assets that the government holds for others in a custodial capacity (such as taxes collected for other governments).

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Custodial funds, a type of fiduciary fund, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund provides certain central services to other funds of the County which are presented as program expenses in the funds receiving services. The related General Fund revenue has been netted against program expense in the government-wide statement of activities.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

##### ***Deposits and Investments***

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the governing body, with the assistance of a valuation service; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

##### ***Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

#### *Leases*

*Lessee.* The County is a lessee for a noncancellable lease of land. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

*Lessor.* The County is a lessor for noncancellable leases of certain towers. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government and component units (excluding the Road Commission) are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Years
Infrastructure	8-50
Building & improvements	5-30
Land improvements	5-30
Towers	40
Equipment	3-10
Vehicles	2-5
Office furniture	3-10
Leased land	26

### *Assets Held for Resale*

Assets held for resale in the Land Bank component unit consist of parcels of land held by the County resulting from tax foreclosed properties.

### *Deferred Outflows 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 assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources related to its pension plan.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

#### *Compensated Absences*

County employees are granted vacation hours on their anniversary date of hire. The number of hours is dependent upon years of service. Unused vacation hours are accrued at fiscal year-end. Upon termination an employee may be paid for unused vacation up to a maximum of 240 hours. All vacation and personal leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirements.

#### *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the current period.

#### *Deferred Inflows of Resources*

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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until a future period. The County reports deferred inflows of resources for the gain on advance bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from several sources: property taxes, loans, opioid settlement, installment sales agreement and interest receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods. The County also reports deferred inflows of resources related to its pension plan. Finally, the statement of net position and governmental funds balance sheet report deferred inflows related to leases. These amounts are deferred and amortized over the remaining life of the lease.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

#### *Fund Equity*

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports *assigned fund balance* when applicable for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has delegated the authority to assign fund balance to the County Administrator or his/her designee. Unassigned fund balance is the residual classification for the General Fund.

The County Board of Commissioners has formally established a budget stabilization arrangement under which it commits General Fund fund balance in an amount equal to the lesser of 15 percent of the prior year's General Fund fund balance or the average of the last five year's General Fund budgets to insulate County programs and current service levels from large (\$400,000 or more) and unanticipated one time General Fund expenditure requirements, reductions in budgeted General Fund revenues due to a change in state or federal requirements, adverse litigation, catastrophic loss, or any similar swift unforeseen event. This commitment may be used if one of the several potential qualifying events occurs (as detailed in a Board of Commissioners resolution), the County Commissioners estimates the qualifying event will cost \$400,000 or more, and the Board of Commissioners, by majority vote of members present, affirms the qualifying event. As of December 31, 2022, the balance in the stabilization arrangement was \$1,159,914.

The County Board of Commissioners has adopted a minimum fund balance policy in which the total unassigned fund balance of the General Fund will be equal to at least 10 percent of the current year's adopted General Fund budgeted expenditures and transfers out. If the General Fund fund balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

#### *Interfund Transactions*

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



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Pensions*

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

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## 2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue funds. All annual appropriations lapse at fiscal year end. During the November board meeting of each year, the Board of Commissioners adopts, by resolution, the budget for the next fiscal year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing board for the general and special revenue funds is the activity and function level, respectively, which is the level at which expenditures may not legally exceed appropriations. The County Administrator may make transfers of appropriations between departments within any funds; however, any supplemental appropriations that amend the total expenditures of any fund require Board of Commissioner's resolution.

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year ended December 31, 2022, the County had no expenditures in budgetary funds which were in excess of the amounts budgeted.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2022:

	Primary Government	Component Units	Totals
<b>Statement of net position</b>			
Cash and investments	\$ 20,721,966	\$ 846,085	\$ 21,568,051
Restricted cash and investments	3,922,290	-	3,922,290
<b>Statement of fiduciary net position</b>			
Cash and investments	486,524	-	486,524
<b>Total</b>	<u>\$ 25,130,780</u>	<u>\$ 846,085</u>	<u>\$ 25,976,865</u>
<b>Deposits and investments</b>			
Cash on hand			\$ 800
Checking and savings accounts			20,165,668
Certificates of deposit:			
Due in one to five years			324,453
Investments			<u>5,485,944</u>
<b>Total</b>			<u>\$ 25,976,865</u>

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$19,743,809 of the combined bank balance of \$20,533,226 was exposed to custodial credit risk because it was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

*Custodial Credit Risk – Investments.* Investments are exposed to custodial credit risk if the securities are unsecured, unregistered or held by a counterparty or its agency but not in the government's name. All investments are held in the name of the County, and thus are not exposed to custodial credit risk.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

Following is a summary of the County's investments as of December 31, 2022:

Investment	Fair Value	Rating	Maturity
U.S. Government Bond	\$ 128,501	S&P AA+	11/30/2023
U.S. Government Bond	248,550	Moody Aaa	4/14/2023
U.S. Government Bond	462,585	S&P AA+	2/28/2025
U.S. Government Bond	459,325	S&P AA+	4/28/2026
U.S. Government Bond	462,585	S&P AA+	2/28/2025
U.S. Government Bond	482,600	S&P AA+	2/28/2024
U.S. Government Bond	144,303	S&P AA+	3/28/2024
Commercial Paper	483,224	S&P A	9/1/2023
Commercial Paper	483,224	S&P A	9/1/2023
Commercial Paper	1,016,638	S&P A	3/6/2023
Municipal Bond	98,655	Moody Aa1	5/1/2023
Michigan CLASS government investment pool	<u>1,015,754</u>	S&P AAAm	N/A
<b>Total</b>	<u><u>\$ 5,485,944</u></u>		

**Credit Risk.** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the County's investments.

**Interest Rate Risk.** State law limits the allowable investments and the maturities of some of the allowable investments as identified in the accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments, where applicable, have been identified above for the County's investments.

**Concentration of Credit Risk.** State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

### **Fair Value Measurement**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

The County has the following recurring fair value measurements as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
U.S. Government Bonds	\$ -	\$ 2,388,449	\$ -	\$ 2,388,449
Commercial Paper	-	1,983,086	-	1,983,086
Municipal Bond	-	98,655	-	98,655
<b>Total</b>	<u>\$ -</u>	<u>\$ 4,470,190</u>	<u>\$ -</u>	<u>4,470,190</u>
Investments at net asset value - Michigan CLASS				<u>1,015,754</u>
<b>Total</b>				<u>\$ 5,485,944</u>

The County's investments at fair value are classified as Level 2 of the fair value hierarchy, which use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

The County holds shares in Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the County's investment in Michigan CLASS government investment pool was \$1,015,754. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

#### 4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 658,792	\$ 23,094	\$ 190,366
Loans	561,154	-	-
Taxes	2,367,273	866,183	1,558,710
Leases	2,381,794	-	-
Installment sales agreement	4,455,000	-	-
Interest	22,471	126,145	-
Due from other governments	391,200	-	1,222,848
	<u>\$ 10,837,684</u>	<u>\$ 1,015,422</u>	<u>\$ 2,971,924</u>

Installment sales agreement from local units of government in the governmental activities are due from the Village of Northport. The terms of the agreement, which relate to sewer systems financed by the County on behalf of the Village, match the debt maturity requirements of the related bonds. At year end, the County reported installment sales agreement receivable in governmental activities of \$4,455,000, of which \$3,745,000 is not expected to be collected within one year.

Leases receivable of \$2,087,098 are not expected to be collected within in one year.

#### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 1,032,600	\$ 3,845	\$ 333,058
Accrued liabilities	285,684	20,645	64,566
Accrued interest	25,515	-	-
Due to other governments	-	13,059	-
	<u>\$ 1,343,799</u>	<u>\$ 37,549</u>	<u>\$ 397,624</u>

#### 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

The composition of interfund balances as of December 31, 2022, was as follows:

#### Advances to and from primary government funds and component units

	Advances from Primary Government	Advances to Component Units
General Fund	\$ -	\$ 80,000
Brownfield Redevelopment Authority	80,000	-
	<u>\$ 80,000</u>	<u>\$ 80,000</u>

For the year ended December 31, 2022, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 787,813	\$ 781,497
Senior Services Special Revenue Fund	-	68,889
Communications Tower Special Revenue Fund	-	598,865
Nonmajor governmental funds	1,440,572	773,485
Unpledged Delinquent Tax Revolving Fund	-	50,000
Building Inspection Fund	-	83,621
Nonmajor enterprise funds	25,000	23,828
Internal service funds	126,800	-
	<u>\$ 2,380,185</u>	<u>\$ 2,380,185</u>

Interfund transfers are for: (1) using unassigned revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (2) to transfer funds for reimbursement of administration expense earned in the CDBG Repayment and Home Funds to the CDBG Administration Fund, and (3) to transfer property taxes as required by State of Michigan Public Act 357 of 2004.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2022, was as follows:

