

Lenawee County,
Michigan



Year Ended
December 31,
2018

Financial
Statements

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LENAWEE COUNTY, MICHIGAN

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LENAWEE COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	506 & 516 Delinquent Tax Revolving	Building Authority	Medical Care Facility	581 Airport
Operating revenues				
Charges for services	\$ 1,135,959	\$ -	\$ 12,287,009	\$ 360,533
Rental income	-	1,148,028	-	-
Vending and other income	831	5,674	577,003	8,236
Total operating revenues	1,136,790	1,153,702	12,864,012	368,769
Operating expenses				
Personal services costs	-	469,151	8,054,499	165,945
Supplies and other operating expenses	1,028,134	197,231	4,253,011	294,047
Other contractual services	-	420,008	-	-
Depreciation expense	-	279,613	695,908	263,073
Total operating expenses	1,028,134	1,366,003	13,003,418	723,065
Operating income (loss)	108,656	(212,301)	(139,406)	(354,296)
Nonoperating revenues (expenses)				
Property tax revenue	-	-	650,088	-
Intergovernmental revenue	-	30,644	-	-
Investment earnings	1,164,866	5,150	32,817	-
Interest expense	-	(249,364)	-	-
Total nonoperating revenues (expenses)	1,164,866	(213,570)	682,905	-
Income (loss) before transfers and contributions	1,273,522	(425,871)	543,499	(354,296)
Capital contributions	-	-	-	69,163
Transfers in	18,966	227,595	-	68,000
Transfers out	(1,827,595)	(23,966)	-	-
Change in net position	(535,107)	(222,242)	543,499	(217,133)
Net position, beginning of year, as restated	23,929,250	4,699,071	15,310,459	15,249,411
Net position, end of year	\$ 23,394,143	\$ 4,476,829	\$ 15,853,958	\$ 15,032,278

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

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 438,242	\$ 14,221,743	\$ 305,339
-	1,148,028	-
48,720	640,464	-
<u>486,962</u>	<u>16,010,235</u>	<u>305,339</u>
102,000	8,791,595	66,777
354,932	6,127,355	240,208
-	420,008	-
-	1,238,594	-
<u>456,932</u>	<u>16,577,552</u>	<u>306,985</u>
<u>30,030</u>	<u>(567,317)</u>	<u>(1,646)</u>
-	650,088	-
-	30,644	-
-	1,202,833	-
-	(249,364)	-
<u>-</u>	<u>1,634,201</u>	<u>-</u>
30,030	1,066,884	(1,646)
-	69,163	-
-	314,561	-
-	(1,851,561)	-
<u>30,030</u>	<u>(400,953)</u>	<u>(1,646)</u>
<u>391,492</u>	<u>59,579,683</u>	<u>259,947</u>
<u>\$ 421,522</u>	<u>\$ 59,178,730</u>	<u>\$ 258,301</u>

LENAWEE COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	506 & 516 Delinquent Tax Revolving	Building Authority	Medical Care Facility	581 Airport
Cash flows from operating activities				
Cash received from customers, residents and users	\$ 1,037,037	\$ 1,161,425	\$ 10,456,831	\$ 347,440
Cash received from reimbursement program	-	-	846,004	-
Other operating receipts	831	5,674	577,003	8,236
Cash paid to employees	-	(423,207)	(8,389,050)	(153,179)
Cash paid to suppliers	(1,016,627)	(618,029)	(3,249,327)	(294,769)
Receipts for interfund services provided	-	-	-	-
Net cash provided by (used in) operating activities	<u>21,241</u>	<u>125,863</u>	<u>241,461</u>	<u>(92,272)</u>
Cash flows from noncapital financing activities				
Payments received on loans receivable	-	-	-	-
Transfers from other funds	18,966	227,595	-	68,000
Transfers to other funds	(1,827,595)	(23,966)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(1,808,629)</u>	<u>203,629</u>	<u>-</u>	<u>68,000</u>
Cash flows from capital and related financing activities				
Tax revenue collected	-	-	647,053	-
Principal payments on capital debt	-	(3,325,000)	-	-
Interest payments on capital debt	-	(215,018)	-	-
Capital grants	-	-	-	69,163
Premium on issuance of long-term debt	-	56,968	-	-
Proceeds from issuance of long-term debt	-	3,160,000	-	-
Purchase of capital assets	-	-	(229,910)	(44,891)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(323,050)</u>	<u>417,143</u>	<u>24,272</u>
Cash flows from investing activities				
Interest earnings on investments	<u>1,164,866</u>	<u>5,150</u>	<u>32,817</u>	<u>-</u>
Change in cash and investments	<u>(622,522)</u>	<u>11,592</u>	<u>691,421</u>	<u>-</u>
Cash and investments, beginning of year	<u>19,514,168</u>	<u>1,153,424</u>	<u>9,442,924</u>	<u>-</u>
Cash and investments, end of year	<u>\$ 18,891,646</u>	<u>\$ 1,165,016</u>	<u>\$ 10,134,345</u>	<u>\$ -</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 468,534	\$ 13,471,267	\$ -
-	846,004	-
48,720	640,464	-
(130,120)	(9,095,556)	(58,093)
(387,321)	(5,566,073)	(240,784)
-	-	305,339
<u>(187)</u>	<u>296,106</u>	<u>6,462</u>
70,058	70,058	-
-	314,561	-
-	(1,851,561)	-
<u>70,058</u>	<u>(1,466,942)</u>	<u>-</u>
-	647,053	-
-	(3,325,000)	-
-	(215,018)	-
-	69,163	-
-	56,968	-
-	3,160,000	-
-	(274,801)	-
-	<u>118,365</u>	<u>-</u>
-	<u>1,202,833</u>	<u>-</u>
69,871	150,362	6,462
<u>392,739</u>	<u>30,503,255</u>	<u>264,694</u>
<u>\$ 462,610</u>	<u>\$ 30,653,617</u>	<u>\$ 271,156</u>

continued...

LENAWEE COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	516 & 506 Delinquent Tax Revolving	Building Authority	Medical Care Facility	581 Airport
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 108,656	\$ (212,301)	\$ (139,406)	\$ (354,296)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	279,613	695,908	263,073
Change in:				
Accounts receivable	1,215	13,397	56,112	3,249
Due from other governments	-	-	-	(47,874)
Delinquent taxes receivable	(110,446)	-	-	-
Advance to component unit	10,309	-	-	-
Inventory	-	-	1,519	-
Other assets	-	-	(16,763)	-
Net pension asset	-	-	151,126	-
Accounts payable	11,507	(790)	(1,201)	(722)
Accrued wages and benefits	-	1,735	(13,250)	(61)
Accrued liabilities and deposits	-	-	(506)	-
Interfund payable	-	-	-	31,532
Unearned revenue	-	-	-	-
Net pension liability	-	139,801	489,702	42,276
Deferred outflows related to the net pension liability	-	(95,236)	(663,020)	(29,265)
Deferred inflows related to the net pension liability	-	(356)	(337,327)	(184)
Total other postemployment benefit liability	-	-	23,870	-
Compensated absences	-	-	(5,303)	-
Net cash provided by (used in) operating activities	\$ 21,241	\$ 125,863	\$ 241,461	\$ (92,272)

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

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 30,030	\$ (567,317)	\$ (1,646)
-	1,238,594	-
30,292	104,265	7,428
-	(47,874)	-
-	(110,446)	-
-	10,309	-
170	1,689	32
-	(16,763)	-
-	151,126	-
(1,353)	7,441	(8,036)
(3,188)	(14,764)	183
-	(506)	-
-	31,532	-
(31,206)	(31,206)	-
(1,389)	670,390	28,664
(23,236)	(810,757)	(20,035)
(307)	(338,174)	(128)
-	23,870	-
-	(5,303)	-
<u>\$ (187)</u>	<u>\$ 296,106</u>	<u>\$ 6,462</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2018

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 2,088,230
Investments:		
Money markets	2,731,003	
Equity mutual funds	34,642,284	-
Bond mutual funds	21,391,826	-
Commodities	3,085,978	-
Real estate	1,308,595	-
General investment account	896,000	-
	<u>64,055,686</u>	<u>\$ 2,088,230</u>
Total assets	64,055,686	\$ 2,088,230
Liabilities		
Undistributed fees, taxes and other collections	-	\$ 2,088,230
	<u>-</u>	<u>\$ 2,088,230</u>
Net position restricted for pension benefits	<u>\$ 64,055,686</u>	

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

LENAWEE COUNTY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Pension Trust Fund

For the Year Ended December 31, 2018

Additions

Net investment loss \$ (4,849,554)

Contributions:

Employer 1,566,547

Plan members 644,660

Total contributions 2,211,207

Total additions (net of investment losses) (2,638,347)

Deductions

Participant benefits 5,098,068

Administrative expense 44,900

Total deductions 5,142,968

Change in net position (7,781,315)

Net position, beginning of year 71,837,001

Net position, end of year \$ 64,055,686

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

LENAWEE COUNTY, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2018

	Road Commission	Drain Commission	Lenawee Transportation Corporation	Land Bank	Total
Assets					
Cash and investments	\$ 7,796,770	\$ 3,500,252	\$ 362,431	\$ 197,241	\$ 11,856,694
Receivables, net	3,225,739	7,593,331	87,330	-	10,906,400
Inventory, prepaids, and other assets	2,178,432	37,258	14,605	80,911	2,311,206
Net other postemployment benefit asset	2,433,588	-	-	-	2,433,588
Capital assets not being depreciated	1,725,709	1,894,538	-	-	3,620,247
Capital assets being depreciated, net	124,290,175	6,776,335	136,356	-	131,202,866
Total assets	141,650,413	19,801,714	600,722	278,152	162,331,001
Deferred outflows of resources					
Deferred pension amounts	3,414,998	-	-	-	3,414,998
Deferred other postemployment benefit amounts	1,067,806	-	-	-	1,067,806
Total deferred outflows of resources	4,482,804	-	-	-	4,482,804
Liabilities					
Accounts payable and accrued liabilities	1,018,706	294,724	23,712	543	1,337,685
Advance from primary government	-	851,650	-	143,300	994,950
Long-term debt:					
Due within one year	182,281	2,108,689	5,265	-	2,296,235
Due in more than one year	-	5,370,812	-	-	5,370,812
Net pension liability (due in more than one year)	1,880,066	-	-	-	1,880,066
Total liabilities	3,081,053	8,625,875	28,977	143,843	11,879,748
Deferred inflows of resources					
Deferred pension amounts	1,576,767	-	-	-	1,576,767
Deferred other postemployment benefit amounts	1,684,429	-	-	-	1,684,429
Total deferred inflows of resources	3,261,196	-	-	-	3,261,196
Net position					
Net investment in capital assets	126,015,884	4,185,742	136,356	-	130,337,982
Restricted for other municipalities	-	1,080,503	-	-	1,080,503
Restricted for other postemployment benefits	2,433,588	-	-	-	2,433,588
Unrestricted	11,341,496	5,909,594	435,389	134,309	17,820,788
Total net position	\$ 139,790,968	\$ 11,175,839	\$ 571,745	\$ 134,309	\$ 151,672,861