	Beginning Balance *	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,305,276	\$ -	\$ -	\$ -	\$ 1,305,276
Construction in progress	13,610	348,739	-	(22,020)	340,329
	<u>1,318,886</u>	<u>348,739</u>	<u>-</u>	<u>(22,020)</u>	<u>1,645,605</u>
Capital assets being depreciated/amortized:					
Infrastructure	4,066,557	15,168	-	-	4,081,725
Buildings & improvements	22,333,408	20,697	-	-	22,354,105
Land improvements	1,360,562	28,087	-	-	1,388,649
Towers	1,708,423	-	-	-	1,708,423
Equipment	5,510,625	127,404	-	22,020	5,660,049
Vehicles	1,385,792	307,717	(168,619)	-	1,524,890
Office furniture	584,322	31,618	-	-	615,940
Leased land	588,835	-	-	-	588,835
	<u>37,538,524</u>	<u>530,691</u>	<u>(168,619)</u>	<u>22,020</u>	<u>37,922,616</u>
Less accumulated depreciation/amortization for:					
Infrastructure	(2,175,348)	(144,240)	-	-	(2,319,588)
Buildings & improvements	(10,349,519)	(966,204)	-	-	(11,315,723)
Land improvements	(345,292)	(247,493)	-	-	(592,785)
Towers	(964,297)	(56,425)	-	-	(1,020,722)
Equipment	(3,409,247)	(560,233)	-	-	(3,969,480)
Vehicles	(1,075,431)	(143,460)	164,969	-	(1,053,922)
Office furniture	(516,181)	(22,154)	-	-	(538,335)
Leased land	-	(22,648)	-	-	(22,648)
	<u>(18,835,315)</u>	<u>(2,162,857)</u>	<u>164,969</u>	<u>-</u>	<u>(20,833,203)</u>
Total capital assets being depreciated/ amortized, net	<u>18,703,209</u>	<u>(1,632,166)</u>	<u>(3,650)</u>	<u>22,020</u>	<u>17,089,413</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 20,022,095</u>	<u>\$ (1,283,427)</u>	<u>\$ (3,650)</u>	<u>\$ -</u>	<u>\$ 18,735,018</u>

\* The County implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

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

**Depreciation/amortization of governmental activities by function**

General government	\$ 1,010,738
Public safety	818,229
Public works	141,227
Recreation and cultural	31,693
Internal service funds	<u>160,970</u>
	<u>\$ 2,162,857</u>



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Unit - Road Commission</b>				
Capital assets not being depreciated:				
Land	\$ 37,276	\$ -	\$ -	\$ 37,276
Infrastructure - roads	17,449,757	543,527	-	17,993,284
Construction in progress	-	4,352	-	4,352
	<u>17,487,033</u>	<u>547,879</u>	<u>-</u>	<u>18,034,912</u>
Capital assets being depreciated:				
Land improvements	52,064	-	-	52,064
Buildings	2,044,352	17,770	-	2,062,122
Road equipment	12,802,893	1,770,235	(414,861)	14,158,267
Shop equipment	186,180	75,143	-	261,323
Office equipment	10,730	-	-	10,730
Engineering equipment	27,210	-	-	27,210
Yard and storage	601,188	-	-	601,188
Infrastructure - roads	33,154,526	1,584,236	(1,338,705)	33,400,057
	<u>48,879,143</u>	<u>3,447,384</u>	<u>(1,753,566)</u>	<u>50,572,961</u>
Less accumulated depreciation for:				
Land improvements	(52,064)	-	-	(52,064)
Buildings	(1,168,042)	(95,532)	-	(1,263,574)
Road equipment	(10,170,531)	(1,081,844)	414,861	(10,837,514)
Shop equipment	(151,292)	(24,215)	-	(175,507)
Office equipment	(8,192)	(781)	-	(8,973)
Engineering equipment	(23,100)	(1,409)	-	(24,509)
Yard and storage	(523,964)	(12,155)	-	(536,119)
Infrastructure - roads	(17,035,397)	(1,590,791)	1,338,705	(17,287,483)
	<u>(29,132,582)</u>	<u>(2,806,727)</u>	<u>1,753,566</u>	<u>(30,185,743)</u>
Total capital assets being depreciated, net	<u>19,746,561</u>	<u>640,657</u>	<u>-</u>	<u>20,387,218</u>
<b>Component Unit - Road Commission</b>				
capital assets, net	<u>\$ 37,233,594</u>	<u>\$ 1,188,536</u>	<u>\$ -</u>	<u>\$ 38,422,130</u>

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

#### 8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<b>Public placement</b>					
\$13,290,000 sewage disposal bonds due in annual installments of \$565,000 to \$775,000 through April 1, 2028, interest at 1.625%.	\$ 5,155,000	\$ -	\$ (700,000)	\$ 4,455,000	\$ 710,000
 \$2,600,000 law enforcement 2021 refunding bonds due in annual installments of \$415,000 to \$455,000 through June 1, 2027, at interest of 1.38%.	 2,600,000	 -	 (415,000)	 2,185,000	 400,000
	7,755,000	-	(1,115,000)	6,640,000	1,110,000
<b>Direct placement</b>					
\$2,498,950 equipment installment purchase agreement due in annual installments of \$230,836 to \$270,986 through September 15, 2026, interest at 1.86%.	1,306,339	-	(251,728)	1,054,611	256,410
Total installment debt	9,061,339	-	(1,366,728)	7,694,611	1,366,410
Compensated absences	405,438	625,237	(597,400)	433,275	433,275
	<u>\$ 9,466,777</u>	<u>\$ 625,237</u>	<u>\$ (1,964,128)</u>	<u>\$ 8,127,886</u>	<u>\$ 1,799,685</u>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Compensated absences	\$ 20,615	\$ 16,146	\$ (20,615)	\$ 16,146	\$ 16,146
<b>Component Units</b>					
<b>Brownfield Redevelopment Authority</b>					
\$473,111 note payable due					
in annual installments of					
\$41,395, including interest					
at 2.0%, through June 2033					
	\$ 290,615	\$ -	\$ (24,273)	\$ 266,342	\$ 24,334
<b>Road Commission</b>					
Compensated absences	\$ 77,246	\$ 166,869	\$ (140,462)	\$ 103,653	\$ 80,788

Annual debt service requirements to maturity for long-term debt are as follows:

Governmental Activities - Public Placement		
Year Ended December 31,	Principal	Interest
2023	\$ 1,110,000	\$ 94,018
2024	1,165,000	76,563
2025	1,185,000	58,560
2026	1,205,000	40,249
2027	1,200,000	21,805
2028	775,000	6,297
	<u>\$ 6,640,000</u>	<u>\$ 297,492</u>

Governmental Activities - Direct Placement		
Year Ended December 31,	Principal	Interest
2023	\$ 256,410	\$ 19,616
2024	261,179	14,847
2025	266,037	9,989
2026	270,985	5,041
	<u>\$ 1,054,611</u>	<u>\$ 49,493</u>

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

Brownfield Redevelopment Authority Component Unit		
Year Ended December 31,	Principal	Interest
2023	\$ 24,334	\$ 666
2024	24,395	605
2025	24,456	544
2026	24,517	483
2027	24,578	422
2028-2032	123,816	1,184
2033	20,246	49
	<u>\$ 266,342</u>	<u>\$ 3,953</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

#### 9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County participates as a member in the Michigan Municipal Risk Management Authority (the "Authority"). The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. The County's member maximum retention on general liability is \$75,000 per occurrence and \$145,000 per policy year. The limits on auto physical damage are \$15,000 per unit and \$30,000 per occurrence. The retention limits for property and crime coverage are subject to a \$1,000 deductible per occurrence with 10 percent of the first \$100,000 to be paid by the member. The Authority administers all claims and provides the County quarterly activity statements that are used to estimate the liability for unpaid claims.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance Fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements. The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2022, the Authority had met the minimum requirements. The County reports the activity and its share of the Reinsurance Fund in an internal service fund.

The County has transferred the risk of loss for workers' compensation and health insurance via the purchase of commercial insurance policies. Settled claims have not exceeded coverage in any of the past three fiscal years.

Changes in the balances of estimated liabilities during the past two years are as follows:

	2022	2021
<b>Workers compensation</b>		
Estimated liability, January 1	\$ 115,790	\$ 86,052
Estimated claims incurred, including changes in estimates	22,921	65,976
Claim payments	<u>(31,184)</u>	<u>(36,238)</u>
<b>Estimated liability, December 31</b>	<u><u>\$ 107,527</u></u>	<u><u>\$ 115,790</u></u>

### 10. CONTINGENT LIABILITIES

There are lawsuits pending in which the County is involved. The County estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

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

The County is a defendant in litigation related to provisions of the Michigan General Property Tax Act and surplus proceeds generated through the auction of property tax-foreclosed properties under the statute, with similarly situated counties in the state. Proceedings are currently stayed while an appeal pending in the U.S. Circuit Court of Appeals is heard. The County may be required to repay in the future some portion of the surplus from previous years proceeds to former owners of property tax-foreclosed properties for the tax-foreclosed property dispositions. As of December 31, 2022, the County is not able to reasonably estimate this potential liability. Accordingly, no amounts for this potential liability have been recognized in the County's financial statements.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 11. PROPERTY TAXES

Prior to 2005, the County property taxes were levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2004, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date gradually shifted from December 1 to July 1 of each year. As such, for the year ended December 31, 2022, the County recognized the full July 1, 2022 levy.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The taxable value of real and personal property for 2022, for which revenue was recognized in the General Fund, was approximately \$3.3 billion. The general operating tax rate for this levy was 3.3580 mills. The taxable value of real and personal property for 2021, for which revenue was recognized in all other funds, was approximately \$3.1 billion. The tax rate for that voted levy was 0.3134 mills for Senior Services and 0.2111 mills for Early Childhood.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

### 12. PENSION PLANS

#### Primary Government

#### *General Information About the Plan*

*Plan Description.* The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under 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](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 2.0% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement options available for certain bargaining units.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

*Employees Covered by Benefit Terms.* At the December 31, 2021 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	63
Active employees	<u>118</u>
<b>Total membership</b>	<b><u>288</u></b>

*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. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2022:

Division/Bargaining Unit	Status	Employer Contribution Rate	Employee Contribution Rate
General	Closed	\$ 12,789	3.50%
POAM	Closed	15,616	2.92%
Non-Union	Closed	21,814	0.00%
COAM	Closed	13,141	2.92%
Non-Union hired after 3/1/2012	Open	7.87%	2.00%

*Net Pension Liability.* The County's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021.