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

LENAWEE COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2018

	Road Commission	Drain Commission	Lenawee Transportation Corporation	Land Bank	Total
Expenses	\$ 23,824,735	\$ 4,315,940	\$ 703,766	\$ 382,596	\$ 29,227,037
Program revenues					
Charges for services	-	3,267,386	177,926	275	3,445,587
Operating grants and contributions	82,612	-	425,489	438,058	946,159
Capital grants and contributions	17,546,241	3,588,024	3,496	-	21,137,761
Total program revenues	17,628,853	6,855,410	606,911	438,333	25,529,507
Net revenues (expense)	(6,195,882)	2,539,470	(96,855)	55,737	(3,697,530)
General revenues					
Property taxes	-	-	-	14,704	14,704
Unrestricted investment earnings	70,600	16,165	202	-	86,967
Gain on sale of capital assets	-	29,988	7,000	-	36,988
Total general revenues	70,600	46,153	7,202	14,704	138,659
Change in net position	(6,125,282)	2,585,623	(89,653)	70,441	(3,558,871)
Net position, beginning of year, as restated	145,916,250	8,590,216	661,398	63,868	155,231,732
Net position, end of year	\$ 139,790,968	\$ 11,175,839	\$ 571,745	\$ 134,309	\$ 151,672,861

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

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NOTES TO FINANCIAL STATEMENTS

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lenawee County, Michigan (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, these financial statements present the County and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Lenawee County Building Authority - The Lenawee County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Its sole purpose is to finance, construct, and operate certain County public buildings. It is reported in the debt service, capital projects, and enterprise funds. A separate report for the Building Authority can be obtained from the Lenawee County Building Authority, 301 North Main Street, Adrian, MI 49221.

Discretely Presented Component Units

Lenawee County Road Commission (the "Road Commission") - The Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission is governed by a three-member elected board, which sets policies for all Road Commission activities. The Road Commission deposits receipts with the County and has investments through the County. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The component unit is audited individually and complete financial statements can be obtained from the Lenawee County Road Commission, 2461 Treat Highway, Adrian, Michigan 49221.

Lenawee County Drain Commission - The Drain Commissioner is an elected position with statutory authority to perform duties related to the construction and maintenance of drainage, water and sewer systems within Lenawee County. The County has the ability to significantly influence its operations. The County also approves the budget of the Lenawee County Drain Commission. A complete financial statement can be obtained from the Lenawee County Drain Commission, 320 Springbrook Avenue, Adrian, Michigan 49221.

Lenawee Transportation Corporation - The County appoints all members of the governing board of the Lenawee Transportation Corporation and the County has the ability to significantly influence its operations. The County also approves the budget and grants of the Lenawee Transportation Corporation. A complete financial statement can be obtained from the Lenawee Transportation Corporation, c/o City of Adrian, City Hall, Adrian, Michigan 49221. The Corporation is reported on a September 30 fiscal year end.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Lenawee County Land Bank Authority (Land Bank) - The Land Bank was incorporated by the County on January 20, 2011 through an intergovernmental agreement between the Michigan Land Bank Fast Track Authority and the Lenawee County Treasurer. This agreement was formed under Sec. 5 of Article 3, and Sec. 28 of Article 7, of the Michigan Constitution of 1963 and the Land Bank Fast Track Act, 2003 PA 258 MCL 124.751 to 124.774. The agreement established the Lenawee County Land Bank Authority, a separate legal entity, to administer and execute the objectives of the Land Bank, which is to acquire, assemble, manage and/or dispose of real property, or rights and interests in real (such as tax reverted) property to develop/rehabilitate that property and promote economic growth; to quiet title to property; to issue bonds; and provide for financing, acquisition, assembly, and disposition of property. The Land Bank is managed by a seven-member board, including the statutory participation of the County Treasurer. The Land Bank is primarily funded through loans and grants from the County. The Land Bank is staffed by a contract with Lenawee Now, a non-profit economic development corporation in the County. The Land Bank Authority does not issue separate financial statements.

Related Organization

A related organization is a legal entity for which the government appoints a voting majority of the governing body, but for which it is not financially accountable. Lenawee County has the following related organization:

Lenawee County Hospital Finance Authority - The County appoints the board. The Lenawee County Hospital Finance Authority (the "Authority") is a legally separate entity established to facilitate nonpublic, nonprofit hospitals in obtaining financing or refinancing for capital improvements. To accomplish this purpose, the Authority is authorized to issue bonds for the purpose of making related loans to the hospitals. Because the Authority does not provide a financial benefit or burden to the County and the County does not have the ability to impose its will, the Authority is not reported as a component unit of the County.

Funds with Another Year End

The department on aging and county health funds (special revenue funds of the County) are reported on a September 30 year end in order to enhance the value of this document to certain readers and users.

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 certain 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.

LENAWEE 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.

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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, 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, except expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when 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.

The County 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 *general capital projects fund* is 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.

The County reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for money advanced by the County to other local taxing units and various County funds to purchase delinquent taxes. Revenues are generated by the collection of penalties and interest on delinquent real property taxes.

The *building authority fund* accounts for the construction, operation, maintenance, and financing of the human services building.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

The *medical care facility fund* accounts for the long-term care of elderly residents of Lenawee County in a medical care unit owned and operated by Lenawee County.

The *airport fund* accounts for all County airport operations.

Additionally, the County 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 are used to account for 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.

The *internal service fund* accounts for operations that provide services to other departments or agencies of the County, on a cost-reimbursement basis. The central stores fund, as the only internal service fund, provides supplies and printing services to various County departments.

The *pension trust fund* is accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the County's defined benefit pension plan.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

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.

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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 government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

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.

State statutes and County policy authorize the County to invest in:

Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

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 non-current 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."

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Advances between funds are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as unearned revenue.

Other Assets

Inventories recorded in the Medical Care Facility enterprise fund, nonmajor enterprise funds and internal service fund are accounted for utilizing the consumption method and are valued at lower of cost (first-in, first-out) or market.

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

Capital Assets

Capital assets, which include property, buildings and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the primary government, the Road Commission, and the Drain Commission as assets with an initial, individual cost of more than \$10,000, \$3,000, and \$1,000, respectively, 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, except as noted below. Donated capital assets are recorded at their estimated acquisition cost as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Capital assets, other than infrastructure of the Road Commission, are depreciated using the straight-line method over the useful life of the assets as follows:

	Years
Primary government:	
Buildings and improvements	50-55
Equipment (computer, office and vehicles)	3-10
Road Commission:	
Infrastructure	7-48
Buildings and improvements	7-40
Machinery and equipment	3-30
Depletable assets	10-20
Drain Commission:	
Infrastructure	50
Equipment	5-10
Transportation Corporation:	
Equipment	6-10
Vehicles	5

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 represents a consumption of net position 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 for differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings in its pension and other postemployment benefit plans.

Compensated Absences

Under existing general County rules and regulations, all regular full time employees are eligible for paid leave in varying amounts based on length of service, which may be used for vacation, sickness, personal days, or for other reasons subject to certain rules. All employees must take at least ten (10) working days per year of paid leave. Unused paid leave time is paid upon employee termination, but does not accumulate beyond maximums determined by length of service. This leave time is accrued when incurred in the government-wide and proprietary fund financial statements. Accrued vacation, sick leave and other compensated absences are recorded as a governmental fund liability only if they have matured, for example, as a result of employee resignations and 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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category. In the governmental fund financial statements, the County reports unavailable revenues, which arises only under a modified accrual basis of accounting. In the government-wide financial statements, a deferred pension inflow is reported for differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings in the pension and other postemployment benefit plans. 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.

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* 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 or for deficit fund balances.

When the County incurs an expenditure for purposes for which various fund balance classifications can be used, it is the County'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 and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, net other postemployment benefit asset, total other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expenses, 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. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

2. BUDGETARY INFORMATION

The County's procedures for establishing the budgetary data reflected in the financial statements is as follows:

1. The County Administrator submits a proposed operating budget to the Board of Commissioners before October 15. The operating budget includes proposed expenditures and the means of financing them. Public hearings are held to obtain taxpayer comments. The budget is legally adopted no later than December 31 through a Board of Commissioners resolution prior to the beginning of the budgetary year for the general and special revenue funds. State statutes do not require legally adopted budgets for debt service or capital projects funds.
2. The budget is approved by the Board of Commissioners at the activity level for the general fund and at the functional level for the special revenue funds. Budgetary control is exercised at these levels.
3. The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Board of Commissioners or the County Administrator during the year. Appropriations unused at December 31 are not carried forward to the following year.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 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, 2018, the County incurred expenditures in excess of the amounts appropriated as follows:

	Amended Budget	Actual	Variance
General fund:			
Health and welfare:			
Medical examiner	\$ 419,848	\$ 425,213	\$ 5,365
Lenawee Tomorrow Corporation	179,107	179,307	200
Transfers out -			
Drain Commission	340,000	341,770	1,770
Special revenue funds:			
Solid waste -			
Community enrichment and development	75,400	77,298	1,898
Local corrections officer training -			
Public safety	18,095	18,553	458