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	20.00%	7.00%	1.40%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u><u>7.25%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25% (down from 7.60% at December 31, 2021). 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.



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Changes in Net Pension Liability*

The components of the change in the net pension liability are summarized as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2021	\$ 34,811,755	\$ 33,216,846	\$ 1,594,909
Changes for the year:			
Service cost	651,905	-	651,905
Interest	2,478,007	-	2,478,007
Differences between expected and actual experience	227,379	-	227,379
Changes in assumptions	1,336,033	-	1,336,033
Employer contributions	-	1,305,388	(1,305,388)
Employee contributions	-	203,811	(203,811)
Net investment loss	-	(3,472,745)	3,472,745
Benefit payments, including refunds of employee contributions	(1,913,746)	(1,913,746)	-
Administrative expense	-	(61,575)	61,575
Other changes	59,647	-	59,647
Net changes	2,839,225	(3,938,867)	6,778,092
<b>Balances at December 31, 2022</b>	<b>\$ 37,650,980</b>	<b>\$ 29,277,979</b>	<b>\$ 8,373,001</b>

*Changes in assumptions.* In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's net pension liability	\$ 12,669,566	\$ 8,373,001	\$ 4,754,980

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued plan financial statements.

For the governmental activities, the net pension liability is generally liquidated by the General Fund.

#### *Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions*

For the year ended December 31, 2022, the County recognized pension expense of \$2,513,567. The County reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference between expected and actual experience	\$ 214,919	\$ 46,737	\$ 168,182
Changes in assumptions	1,496,564	-	1,496,564
Net difference between projected and actual earnings on pension plan investments	2,722,710	-	2,722,710
<b>Total</b>	<b>\$ 4,434,193</b>	<b>\$ 46,737</b>	<b>\$ 4,387,456</b>

Amounts reported as pension-related deferred outflows/inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2023	\$ 1,389,043
2024	1,034,156
2025	791,463
2026	1,172,794
	<u>\$ 4,387,456</u>

*Payable to the Pension Plan.* At December 31, 2022, the County had no amounts outstanding payable to the pension plan.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Defined Contribution Plan*

The County offers a money purchase pension plan, the Leelanau County Money Purchase Pension Plan 401(a), in accordance with Internal Revenue Code Section 401(a), to all regular and grant full-time employees who have been employed for at least two years. The Plan, which was closed to new hires effective January 1, 2015, is administered by PEBSCO. Plan provisions and contribution requirements are established and may be amended by Leelanau County. The County matches 100% of employee contributions to their Section 457 deferred compensation account, ranging from a minimum of \$300 to a maximum of \$1,000 depending on the employees' years of service. For the year ended December 31, 2022, the County contributed \$21,200 based on the employee contributions into their Section 457 accounts. The Plan is not considered a fiduciary activity of the County under GASB Statement No. 84.

### **Road Commission**

#### *General Information About the Plan*

*Plan Description.* The Road Commission's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Road Commission 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](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits are calculated as final average compensation (based on a 5 year period) and multipliers at 2.0%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service or age 55 with 15 years of service. The plan is closed to new entrants.

*Employees Covered by Benefit Terms.* At the December 31, 2021 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>8</u>
<b>Total membership</b>	<u><u>60</u></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. In addition, the employer may establish contribution rates to be paid by its covered employees.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

Monthly required employer contributions were \$5,674 during the year ended December 31, 2022, while employees contributed 4.0% to the plan.

*Net Pension Liability.* The Road Commission's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021.

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	20.00%	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u><u>7.25%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25% (down from 7.60% at December 31, 2021). 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.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Changes in Net Pension Liability (Asset)*

The components of the change in the net pension liability (asset) are summarized as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at December 31, 2021	\$ 8,398,364	\$ 9,103,130	\$ (704,766)
Changes for the year:			
Service cost	35,268	-	35,268
Interest	585,945	-	585,945
Differences between expected and actual experience	79,301	-	79,301
Changes in assumptions	260,108	-	260,108
Employer contributions	-	434,424	(434,424)
Employee contributions	-	15,909	(15,909)
Net investment loss	-	(943,994)	943,994
Benefit payments, including refunds of employee contributions	(667,988)	(667,988)	-
Administrative expense	-	(16,714)	16,714
Other changes	14,181	-	14,181
Net changes	306,815	(1,178,363)	1,485,178
<b>Balances at December 31, 2022</b>	<b>\$ 8,705,179</b>	<b>\$ 7,924,767</b>	<b>\$ 780,412</b>

*Changes in Assumptions.* In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the Road Commission, calculated using the discount rate of 7.25%, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Road Commission's net pension liability	\$ 1,604,208	\$ 780,412	\$ 71,257

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued plan financial statements.

#### ***Pension Expense and Deferred Outflows of Resources Related to Pensions***

For the year ended December 31, 2022, the Road Commission recognized pension expense of \$540,393. The Road Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 731,504</u>

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

Year Ended December 31,	Amount
2023	\$ 64,377
2024	135,037
2025	212,995
2026	<u>319,095</u>
<b>Total</b>	<u><u>\$ 731,504</u></u>

*Payable to the Pension Plan.* At December 31, 2022, the Road Commission reported no amount due for outstanding contributions to the pension plan required for the year ended December 31, 2022.

#### ***Defined Contribution Pension Plan***

The Road Commission's defined contribution pension provides pension benefits for employees hired after July 1, 2014. New employees are added to the defined contribution plan after hire. Employees vest immediately upon contribution. Plan members are required to contribute 4% of their annual salary. The Road Commission contributes a matching percentage. Employer contributions were \$93,126 and employee contributions were \$42,771 for the year ended December 31, 2022. The Plan is administered by MERS, and is not considered a fiduciary activity of the Road Commission under GASB Statement No. 84.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 13. LEASES

**Lessee** - The County is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of the agreement. The agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the County will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

#### Remaining Term of Agreement

##### Asset Type

Land 26 years

The assets acquired through the lease are summarized as follows:

	Governmental Activities
Land	\$ 588,835
Less accumulated amortization	<u>(22,648)</u>
<b>Net book value</b>	<u><u>\$ 566,187</u></u>

The net present value of future minimum payments as of December 31, 2022 were as follows:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 9,819	\$ 10,784
2024	10,620	10,601
2025	11,454	10,404
2026	12,323	10,191
2027	13,227	9,962
2028-2032	81,049	45,756
2033-2037	109,812	37,190
2038-2042	144,687	25,730
2043-2047	<u>186,793</u>	<u>10,766</u>
<b>Totals</b>	<u><u>\$ 579,784</u></u>	<u><u>\$ 171,384</u></u>



## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

Lease liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance *	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Leases payable	\$ 588,835	\$ -	\$ (9,051)	\$ 579,784	\$ 9,819

\* The County implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding lease asset has been recorded for the same amount.

**Lessor** - The County is involved in 11 agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended December 31, 2022 was \$298,283.

#### Remaining Term of Agreements

##### Asset Type

Towers 5-14 years

Lease receivable activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Governmental activities</b>				
Leases receivable	\$ 2,644,489	\$ -	\$ (262,695)	\$ 2,381,794

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 14. FUND BALANCES - GOVERNMENTAL FUNDS

The County reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Senior Services	Communication Towers	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepays	\$ 39,674	\$ -	\$ -	\$ 16,030	\$ 55,704
Long-term advances	80,000	-	-	-	80,000
	<u>119,674</u>	<u>-</u>	<u>-</u>	<u>16,030</u>	<u>135,704</u>
Restricted for:					
Revenue sharing reserve	-	-	-	36,582	36,582
ROD automation	-	-	-	133,687	133,687
Inmate housing	-	-	-	294,402	294,402
911 Wireless	-	-	-	73,601	73,601
Training	-	-	-	59,366	59,366
Indigent defense	-	-	-	101,387	101,387
Gaming revenue	-	-	-	6,103	6,103
Communication towers	-	-	287,180	-	287,180
Recycling	-	-	-	303,404	303,404
Mapping	-	-	-	28,778	28,778
Concealed pistol licenses	-	-	-	47,814	47,814
CDBG administration	-	-	-	20,091	20,091
CDBG rehabilitation	-	-	-	29,885	29,885
CDBG repayment	-	-	-	147,448	147,448
HOME	-	-	-	10,000	10,000
Senior services	-	830,932	-	-	830,932
Early childhood	-	-	-	425,021	425,021
Communications	-	-	-	195,313	195,313
Drain revolving	-	-	-	3,074	3,074
Brewery Creek drain	-	-	-	3,547	3,547
	<u>-</u>	<u>830,932</u>	<u>287,180</u>	<u>1,919,503</u>	<u>3,037,615</u>

(continued...)

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

	General Fund	Senior Services	Communication Towers	Nonmajor Governmental Funds	Total
Committed for:					
Capital projects	\$ -	\$ -	\$ -	\$ 40,296	\$ 40,296
Veterans campus maintenance	-	-	-	5,110	5,110
Law enforcement	-	-	-	2,510	2,510
	-	-	-	47,916	47,916
Unassigned	8,974,942	-	-	-	8,974,942
<b>Total fund balances, governmental funds</b>	<b>\$ 9,094,616</b>	<b>\$ 830,932</b>	<b>\$ 287,180</b>	<b>\$ 1,983,449</b>	<b>\$ 12,196,177</b>

(concluded)

### 15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of December 31, 2022, was as follows:

	Governmental Activities	Component Units
Capital assets:		
Capital assets not being depreciated	\$ 1,645,605	\$ 18,034,912
Capital assets being depreciated/amortized, net	17,089,413	20,387,218
	<u>18,735,018</u>	<u>38,422,130</u>
Related debt:		
Bonds and installment purchase agreement payable	7,694,611	-
Leases payable	579,784	-
Deferred gain on refunding	33,245	-
Less bonds payable related to installment sales agreement	(4,455,000)	-
	<u>3,852,640</u>	<u>-</u>
<b>Net investment in capital assets</b>	<b>\$ 14,882,378</b>	<b>\$ 38,422,130</b>

## LEELANAU COUNTY, MICHIGAN

### Notes to Financial Statements

#### 16. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The pandemic has resulted operational challenges for the County as it determines the impact on employees, vendors, and taxpayers, and the appropriate method for providing services. At this time, management does not believe that any ongoing negative financial impact related to the pandemic, if any, would be material to the County.

#### 17. OPIOID SETTLEMENT

The County is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$20,893 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$61,991 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 0.1386% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$360,314 and \$82,818 from the Distributors and Janssen, respectively.

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2022 is \$359,944.

Additional settlements with pharmacies and manufacturers were entered into during 2022, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of December 31, 2022, the amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.



## **REQUIRED SUPPLEMENTARY INFORMATION**

## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government  
Schedule of Changes in the County's Net Pension Liability and Related Ratios

	Year Ended December 31,			
	2022	2021	2020	2019
<b>Total pension liability</b>				
Service cost	\$ 651,905	\$ 617,204	\$ 636,530	\$ 614,803
Interest	2,478,007	2,410,462	2,263,648	2,320,901
Changes in benefit terms	-	-	(8,220)	(14,556)
Differences between expected and actual experience	227,379	189,999	(186,945)	(493,637)
Changes of assumptions	1,336,033	1,154,841	883,718	-
Benefit payments, including refunds of employee contributions	(1,913,746)	(1,866,877)	(1,663,574)	(1,550,819)
Other changes	59,647	(35,319)	117,923	(57,596)
<b>Net change in total pension liability</b>	<u>2,839,225</u>	<u>2,470,310</u>	<u>2,043,080</u>	<u>819,096</u>
Total pension liability, beginning of year	<u>34,811,755</u>	<u>32,341,445</u>	<u>30,298,365</u>	<u>29,479,269</u>
<b>Total pension liability, end of year</b>	<u>37,650,980</u>	<u>34,811,755</u>	<u>32,341,445</u>	<u>30,298,365</u>
<b>Plan fiduciary net position</b>				
Employer contributions	1,305,388	1,433,784	1,135,144	1,028,673
Employee contributions	203,811	206,418	177,633	111,720
Net investment income (loss)	(3,472,745)	4,127,831	3,382,119	3,210,495
Benefit payments, including refunds of employee contributions	(1,913,746)	(1,866,877)	(1,663,574)	(1,550,819)
Administrative expense	(61,575)	(47,324)	(53,170)	(55,239)
<b>Net change in plan fiduciary net position</b>	<u>(3,938,867)</u>	<u>3,853,832</u>	<u>2,978,152</u>	<u>2,744,830</u>
Plan fiduciary net position, beginning of year	<u>33,216,846</u>	<u>29,363,014</u>	<u>26,384,862</u>	<u>23,640,032</u>
<b>Plan fiduciary net position, end of year</b>	<u>29,277,979</u>	<u>33,216,846</u>	<u>29,363,014</u>	<u>26,384,862</u>
<b>County's net pension liability</b>	<u>\$ 8,373,001</u>	<u>\$ 1,594,909</u>	<u>\$ 2,978,431</u>	<u>\$ 3,913,503</u>
Plan fiduciary net position as a percentage of total pension liability	77.8%	95.4%	90.8%	87.1%
Covered payroll	\$ 6,947,641	\$ 6,323,139	\$ 6,195,268	\$ 6,051,170
County's net pension liability as a percentage of covered payroll	120.5%	25.2%	48.1%	64.7%

See notes to required supplementary information.



Year Ended December 31,			
2018	2017	2016	2015
\$ 568,219	\$ 563,173	\$ 543,226	\$ 509,322
2,236,383	2,194,209	2,021,067	1,927,081
-	-	-	-
(104,311)	(672,312)	614,574	-
-	-	1,253,143	-
(1,532,396)	(1,471,441)	(1,338,945)	(1,267,146)
(125,502)	(58,504)	(106,961)	(11,078)
1,042,393	555,125	2,986,104	1,158,179
28,436,876	27,881,751	24,895,647	23,737,468
29,479,269	28,436,876	27,881,751	24,895,647
1,327,216	1,471,798	1,637,142	1,767,785
141,405	69,384	61,611	81,073
(984,692)	2,913,289	2,220,227	(296,090)
(1,532,396)	(1,471,441)	(1,338,945)	(1,267,146)
(48,121)	(46,046)	(43,809)	(42,516)
(1,096,588)	2,936,984	2,536,226	243,106
24,736,620	21,799,636	19,263,410	19,020,304
23,640,032	24,736,620	21,799,636	19,263,410
\$ 5,839,237	\$ 3,700,256	\$ 6,082,115	\$ 5,632,237
80.2%	87.0%	78.2%	77.4%
\$ 5,801,628	\$ 5,546,413	\$ 5,246,995	\$ 4,945,090
100.6%	66.7%	115.9%	113.9%

## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government  
Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2022	\$ 1,055,388	\$ 1,305,388	\$ (250,000)	\$ 6,947,641	18.8%
2021	933,144	1,433,784	(500,000)	6,323,139	22.7%
2020	785,144	1,135,144	(350,000)	6,195,268	18.3%
2019	778,673	1,028,673	(250,000)	6,051,170	17.0%
2018	817,216	1,327,216	(510,000)	5,801,628	22.9%
2017	796,798	1,471,798	(675,000)	5,546,413	26.5%
2016	737,142	1,637,142	(900,000)	5,246,995	31.2%
2015	770,986	1,767,785	(996,799)	4,945,090	35.7%

See notes to required supplementary information.



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## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Road Commission

Schedule of Changes in the Road Commission's Net Pension Liability (Asset) and Related Ratios

	Year Ended December 31,			
	2022	2021	2020	2019
<b>Total pension liability</b>				
Service cost	\$ 35,268	\$ 41,551	\$ 54,944	\$ 68,404
Interest	585,945	597,879	570,287	594,840
Differences between expected and actual experience	79,301	69,882	93,371	(40,985)
Changes of assumptions	260,108	148,779	233,994	-
Benefit payments, including refunds of employee contributions	(667,988)	(621,797)	(557,063)	(498,590)
Other changes	14,181	5,120	6,581	(19,432)
<b>Net change in total pension liability</b>	<u>306,815</u>	<u>241,414</u>	<u>402,114</u>	<u>104,237</u>
Total pension liability, beginning of year	<u>8,398,364</u>	<u>8,156,950</u>	<u>7,754,836</u>	<u>7,650,599</u>
<b>Total pension liability, end of year</b>	<u>8,705,179</u>	<u>8,398,364</u>	<u>8,156,950</u>	<u>7,754,836</u>
<b>Plan fiduciary net position</b>				
Employer contributions	434,424	258,708	750,000	600,000
Employee contributions	15,909	18,550	25,117	30,146
Net investment income (loss)	(943,994)	1,148,640	942,181	853,664
Benefit payments, including refunds of employee contributions	(667,988)	(621,797)	(557,063)	(498,590)
Administrative expense	(16,714)	(13,203)	(14,596)	(14,728)
<b>Net change in plan fiduciary net position</b>	<u>(1,178,363)</u>	<u>790,898</u>	<u>1,145,639</u>	<u>970,492</u>
Plan fiduciary net position, beginning of year	<u>9,103,130</u>	<u>8,312,232</u>	<u>7,166,593</u>	<u>6,196,101</u>
<b>Plan fiduciary net position, end of year</b>	<u>7,924,767</u>	<u>9,103,130</u>	<u>8,312,232</u>	<u>7,166,593</u>
<b>Road Commission's net pension liability (asset)</b>	<u>\$ 780,412</u>	<u>\$ (704,766)</u>	<u>\$ (155,282)</u>	<u>\$ 588,243</u>
Plan fiduciary net position as a percentage of total pension liability	91.0%	108.4%	101.9%	92.4%
Covered payroll	\$ 397,725	\$ 463,750	\$ 627,925	\$ 753,650
Road Commission's net pension liability (asset) as a percentage of covered payroll	196.2%	-152.0%	-24.7%	78.1%

See notes to required supplementary information.