4. DEFICIT FUND EQUITY

The drug treatment court nonmajor special revenue fund had an unassigned net deficit of \$4,544 at year end.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2018:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 54,433,075	\$ 11,856,694	\$ 66,289,769
Statement of Fiduciary Net Position			
Cash and cash equivalents	2,088,230	-	2,088,230
Investments	64,055,686	-	64,055,686
Total	\$ 120,576,991	\$ 11,856,694	\$ 132,433,685

Deposits and investments

Bank deposits:

Checking/savings accounts	\$ 24,149,763
Certificates of deposit - due within one year	6,635,868
Certificates of deposit - due in more than one year	6,598,000

Investments:

Treasurer's pool	29,979,233
Pension trust fund	64,055,686
Cash on deposit with third party	158,192
Cash on hand	4,406
Adjustment for funds with other fiscal year ends	852,537

Total

\$ 132,433,685

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might 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, \$28,847,399 of the County's bank balance of \$40,441,637 was exposed to custodial credit risk because it was uninsured and uncollateralized.

County policy limits the Treasurer's investing options to financial institutions located in Lenawee County, except when an investment is warranted to be invested in another Michigan County financial institution. 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 estimated risk level are used as depositories.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk - Investments. Following is a summary of the Treasurer's investment pool at year end:

Investments:	
U.S. agencies	\$ 9,278,814
Municipal bonds	191,569
Money market funds	451,395
Michigan CLASS Government Investment Pool	17,848,450
Comerica Government Investment Pool	2,051,244
Vanguard Government Mutual Fund	<u>157,761</u>
Total	<u>\$ 29,979,233</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. As of December 31, 2018, none of the County's investments, excluding the investment pools which are not subject to custodial credit risk, were exposed to risk since the securities are held in the County's name by the counterparty.

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 summary of significant 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, are summarized as follows:

S&P AAA	\$ 17,848,450
S&P AA+	9,278,814
S&P AA	191,569
not rated	<u>2,660,400</u>
Total	<u>\$ 29,979,233</u>

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant 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. The County assumes that its callable investments will not be called. The County's investment policy does not address interest rate risk.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Investments held at year-end with stated maturity dates are summarized as follows:

	Due in less than 1 year	Due in 1-5 years	Due in more than 5 years	Total
U.S. agencies	\$ 361,009	\$ 6,716,715	\$ 2,201,090	\$ 9,278,814
Municipal bonds	100,371	91,198	-	191,569
Total	\$ 461,380	\$ 6,807,913	\$ 2,201,090	\$ 9,470,383

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. At year end, the County had no investment in a single issuer that exceeded 5% of total investments.

Fair Value Measurements. 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; and Level 3 inputs are significant unobservable inputs.

The County had the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
U.S. agencies	\$ -	\$ 9,278,814	\$ -	\$ 9,278,814
Municipal bonds	-	191,569	-	191,569
Money markets	451,395	-	-	451,395
Comerica Government Investment Pool	-	2,051,244	-	2,051,244
Vanguard Government Mutual Fund	-	157,761	-	157,761
Total investments at fair value	\$ 451,395	\$ 11,679,388	\$ -	\$ 12,130,783

The investments classified as Level 2 inputs, as noted in the table above, are valued using significant other observable inputs of the underlying securities and bonds as they are traded only in secondary markets. The investments in the Michigan CLASS government investment pool are not categorized as they are measured at net asset value per share or its equivalent.

Pension Trust Fund

The County's Pension Trust Fund (the "Plan") investments are maintained separately from the County's cash and investment pool, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the Plan's investments are presented separately.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

The Plan's investments are held in an administered trust account. Following is a summary of the Plan's investments as of December 31, 2018:

Money markets	\$ 2,731,003
Equity mutual funds	34,642,284
Bond mutual funds	21,391,826
Commodities	3,085,978
Real estate	1,308,595
General investment account	<u>896,000</u>
Total	<u><u>\$ 64,055,686</u></u>

Credit Risk. As of December 31, 2018, the County's pension investments in debt securities (i.e. fixed income mutual funds) were rated by Standard & Poor's as follows:

AAA	\$ 8,483,708
AA	428,584
A	1,813,827
BBB	1,770,982
BB	741,326
B	235,741
Below B	353,611
Not rated	<u>7,564,047</u>
	<u><u>\$ 21,391,826</u></u>

Interest Rate Risk. As of December 31, 2018, the effective average maturity of the County's investments in pension bond mutual funds was 10.67 years.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2018, the County's pension plan had \$10,352,410 of international equity mutual funds which were exposed to foreign currency risk.

Fair Value Measurements. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The Plan had the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
Money markets	\$ 2,731,003	\$ -	\$ -	\$ 2,731,003
Equity mutual funds	34,642,284	-	-	34,642,284
Bond mutual funds	21,391,826	-	-	21,391,826
Commodities	-	3,085,978	-	3,085,978
Real estate	-	-	1,308,595	1,308,595
General investment account	-	-	896,000	896,000
	<u>58,765,113</u>	<u>3,085,978</u>	<u>2,204,595</u>	<u>64,055,686</u>
Total investments at fair value	<u><u>\$ 58,765,113</u></u>	<u><u>\$ 3,085,978</u></u>	<u><u>\$ 2,204,595</u></u>	<u><u>\$ 64,055,686</u></u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Th investments classified as Level 2 inputs, as noted in the table above, are valued using significant other observable inputs of the underlying securities and bonds as they are traded only in secondary markets. The investments classified as Level 3 inputs, as noted in the table above, are valued using significant unobservable inputs. The fair value of the real estate investments is determined based on independent appraisals, and the fair value of the general investment account is determined based on the liquidation value from an actuarial formula.

6. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Taxes (current)	\$ 1,130,436	\$ 582,102
Taxes (delinquent)	-	3,282,435
Accounts, net	1,558,974	1,787,247
Due from other governments	1,181,779	1,641,723
	<u>\$ 3,871,189</u>	<u>\$ 7,293,507</u>
Amount not expected to be collected within one year	<u>\$ -</u>	<u>\$ 984,731</u>

Of the amounts reported for receivables above, the delinquent taxes receivable is due and payable at year-end, and therefore classified as a current asset; however, the County has estimated that \$984,731 is not expected to be collected within one year.

The accounts receivable in the governmental activities include amounts billed to inmates and juveniles for cost related to time spent in the jail and juvenile detention facility. While these billings are considered to be highly uncollectible, the County maintains allowances of \$14,623,191 and \$1,530,147, respectively, as an estimate of uncollectible receivables.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities
Accounts and contracts payable	\$ 1,068,229	\$ 539,624
Accrued wages and benefits	1,477,683	215,294
Accrued liabilities	211,626	3,675
Other liabilities	22,750	-
Accrued interest on long-term debt	125,777	15,642
	<u>\$ 2,906,065</u>	<u>\$ 774,235</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

As of December 31, 2018, nonmajor governmental funds and the airport enterprise fund with negative balances in the County's pooled cash accounts reported interfund payables of \$120,278 and \$659,894, respectively, which are equal to the interfund receivable of \$780,172 reported in the general fund. In addition, the general fund reported an amount due from nonmajor governmental funds of \$18,030.

For the year ended December 31, 2018, interfund transfers consisted of the following:

	Transfers Out				Totals
	General	Nonmajor Governmental Funds	Delinquent Tax Revolving	Building Authority	
Transfers In					
General	\$ -	\$ 50,760	\$ 1,600,000	\$ -	\$ 1,650,760
General capital projects	562,900	281,616	-	5,000	849,516
Nonmajor governmental funds	3,627,325	-	-	-	3,627,325
Delinquent tax revolving	-	-	-	18,966	18,966
Building authority	-	-	227,595	-	227,595
Airport	68,000	-	-	-	68,000
Timing differences	5,000	-	-	-	5,000
	<u>\$ 4,263,225</u>	<u>\$ 332,376</u>	<u>\$ 1,827,595</u>	<u>\$ 23,966</u>	<u>\$ 6,447,162</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Timing differences, if any, are a result of certain funds having a fiscal year-end that is different from the County's year-end.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

9. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,541,780	\$ -	\$ -	\$ -	\$ 2,541,780
Construction in progress	133,921	9,228,622	-	(133,921)	9,228,622
	<u>2,675,701</u>	<u>9,228,622</u>	<u>-</u>	<u>(133,921)</u>	<u>11,770,402</u>
Capital assets, being depreciated:					
Buildings and improvements	26,632,213	32,673	-	-	26,664,886
Equipment and furniture	6,264,650	159,359	-	133,921	6,557,930
Vehicles	1,706,812	170,043	-	-	1,876,855
	<u>34,603,675</u>	<u>362,075</u>	<u>-</u>	<u>133,921</u>	<u>35,099,671</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,373,065)	(562,768)	-	-	(11,935,833)
Equipment and furniture	(5,224,918)	(368,285)	-	-	(5,593,203)
Vehicles	(1,388,802)	(167,333)	-	-	(1,556,135)
	<u>(17,986,785)</u>	<u>(1,098,386)</u>	<u>-</u>	<u>-</u>	<u>(19,085,171)</u>
Total capital assets					
being depreciated, net	<u>16,616,890</u>	<u>(736,311)</u>	<u>-</u>	<u>133,921</u>	<u>16,014,500</u>
Governmental activities capital assets, net	<u>\$ 19,292,591</u>	<u>\$ 8,492,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,784,902</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 5,602,873	\$ 25,000	\$ -	\$ -	\$ 5,627,873
Avigation easements	4,663,206	-	-	-	4,663,206
	<u>10,266,079</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>10,291,079</u>
Capital assets, being depreciated:					
Land improvements	6,693,025	46,564	(14,796)	-	6,724,793
Buildings and improvements	28,430,371	116,075	-	-	28,546,446
Equipment and furniture	1,556,577	87,162	(36,798)	-	1,606,941
Vehicles	334,739	-	-	-	334,739
	<u>37,014,712</u>	<u>249,801</u>	<u>(51,594)</u>	<u>-</u>	<u>37,212,919</u>
Less accumulated depreciation for:					
Land improvements	(2,974,495)	(233,207)	14,796	-	(3,192,906)
Buildings and improvements	(14,166,290)	(917,256)	-	-	(15,083,546)
Equipment and furniture	(1,314,376)	(80,455)	36,798	-	(1,358,033)
Vehicles	(270,279)	(7,676)	-	-	(277,955)
	<u>(18,725,440)</u>	<u>(1,238,594)</u>	<u>51,594</u>	<u>-</u>	<u>(19,912,440)</u>
Total capital assets being depreciated, net	<u>18,289,272</u>	<u>(988,793)</u>	<u>-</u>	<u>-</u>	<u>17,300,479</u>
Business-type activities capital assets, net	<u>\$ 28,555,351</u>	<u>\$ (963,793)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,591,558</u>