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Year Ended December 31,			
2018	2017	2016	2015
\$ 75,638	\$ 87,575	\$ 101,926	\$ 98,043
588,250	581,951	538,670	516,891
(94,551)	(145,676)	144,554	-
-	-	359,724	-
(428,935)	(371,949)	(333,051)	(295,302)
(19,578)	(38,702)	(40,145)	(38,703)
120,824	113,199	771,678	280,929
7,529,775	7,416,576	6,644,898	6,363,969
7,650,599	7,529,775	7,416,576	6,644,898
630,000	582,000	486,000	473,484
34,603	38,677	43,676	49,761
(252,496)	709,362	527,239	(67,576)
(428,935)	(371,949)	(333,051)	(295,302)
(12,244)	(11,195)	(10,399)	(9,827)
(29,072)	946,895	713,465	150,540
6,225,173	5,278,278	4,564,813	4,414,273
6,196,101	6,225,173	5,278,278	4,564,813
\$ 1,454,498	\$ 1,304,602	\$ 2,138,298	\$ 2,080,085
81.0%	82.7%	71.2%	68.7%
\$ 874,715	\$ 966,929	\$ 1,197,106	\$ 1,153,314
166.3%	134.9%	178.6%	180.4%

## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Road Commission  
Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2022	\$ 67,764	\$ 434,424	\$ (366,660)	\$ 397,725	109.2%
2021	138,488	258,708	(120,220)	463,750	55.8%
2020	128,196	750,000	(621,804)	627,925	119.4%
2019	150,504	600,000	(449,496)	753,650	79.6%
2018	183,732	630,000	(446,268)	874,715	72.0%
2017	214,116	582,000	(367,884)	966,929	60.2%
2016	175,188	486,000	(310,812)	1,197,106	40.6%
2015	323,484	473,484	(150,000)	1,153,314	41.1%

See notes to required supplementary information.

# LEELANAU COUNTY, MICHIGAN

## Required Supplementary Information

### *MERS Agent Multiple-Employer Defined Benefit Pension Plans*

#### **Notes to the Schedule of Changes in the Net Pension Liability and Related Ratios**

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

*Changes in Assumptions.* In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

In 2021, amounts reported as changes of assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

#### **Notes to Schedule of Contributions**

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation Date	Actuarially determined contribution rates are calculated as of the December 31 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.
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Methods and assumptions used to determine contribution rates (2022, based on the 12/31/2020 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	20 years for County divisions; 14 years for Road Commission
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation
Normal retirement age	Age 60

## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

#### *MERS Agent Multiple-Employer Defined Benefit Pension Plans*

##### Mortality

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disables retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

## LEELANAU COUNTY, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2022

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 1,924,743	\$ 2,510	\$ 247,364	\$ 2,174,617
Receivables:				
Accounts	449,659	-	-	449,659
Loans	561,154	-	-	561,154
Taxes	992,697	-	-	992,697
Due from other governments	43,237	-	-	43,237
Prepaid items	1,329	-	14,701	16,030
<b>Total assets</b>	<u>\$ 3,972,819</u>	<u>\$ 2,510</u>	<u>\$ 262,065</u>	<u>\$ 4,237,394</u>
<b>Liabilities</b>				
Accounts payable	\$ 176,129	\$ -	\$ 5,134	\$ 181,263
Accrued liabilities	31	-	-	31
<b>Total liabilities</b>	<u>176,160</u>	<u>-</u>	<u>5,134</u>	<u>181,294</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	561,154	-	-	561,154
Unavailable revenue - opioid settlement	359,944	-	-	359,944
Taxes levied for a subsequent period	1,151,553	-	-	1,151,553
<b>Total deferred inflows of resources</b>	<u>2,072,651</u>	<u>-</u>	<u>-</u>	<u>2,072,651</u>
<b>Fund balances</b>				
Nonspendable	1,329	-	14,701	16,030
Restricted	1,717,569	-	201,934	1,919,503
Committed	5,110	2,510	40,296	47,916
<b>Total fund balances</b>	<u>1,724,008</u>	<u>2,510</u>	<u>256,931</u>	<u>1,983,449</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 3,972,819</u>	<u>\$ 2,510</u>	<u>\$ 262,065</u>	<u>\$ 4,237,394</u>



## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenditures

and Change in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2022

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 1,069,711	\$ -	\$ -	\$ 1,069,711
Intergovernmental	262,769	-	29,725	292,494
Charges for services	372,847	-	-	372,847
Refunds and reimbursements	93,172	-	-	93,172
Investment income	1,125	-	79	1,204
Other	41,023	-	43,400	84,423
<b>Total revenues</b>	<u>1,840,647</u>	<u>-</u>	<u>73,204</u>	<u>1,913,851</u>
<b>Expenditures</b>				
Current:				
General government	10,519	-	-	10,519
Public safety	229,244	-	-	229,244
Public works	531,982	-	58,991	590,973
Health and welfare	599,830	-	-	599,830
Debt service:				
Principal	-	666,728	-	666,728
Interest and fiscal charges	-	58,815	-	58,815
Capital outlay	-	-	487,067	487,067
<b>Total expenditures</b>	<u>1,371,575</u>	<u>725,543</u>	<u>546,058</u>	<u>2,643,176</u>
Revenues over (under) expenditures	<u>469,072</u>	<u>(725,543)</u>	<u>(472,854)</u>	<u>(729,325)</u>
<b>Other financing sources (uses)</b>				
Transfers in	54,316	675,230	711,026	1,440,572
Transfers out	(497,459)	-	(276,026)	(773,485)
<b>Total other financing sources (uses)</b>	<u>(443,143)</u>	<u>675,230</u>	<u>435,000</u>	<u>667,087</u>
<b>Net change in fund balances</b>	<u>25,929</u>	<u>(50,313)</u>	<u>(37,854)</u>	<u>(62,238)</u>
Fund balances, beginning of year	<u>1,698,079</u>	<u>52,823</u>	<u>294,785</u>	<u>2,045,687</u>
<b>Fund balances, end of year</b>	<u>\$ 1,724,008</u>	<u>\$ 2,510</u>	<u>\$ 256,931</u>	<u>\$ 1,983,449</u>

## LEELANAU COUNTY, MICHIGAN

### Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2022

	Inmate Housing	Recycling	Wireless 911	911 Training
<b>Assets</b>				
Cash and investments	\$ 239,826	\$ 388,713	\$ 96	\$ 45,892
Receivables:				
Accounts	56,732	2,505	30,478	-
Loans	-	-	-	-
Taxes	-	389,792	-	-
Due from other governments	210	-	43,027	-
Prepaid items	-	120	-	259
<b>Total assets</b>	<u>\$ 296,768</u>	<u>\$ 781,130</u>	<u>\$ 73,601</u>	<u>\$ 46,151</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,366	\$ 26,336	\$ -	\$ 377
Accrued liabilities	-	31	-	-
<b>Total liabilities</b>	<u>2,366</u>	<u>26,367</u>	<u>-</u>	<u>377</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	-	-	-	-
Unavailable revenue - opioid settlement	-	-	-	-
Taxes levied for a subsequent period	-	451,239	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>451,239</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	-	120	-	259
Restricted	294,402	303,404	73,601	45,515
Committed	-	-	-	-
<b>Total fund balances</b>	<u>294,402</u>	<u>303,524</u>	<u>73,601</u>	<u>45,774</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 296,768</u>	<u>\$ 781,130</u>	<u>\$ 73,601</u>	<u>\$ 46,151</u>



Veterans Campus Maintenance	ROD Automation	Indigent Defense	Gaming Revenue	Concealed Pistol License	Corrections Training
\$ 5,110	\$ 133,687	\$ 106,007	\$ 11,103	\$ 47,952	\$ 9,292
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	750	-	-	-	-
<u>\$ 5,110</u>	<u>\$ 134,437</u>	<u>\$ 106,007</u>	<u>\$ 11,103</u>	<u>\$ 47,952</u>	<u>\$ 9,292</u>
\$ -	\$ -	\$ 4,620	\$ 5,000	\$ 138	\$ -
-	-	-	-	-	-
-	-	4,620	5,000	138	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	750	-	-	-	-
-	133,687	101,387	6,103	47,814	9,292
5,110	-	-	-	-	-
<u>5,110</u>	<u>134,437</u>	<u>101,387</u>	<u>6,103</u>	<u>47,814</u>	<u>9,292</u>
<u>\$ 5,110</u>	<u>\$ 134,437</u>	<u>\$ 106,007</u>	<u>\$ 11,103</u>	<u>\$ 47,952</u>	<u>\$ 9,292</u>

continued...