At December 31, 2018, the County's governmental activities had outstanding commitments through construction contracts of approximately \$5,466,000.

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

Depreciation of governmental activities by function

General government	\$ 535,214
Judicial	93,219
Public safety	360,818
Health and welfare	90,351
Community enrichment and development	18,784
	<u>\$ 1,098,386</u>

Depreciation of business-type activities by function

Building Authority	\$ 279,613
Medical Care Facility	695,908
Airport	263,073
	<u>\$ 1,238,594</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

10. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Bonds of \$6,030,000 due in varying annual installments of \$325,000 to \$530,000 at interest rates of 2.1% to 3.9% through 2018	\$ 530,000	\$ -	\$ (530,000)	\$ -	\$ -
G.O. Bonds of \$2,000,000 due in varying annual installments of \$100,000 to \$275,000 at interest rates of 1.6% to 3.0% through 2023	1,450,000	-	(200,000)	1,250,000	200,000
G.O. Bonds of \$8,810,000 due in varying annual installments of \$300,000 to \$635,000 at interest rates of 3.0% to 5.0% through 2038	-	8,810,000	-	8,810,000	-
Lease purchase agreement of \$282,880 due in annual installments of \$47,147 through 2020	141,439	-	(47,137)	94,302	47,157
Lease purchase agreement of \$3,415,369 due in varying annual installments of \$143,849 to \$391,110 at an interest rate of 3.54% through 2019	591,868	-	(391,110)	200,758	200,758
Lease purchase agreement of \$6,568,816 due in varying annual installments of \$558,179 to \$819,038 at an interest rate of 3.34% through 2027	-	6,568,816	(558,179)	6,010,637	576,822
Total installment debt	2,713,307	15,378,816	(1,726,426)	16,365,697	1,024,737
Bond premium	65,352	489,221	(35,353)	519,220	35,353
Compensated absences	974,079	1,526,320	(1,526,242)	974,157	974,157
Total governmental activities	\$ 3,752,738	\$ 17,394,357	\$ (3,288,021)	\$ 17,859,074	\$ 2,034,247

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

For governmental activities, compensated absences and net pension liability are generally liquidated by the general fund.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type Activities					
Federally taxable recovery zone economic development bonds of \$3,900,000, due in varying installments of \$125,000 to \$305,000 plus interest rates of 1.6% to 6.65%, through 2030	\$ 2,920,000	\$ -	\$ (2,920,000)	\$ -	\$ -
G.O. Bonds of \$550,000, due in varying installments of \$20,000 to \$40,000 plus interest rates of 2.25% to 5.0%, through 2030	405,000	-	(405,000)	-	-
G.O. Refunding Bonds of \$3,160,000, due in varying installments of \$205,000 to \$325,000 plus an interest rate of 3.00%, through 2030	-	3,160,000	-	3,160,000	205,000
Total installment debt	3,325,000	3,160,000	(3,325,000)	3,160,000	205,000
Bond discount	(20,959)	-	20,959	-	-
Bond premium	-	56,968	-	56,968	4,747
Compensated absences	453,008	-	(5,303)	447,705	447,705
Total business-type activities	\$ 3,757,049	\$ 3,216,968	\$ (3,309,344)	\$ 3,664,673	\$ 657,452

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,024,737	\$ 626,924	\$ 205,000	\$ 91,725
2020	1,193,233	556,173	215,000	85,425
2021	1,180,997	513,389	220,000	78,900
2022	1,241,571	468,814	235,000	72,075
2023	1,277,833	422,428	240,000	64,950
2024-2028	4,952,326	1,460,640	1,400,000	205,650
2029-2033	2,520,000	724,211	645,000	19,425
2034-2038	2,975,000	265,890	-	-
	<u>\$ 16,365,697</u>	<u>\$ 5,038,469</u>	<u>\$ 3,160,000</u>	<u>\$ 618,150</u>

Refunded Debt. During fiscal year 2018, the Building Authority issued \$3,160,000 of refunding bonds to advance refund \$2,760,000 of the 2010A federally taxable recovery zone economic development bonds and \$380,000 of the 2010B general obligation bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities. The refunding resulted in a net savings of \$170,403.