## LEELANAU COUNTY, MICHIGAN

### Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2022

	CDBG Administration	CDBG Rehabilitation	CDBG Repayment	HOME
<b>Assets</b>				
Cash and investments	\$ 20,134	\$ 29,885	\$ 147,448	\$ 10,000
Receivables:				
Accounts	-	-	-	-
Loans	-	-	561,154	-
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<u>\$ 20,134</u>	<u>\$ 29,885</u>	<u>\$ 708,602</u>	<u>\$ 10,000</u>
<b>Liabilities</b>				
Accounts payable	\$ 43	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
<b>Total liabilities</b>	<u>43</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	-	-	561,154	-
Unavailable revenue - opioid settlement	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>561,154</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted	20,091	29,885	147,448	10,000
Committed	-	-	-	-
<b>Total fund balances</b>	<u>20,091</u>	<u>29,885</u>	<u>147,448</u>	<u>10,000</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 20,134</u>	<u>\$ 29,885</u>	<u>\$ 708,602</u>	<u>\$ 10,000</u>



Early Childhood Fund	Revenue Sharing Reserve	Opioid Settlement	Criminal Justice Training	Map Fund	Total
\$ 659,679	\$ 36,582	\$ -	\$ 4,559	\$ 28,778	\$ 1,924,743
-	-	359,944	-	-	449,659
-	-	-	-	-	561,154
602,905	-	-	-	-	992,697
-	-	-	-	-	43,237
-	-	-	-	200	1,329
<u>\$ 1,262,584</u>	<u>\$ 36,582</u>	<u>\$ 359,944</u>	<u>\$ 4,559</u>	<u>\$ 28,978</u>	<u>\$ 3,972,819</u>
\$ 137,249	\$ -	\$ -	\$ -	\$ -	\$ 176,129
-	-	-	-	-	31
<u>137,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,160</u>
-	-	-	-	-	561,154
-	-	359,944	-	-	359,944
<u>700,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,151,553</u>
<u>700,314</u>	<u>-</u>	<u>359,944</u>	<u>-</u>	<u>-</u>	<u>2,072,651</u>
-	-	-	-	200	1,329
425,021	36,582	-	4,559	28,778	1,717,569
-	-	-	-	-	5,110
<u>425,021</u>	<u>36,582</u>	<u>-</u>	<u>4,559</u>	<u>28,978</u>	<u>1,724,008</u>
<u>\$ 1,262,584</u>	<u>\$ 36,582</u>	<u>\$ 359,944</u>	<u>\$ 4,559</u>	<u>\$ 28,978</u>	<u>\$ 3,972,819</u>

concluded

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Change in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2022

	Inmate Housing	Recycling	Wireless 911	911 Training
<b>Revenues</b>				
Property taxes	\$ -	\$ 447,876	\$ -	\$ -
Intergovernmental	-	-	149,137	14,059
Charges for services	176,108	23,341	124,183	-
Refunds and reimbursements	93,172	-	-	-
Investment income	-	-	-	-
Other	-	6,538	-	-
<b>Total revenues</b>	<u>269,280</u>	<u>477,755</u>	<u>273,320</u>	<u>14,059</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	6,897	-	-	6,630
Public works	-	530,768	-	-
Health and welfare	-	-	-	-
<b>Total expenditures</b>	<u>6,897</u>	<u>530,768</u>	<u>-</u>	<u>6,630</u>
Revenues over (under) expenditures	<u>262,383</u>	<u>(53,013)</u>	<u>273,320</u>	<u>7,429</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(193,250)	(17,905)	(273,236)	-
<b>Total other financing sources (uses)</b>	<u>(193,250)</u>	<u>(17,905)</u>	<u>(273,236)</u>	<u>-</u>
<b>Net change in fund balances</b>	69,133	(70,918)	84	7,429
Fund balances, beginning of year	<u>225,269</u>	<u>374,442</u>	<u>73,517</u>	<u>38,345</u>
<b>Fund balances, end of year</b>	<u>\$ 294,402</u>	<u>\$ 303,524</u>	<u>\$ 73,601</u>	<u>\$ 45,774</u>



Veterans Campus Maintenance	ROD Automation	Indigent Defense	Gaming Revenue	Concealed Pistol License	Corrections Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	15,232	82,102	-	-
-	35,355	-	-	10,154	2,348
-	-	-	-	-	-
-	-	-	-	-	-
505	-	-	-	-	-
505	35,355	15,232	82,102	10,154	2,348
-	10,519	-	-	-	-
1,869	-	125,371	84,602	3,349	526
-	-	-	-	-	-
-	-	-	-	-	-
1,869	10,519	125,371	84,602	3,349	526
(1,364)	24,836	(110,139)	(2,500)	6,805	1,822
2,000	-	52,316	-	-	-
-	(10,499)	-	-	(2,569)	-
2,000	(10,499)	52,316	-	(2,569)	-
636	14,337	(57,823)	(2,500)	4,236	1,822
4,474	120,100	159,210	8,603	43,578	7,470
\$ 5,110	\$ 134,437	\$ 101,387	\$ 6,103	\$ 47,814	\$ 9,292

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## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Change in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2022

	CDBG Administration	CDBG Rehabilitation	CDBG Repayment	HOME
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Refunds and reimbursements	-	-	-	-
Investment income	-	-	1,086	-
Other	-	-	33,980	-
<b>Total revenues</b>	-	-	35,066	-
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	1,937	-	75,503	-
<b>Total expenditures</b>	1,937	-	75,503	-
Revenues over (under) expenditures	(1,937)	-	(40,437)	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net change in fund balances</b>	(1,937)	-	(40,437)	-
Fund balances, beginning of year	22,028	29,885	187,885	10,000
<b>Fund balances, end of year</b>	<u>\$ 20,091</u>	<u>\$ 29,885</u>	<u>\$ 147,448</u>	<u>\$ 10,000</u>





Early Childhood Fund	Revenue Sharing Reserve	Opioid Settlement	Criminal Justice Training	Map Fund	Total
\$ 621,835	\$ -	\$ -	\$ -	\$ -	\$ 1,069,711
-	-	-	2,239	-	262,769
-	-	-	-	1,358	372,847
-	-	-	-	-	93,172
-	39	-	-	-	1,125
-	-	-	-	-	41,023
621,835	39	-	2,239	1,358	1,840,647
-	-	-	-	-	10,519
-	-	-	-	-	229,244
-	-	-	-	1,214	531,982
522,390	-	-	-	-	599,830
522,390	-	-	-	1,214	1,371,575
99,445	39	-	2,239	144	469,072
-	-	-	-	-	54,316
-	-	-	-	-	(497,459)
-	-	-	-	-	(443,143)
99,445	39	-	2,239	144	25,929
325,576	36,543	-	2,320	28,834	1,698,079
\$ 425,021	\$ 36,582	\$ -	\$ 4,559	\$ 28,978	\$ 1,724,008

concluded

LEELANAU COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds  
December 31, 2022

	Radio Communications Project	Law Enforcement	Total
<b>Assets</b>			
Cash and investments	\$ -	\$ 2,510	\$ 2,510
<b>Fund balances</b>			
Committed	\$ -	\$ 2,510	\$ 2,510

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Change in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended December 31, 2022

	Radio Communications Project	Law Enforcement	Total
<b>Expenditures</b>			
Debt service:			
Principal	\$ 251,728	\$ 415,000	\$ 666,728
Interest and fiscal charges	24,298	34,517	58,815
<b>Total expenditures</b>	276,026	449,517	725,543
<b>Other financing sources</b>			
Transfers in	276,026	399,204	675,230
<b>Net change in fund balances</b>	-	(50,313)	(50,313)
Fund balances, beginning of year	-	52,823	52,823
<b>Fund balances, end of year</b>	\$ -	\$ 2,510	\$ 2,510

## LEELANAU COUNTY, MICHIGAN

### Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2022

	Radio Communications Project	Capital Projects Communications	Building Capital Projects
<b>Assets</b>			
Cash and investments	\$ 86,209	\$ 109,104	\$ 33,522
Prepaid items	14,701	-	-
<b>Total assets</b>	<u>\$ 100,910</u>	<u>\$ 109,104</u>	<u>\$ 33,522</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 5,134
<b>Fund balances</b>			
Nonspendable	14,701	-	-
Restricted	86,209	109,104	-
Committed	-	-	28,388
<b>Total fund balances</b>	<u>100,910</u>	<u>109,104</u>	<u>28,388</u>
<b>Total liabilities and fund balances</b>	<u>\$ 100,910</u>	<u>\$ 109,104</u>	<u>\$ 33,522</u>

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Drain Revolving	Special Assessments	Brewery Creek Drain	Total
\$ 3,074	\$ 11,908	\$ 3,547	\$ 247,364
-	-	-	14,701
<u>\$ 3,074</u>	<u>\$ 11,908</u>	<u>\$ 3,547</u>	<u>\$ 262,065</u>
\$ -	\$ -	\$ -	\$ 5,134
-	-	-	14,701
3,074	-	3,547	201,934
-	11,908	-	40,296
<u>3,074</u>	<u>11,908</u>	<u>3,547</u>	<u>256,931</u>
<u>\$ 3,074</u>	<u>\$ 11,908</u>	<u>\$ 3,547</u>	<u>\$ 262,065</u>

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Change in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2022

	Radio Communications Project	Capital Projects Communications	Building Capital Projects
<b>Revenues</b>			
Intergovernmental	\$ 29,725	\$ -	\$ -
Investment income	-	-	79
Other	43,400	-	-
<b>Total revenues</b>	<u>73,125</u>	<u>-</u>	<u>79</u>
<b>Expenditures</b>			
Current:			
Public works	28,021	218	-
Capital outlay	-	340,329	146,738
<b>Total expenditures</b>	<u>28,021</u>	<u>340,547</u>	<u>146,738</u>
Revenues over (under) expenditures	<u>45,104</u>	<u>(340,547)</u>	<u>(146,659)</u>
<b>Other financing sources (uses)</b>			
Transfers in	178,161	403,865	100,000
Transfers out	(276,026)	-	-
<b>Total other financing sources (uses)</b>	<u>(97,865)</u>	<u>403,865</u>	<u>100,000</u>
<b>Net change in fund balances</b>	<u>(52,761)</u>	<u>63,318</u>	<u>(46,659)</u>
Fund balances, beginning of year	<u>153,671</u>	<u>45,786</u>	<u>75,047</u>
<b>Fund balances, end of year</b>	<u>\$ 100,910</u>	<u>\$ 109,104</u>	<u>\$ 28,388</u>

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Drain Revolving	Special Assessments	Brewery Creek Drain	Total
\$ -	\$ -	\$ -	\$ 29,725
-	-	-	79
-	-	-	43,400
-	-	-	73,204
-	30,752	-	58,991
-	-	-	487,067
-	30,752	-	546,058
-	(30,752)	-	(472,854)
-	29,000	-	711,026
-	-	-	(276,026)
-	29,000	-	435,000
-	(1,752)	-	(37,854)
3,074	13,660	3,547	294,785
\$ 3,074	\$ 11,908	\$ 3,547	\$ 256,931

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2022

	Inmate Commissary	Homestead Audit	Treasurer's Tax Reversion	Total
<b>Assets</b>				
Cash and investments	\$ 3,819	\$ 41,144	\$ 458,941	\$ 503,904
Receivables:				
Accounts	23,094	-	-	23,094
Delinquent taxes	-	13,059	-	13,059
Prepaid items	258	-	-	258
<b>Total assets (all current)</b>	<u>27,171</u>	<u>54,203</u>	<u>458,941</u>	<u>540,315</u>
<b>Liabilities</b>				
Accounts payable	977	205	544	1,726
Due to other governments	-	13,059	-	13,059
<b>Total liabilities (all current)</b>	<u>977</u>	<u>13,264</u>	<u>544</u>	<u>14,785</u>
<b>Net position</b>				
Unrestricted	<u>\$ 26,194</u>	<u>\$ 40,939</u>	<u>\$ 458,397</u>	<u>\$ 525,530</u>



## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenses

and Change in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended December 31, 2022

	Inmate Commissary	Homestead Audit	Treasurer's Tax Reversion	Total
<b>Operating revenues</b>				
Charges for services	\$ 29,319	\$ 5,318	\$ 122,607	\$ 157,244
<b>Operating expenses</b>				
Other operating expenses	14,806	9,256	47,314	71,376
Operating income (loss) before transfers	14,513	(3,938)	75,293	85,868
<b>Transfers</b>				
Transfers in	-	25,000	-	25,000
Transfers out	-	(23,828)	-	(23,828)
<b>Total transfers</b>	-	1,172	-	1,172
<b>Change in net position</b>	14,513	(2,766)	75,293	87,040
Net position, beginning of year	11,681	43,705	383,104	438,490
<b>Net position, end of year</b>	<u>\$ 26,194</u>	<u>\$ 40,939</u>	<u>\$ 458,397</u>	<u>\$ 525,530</u>

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2022

	Inmate Commissary	Homestead Audit	Treasurer's Tax Reversion	Total
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 6,225	\$ 19,159	\$ 122,607	\$ 147,991
Cash payments to suppliers for goods and services	(14,037)	(22,511)	(53,445)	(89,993)
<b>Net cash provided by (used in) operating activities</b>	(7,812)	(3,352)	69,162	57,998
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	25,000	-	25,000
Transfers out	-	(23,828)	-	(23,828)
<b>Net cash provided by financing activities</b>	-	1,172	-	1,172
<b>Net change in cash and investments</b>	(7,812)	(2,180)	69,162	59,170
Cash and investments, beginning of year	11,631	43,324	389,779	444,734
<b>Cash and investments, end of year</b>	\$ 3,819	\$ 41,144	\$ 458,941	\$ 503,904
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 14,513	\$ (3,938)	\$ 75,293	\$ 85,868
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(23,094)	-	-	(23,094)
Delinquent taxes receivable	-	13,311	-	13,311
Due from other governments	-	530	-	530
Prepaid items	(208)	-	-	(208)
Accounts payable	977	55	(6,131)	(5,099)
Due to other governments	-	(13,310)	-	(13,310)
<b>Net cash provided by (used in) operating activities</b>	\$ (7,812)	\$ (3,352)	\$ 69,162	\$ 57,998

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## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Net Position

Internal Service Funds

December 31, 2022

	Building and Grounds	Data Processing	Duplicating Machine
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 21,247	\$ 67,000	\$ 40,806
Prepaid items	4,796	69,932	-
Total current assets	26,043	136,932	40,806
Noncurrent assets:			
Capital assets being depreciated, net	6,138	26,726	19,245
<b>Total assets</b>	32,181	163,658	60,051
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	17,089	18,295	209
Accrued liabilities	7,320	2,485	-
<b>Total liabilities (all current)</b>	24,409	20,780	209
<b>Net position</b>			
Investment in capital assets	6,138	26,726	19,245
Unrestricted	1,634	116,152	40,597
<b>Total net position</b>	\$ 7,772	\$ 142,878	\$ 59,842

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Mailing Department	Telecom- munications	Health Insurance	MMRMA Retention	Motor Pool	Totals
\$ 49,540	\$ 54,583	\$ 314,071	\$ -	\$ 250,930	\$ 798,177
-	-	-	274,024	170	348,922
49,540	54,583	314,071	274,024	251,100	1,147,099
-	15,265	-	-	427,991	495,365
49,540	69,848	314,071	274,024	679,091	1,642,464
-	-	159,726	107,527	-	302,846
-	-	19,854	-	-	29,659
-	-	179,580	107,527	-	332,505
-	15,265	-	-	427,991	495,365
49,540	54,583	134,491	166,497	251,100	814,594
\$ 49,540	\$ 69,848	\$ 134,491	\$ 166,497	\$ 679,091	\$ 1,309,959

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenses

and Change in Fund Net Position

Internal Service Funds

For the Year Ended December 31, 2022

	Building and Grounds	Data Processing	Duplicating Machine
<b>Operating revenues</b>			
Charges for services	\$ 678,055	\$ 555,617	\$ 29,478
<b>Operating expenses</b>			
Salaries and fringes	214,274	128,634	-
Depreciation	5,159	8,243	6,710
Other operating expenses	520,029	413,107	17,350
<b>Total operating expenses</b>	739,462	549,984	24,060
Operating income (loss)	(61,407)	5,633	5,418
<b>Nonoperating revenues</b>			
Gain on sale of capital assets	-	-	-
Investment income	-	-	-
<b>Total nonoperating revenues</b>	-	-	-
Income (loss) before transfers	(61,407)	5,633	5,418
<b>Transfers</b>			
Transfers in	-	12,000	-
<b>Change in net position</b>	(61,407)	17,633	5,418
Net position, beginning of year	69,179	125,245	54,424
<b>Net position, end of year</b>	\$ 7,772	\$ 142,878	\$ 59,842

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Mailing Department	Telecom- munications	Health Insurance	MMRMA Retention	Motor Pool	Totals
\$ 39,842	\$ 14,112	\$ 2,025,425	\$ 30,000	\$ 172,366	\$ 3,544,895
-	-	-	-	-	342,908
-	6,543	-	-	134,315	160,970
28,714	17,745	2,016,254	23,292	-	3,036,491
28,714	24,288	2,016,254	23,292	134,315	3,540,369
11,128	(10,176)	9,171	6,708	38,051	4,526
-	-	-	-	46,726	46,726
-	-	-	7,646	-	7,646
-	-	-	7,646	46,726	54,372
11,128	(10,176)	9,171	14,354	84,777	58,898
-	-	-	-	114,800	126,800
11,128	(10,176)	9,171	14,354	199,577	185,698
38,412	80,024	125,320	152,143	479,514	1,124,261
\$ 49,540	\$ 69,848	\$ 134,491	\$ 166,497	\$ 679,091	\$ 1,309,959

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2022

	Building and Grounds	Data Processing	Duplicating Machine
<b>Cash flows from operating activities</b>			
Cash received from interfund services	\$ 678,055	\$ 555,617	\$ 29,478
Cash payments to suppliers for goods and services	(524,784)	(411,170)	(17,141)
Cash payments to employees for services	(214,274)	(128,634)	-
<b>Net cash provided by (used in) operating activities</b>	<u>(61,003)</u>	<u>15,813</u>	<u>12,337</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in	-	12,000	-
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	-	(7,172)	-
Proceeds from sale of capital assets	-	-	-
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>(7,172)</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest received	-	-	-
<b>Net change in cash and investments</b>	(61,003)	20,641	12,337
Cash and investments, beginning of year	82,250	46,359	28,469
<b>Cash and investments, end of year</b>	<u>\$ 21,247</u>	<u>\$ 67,000</u>	<u>\$ 40,806</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ (61,407)	\$ 5,633	\$ 5,418
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	5,159	8,243	6,710
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	-	-	-
Prepaid items	(4,796)	(8,141)	-
Accounts payable	(669)	10,582	209
Accrued liabilities	710	(504)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (61,003)</u>	<u>\$ 15,813</u>	<u>\$ 12,337</u>



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Mailing Department	Telecom- munications	Health Insurance	MMRMA Retention	Motor Pool	Totals
\$ 39,842 (28,714) -	\$ 14,112 (17,745) -	\$ 1,977,382 - (2,016,254)	\$ 30,000 (37,646) -	\$ 172,366 (170) -	\$ 3,496,852 (1,037,370) (2,359,162)
11,128	(3,633)	(38,872)	(7,646)	172,196	100,320
-	-	-	-	114,800	126,800
-	-	-	-	(261,171)	(268,343)
-	-	-	-	46,726	46,726
-	-	-	-	(214,445)	(221,617)
-	-	-	7,646	-	7,646
11,128	(3,633)	(38,872)	-	72,551	13,149
38,412	58,216	352,943	-	178,379	785,028
\$ 49,540	\$ 54,583	\$ 314,071	\$ -	\$ 250,930	\$ 798,177
\$ 11,128	\$ (10,176)	\$ 9,171	\$ 6,708	\$ 38,051	\$ 4,526
-	6,543	-	-	134,315	160,970
-	-	2,153	-	-	2,153
-	-	-	(6,091)	(170)	(19,198)
-	-	(3,391)	(8,263)	-	(1,532)
-	-	(46,805)	-	-	(46,599)
\$ 11,128	\$ (3,633)	\$ (38,872)	\$ (7,646)	\$ 172,196	\$ 100,320

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2022

	Trust & Agency	Library Penal Fine	Inmate Trust Account	Totals
<b>Assets</b>				
Cash and investments	\$ 433,430	\$ 16,621	\$ 36,473	\$ 486,524
<b>Liabilities</b>				
Due to other governments	433,430	16,621	-	450,051
<b>Net position restricted for</b>				
Individuals, organizations, and other governments	\$ -	\$ -	\$ 36,473	\$ 36,473

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2022

	Trust & Agency	Library Penal Fine	Inmate Trust Account	Totals
<b>Additions</b>				
Property tax collections for other governments	\$ 24,933,010	\$ -	\$ -	\$ 24,933,010
Library penal fine collections	-	33,464	-	33,464
Inmate trust collections	-	-	103,092	103,092
Miscellaneous	271,829	-	-	271,829
<b>Total additions</b>	<u>25,204,839</u>	<u>33,464</u>	<u>103,092</u>	<u>25,341,395</u>
<b>Deductions</b>				
Payments of property taxes to other governments	24,933,010	-	-	24,933,010
Library penal fine distributions	-	33,464	-	33,464
Inmate trust distributions	-	-	83,643	83,643
Miscellaneous	271,829	-	-	271,829
<b>Total deductions</b>	<u>25,204,839</u>	<u>33,464</u>	<u>83,643</u>	<u>25,321,946</u>
<b>Change in net position</b>	-	-	19,449	19,449
Net position, beginning of year	-	-	17,024	17,024
<b>Net position, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,473</u>	<u>\$ 36,473</u>

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## **COMPONENT UNITS**

## LEELANAU COUNTY, MICHIGAN

### Balance Sheet

Brownfield Redevelopment Authority Component Unit  
December 31, 2022

#### Assets

Cash and investments	\$ 214,549
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#### Liabilities

Due to other governments	\$ (10,071)
Long-term advance from primary government	80,000

<b>Total liabilities</b>	69,929
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#### Fund balance

Unassigned	144,620
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<b>Total liabilities and fund balance</b>	\$ 214,549
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LEELANAU COUNTY, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund  
to Net Position of Governmental Activities  
Brownfield Redevelopment Authority Component Unit  
December 31, 2022

<b>Fund balance - governmental fund</b>	\$ 144,620
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Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds.

Notes payable	<u>(266,342)</u>
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<b>Net position of governmental activities</b>	<u><u>\$ (121,722)</u></u>
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## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2022

#### Revenues

Taxes	\$ 58,826
Intergovernmental	1,469
Interest	<u>228</u>

#### Total revenues

60,523

#### Expenditures

Public works	23,140
Debt service:	
Principal	24,273
Interest	<u>727</u>

#### Total expenditures

48,140

#### Net change in fund balance

12,383

Fund balance, beginning of year

132,237

#### Fund balance, end of year

\$ 144,620



LEELANAU COUNTY, MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund  
to Change in Net Position of Governmental Activities  
Brownfield Redevelopment Authority Component Unit  
For the Year Ended December 31, 2022

Net change in fund balance - governmental fund \$ 12,383

Repayment of debt principal is an expenditure in the governmental funds, but  
the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term debt 24,273

Change in net position of governmental activities \$ 36,656

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 53,103	\$ 53,103	\$ 58,826	\$ 5,723
Intergovernmental	25,000	25,000	1,469	(23,531)
Interest	70	70	228	158
<b>Total revenues</b>	<u>78,173</u>	<u>78,173</u>	<u>60,523</u>	<u>(17,650)</u>
<b>Expenditures</b>				
Public works	53,173	53,173	23,140	(30,033)
Debt service:				
Principal	24,273	24,273	24,273	-
Interest	727	727	727	-
<b>Total expenditures</b>	<u>78,173</u>	<u>78,173</u>	<u>48,140</u>	<u>(30,033)</u>
<b>Net change in fund balance</b>	-	-	12,383	12,383
Fund balance, beginning of year	<u>132,237</u>	<u>132,237</u>	<u>132,237</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 132,237</u>	<u>\$ 132,237</u>	<u>\$ 144,620</u>	<u>\$ 12,383</u>

## LEELANAU COUNTY, MICHIGAN

### Balance Sheet

Land Bank Authority Component Unit  
December 31, 2022

#### Assets

Cash and investments	\$ 77,221
Due from other governments	20,000
Assets held for resale	<u>75,289</u>

#### Total assets

\$ 172,510

#### Fund balance

Nonspendable - assets held for resale	\$ 75,289
Unassigned	<u>97,221</u>

#### Total fund balance

\$ 172,510

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Land Bank Authority Component Unit

For the Year Ended December 31, 2022

#### Revenues

Taxes	\$ 10,054
Other revenue	<u>37</u>

#### Total revenues

10,091

#### Expenditures

Public works	<u>143</u>
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#### Net change in fund balance

9,948

Fund balance, beginning of year

162,562

#### Fund balance, end of year

\$ 172,510

## LEELANAU COUNTY, MICHIGAN

### Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual

Land Bank Authority Component Unit

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 7,500	\$ 7,500	\$ 10,054	\$ 2,554
Other revenue	125	125	37	(88)
<b>Total revenues</b>	7,625	7,625	10,091	2,466
<b>Expenditures</b>				
Public works	7,625	7,625	143	(7,482)
<b>Net change in fund balance</b>	-	-	9,948	9,948
Fund balance, beginning of year	162,562	162,562	162,562	-
<b>Fund balance, end of year</b>	<u>\$ 162,562</u>	<u>\$ 162,562</u>	<u>\$ 172,510</u>	<u>\$ 9,948</u>

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## **INTERNAL CONTROL AND COMPLIANCE**

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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**

May 26, 2023

Honorable Members of the  
Board of Commissioners  
Leelanau County  
Suttons Bay, 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 **Leelanau County, Michigan** (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 26, 2023.

**Report on Internal Control Over Financial Reporting**

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2022-001 and -002 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Leelanau County, Michigan's Response to Findings**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

## LEELANAU COUNTY, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended December 31, 2022

#### 2022-001 - Preparation of Financial Statements in Accordance with GAAP (Repeated from Prior Year)

**Finding Type.** Material Weakness in Internal Control over Financial Reporting.

**Criteria.** All Michigan governments are required to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). This is a responsibility of the County's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

**Condition.** The County has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the County's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the County's internal controls.

**Cause.** This condition was caused by the County's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the County to perform this task internally.

**Effect.** As a result of this condition, the County lacks complete internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**View of Responsible Officials.** The County has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the County to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

## LEELANAU COUNTY, MICHIGAN

### Schedule of Findings and Responses

For the Year Ended December 31, 2022

#### 2022-002 - Internal Controls over County Finances / Segregation of Duties

**Finding Type.** Material Weakness in Internal Control over Financial Reporting.

**Criteria.** Management is responsible for establishing effective internal controls to safeguard the County's assets, and prevent or detect misstatements to the financial statements.

**Condition.** We observed instances in which the County's internal controls over various finance functions were not operating as designed, and instances in which segregation of duties were not achieved. Specific areas were noted as follows:

- During our journal entry testing, we observed that one out of ten journal entries selected for testing was not properly reviewed and approved.
- During our payroll walkthrough, we observed that the payroll registers were not being independently reviewed and approved. We also noted instances of various errors in the payroll process, and periods during the year in which certain controls over payroll were not operating as designed.
- During our delinquent tax cash receipt walkthrough, we observed that all receipts journals are not being independently reviewed and approved.
- We observed that one out of two quarterly 941 reports selected for testing lacked proper support for compensation amounts listed on the form.
- We observed that various credit card and paypal account purchases were made outside of the County's normal procurement process, and instances where these purchases were not approved by the Board of Commissioners until months afterwards.
- We noted that credit cards were being used by various individuals other than the authorized cardholder.

**Cause.** This condition was caused by a lack of oversight and review and by turnover within the County finance department.

**Effect.** As a result of this condition, the County is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely manner.

**Recommendation.** We recommend that the County implement policies and procedures to address the above areas of concern attributed to the internal controls over the County's finances. We further recommend that segregation of duties be maintained wherever possible, and that independent reviews and approvals take place timely, and be evidenced in writing.

**View of Responsible Officials.** Management agrees with the recommendation.