Lease Purchase Agreements. The County has entered into three lease agreements for financing the purchase of a chiller replacement for \$3,415,369, phone system upgrade for \$282,880, and Motorola radio equipment for \$6,568,816. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. Total accumulated depreciation on these leased assets at year end was \$743,260.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018, are as follows:

Year Ended December 31,	Amount
2019	\$ 1,026,747
2020	822,424
2021	775,279
2022	775,278
2023	775,279
2024-2027	3,169,931
	<u>7,344,938</u>
Less amount representing interest	<u>(1,039,241)</u>
	<u>\$ 6,305,697</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Contingent Obligations. The County of Lenawee is contingently liable for long-term bonds of various municipal sewage and drainage districts at December 31, 2018, in the amount of \$2,963,561. The primary obligation for the bond principal and interest payments lies with the local unit. However, the County (as an agent) is obligated to pay the debt if there are not sufficient funds on hand from the fixed debt retirement payments of the municipality.

11. RISK MANAGEMENT

The government manages its risk exposures and provides certain employee benefits through a combination of self insurance programs, risk management pools, and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self insurance programs and risk management pool participation.

Liability insurance. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter. Under most circumstances, the County’s maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$10,000 for property coverage.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the governmental activities using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA’s general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members’ self insured retention limits along with certain other member specific costs. Accordingly, the County records an asset for its portion of the unexpended member retention fund. At December 31, 2018, the balance of the County’s member retention fund was \$158,192.

	2018	2017
General liability		
Estimated liability, beginning of year	\$ 233,337	\$ 479,187
Estimated claims incurred, including changes in estimates	83,027	(166,734)
Claim payments	<u>(104,738)</u>	<u>(79,116)</u>
Estimated liability, end of year	<u>\$ 211,626</u>	<u>\$ 233,337</u>

12. CONTINGENCIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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

13. PROPERTY TAXES

County General Fund property taxes are levied on July 1 of each year (the lien date) and are due in full by September 14, though they do not become delinquent until March 1 of the following year. For levies other than the General Fund, the lien date is December 1.

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 percent 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 2018, for which revenue was recognized in the General Fund, was \$3,314,626,922. The general operating tax rate for this levy was 5.4000 mills. The taxable value of real and personal property for 2017, for which revenue was recognized in all other funds, was \$3,208,789,305. The tax rates for these levies were 0.7320 mills for the Department on Aging operations and 0.1896 for the medical care facility.

14. TAX ABATEMENTS

The County received reduced property tax revenues during 2018 as a result of brownfield redevelopment agreements and Industrial Facilities Tax exemptions (IFT's) entered into by cities, villages, townships, and authorities within the County.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to \$4,361 in reduced County tax revenues for 2018.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to \$128,316 in reduced County tax revenues for 2018.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

15. BENEFIT PLANS

Lenawee County Employees' Retirement Income Plan

Plan Description. The County contributes to the Lenawee County Board of Commissioners Employees' Retirement Income Plan ("Plan"), a single-employer defined benefit plan provided through a private insurance company that acts as an investment and administrative agent for the County. The financial statements are included in the financial statements of Lenawee County as a pension trust fund. Employer and employee contributions and benefit provisions are authorized and may be amended by County Board resolution and benefits may vary pursuant to collective bargaining agreements.

Benefits Provided. The County provides this Plan for all employees who regularly work at least 1,000 hours in a calendar year. The Plan is a defined benefit plan which pays upon retirement a benefit range (depending on Group) calculated at 1.0 to 2.5% of average monthly earnings times years of service, times final average compensation. For most employee groups, full retirement benefits are available when an employee reaches the "rule of 85" (age plus years of service) or age 62 with eight (8) years continuous service. Reduced retirement benefits are also available as early as age 55 with ten (10) years continuous service. Retirement plan benefits may vary pursuant to employee group provisions and/or collective bargaining agreements.

Employees Covered by Benefit Terms. As of December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	339
Inactive employees entitled to but not yet receiving benefits	57
Active employees	<u>162</u>
Total membership	<u><u>558</u></u>

Funding Policy. The contribution requirements of Plan members are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and Plan provisions. After meeting eligibility requirements, active Plan members are required to contribute to the Plan based on their bargaining unit or management group contribution rate. Member rates are 10.0% of total annual compensation. The County is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The County's contribution rate for the year ended December 31, 2018 was 24.4% of covered payroll.

Contributions. The annual required contribution for the current year was determined as part of a December 31, 2017 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 7.00% investment rate of return on investments, compounded annually, and projected salary increases of 3% per year compounded annually, including inflation at 2% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two-year period. The unfunded, actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over a 20 year period, as of December 31, 2018.

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 and rolled forward to December 31, 2018.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	3.0%
Investment rate of return	7.00%, net of investment expense and including inflation

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

Mortality rates used were based on the RP-2014 fully generational projected with scale MP-18.

Changes in Assumptions. Assumption changes for the current year include a decrease in expected return on investments and a change in the mortality tables.

Long-term Expected Rate of Return. The long-term expected rate of return assumption was determined by the Plan Sponsor based on a "building block method" analysis. Under the building block method expected future inflation and risk-free rates are determined. Then for each major asset class (equity and fixed) an expected future risk premium is determined. These rates are combined to determine an expected nominal rate of return for each asset class. Based on the target asset allocation percentage of each class as determined by the portfolio mix and investment policy statement the rates are weighted to determine a total rate of return.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Large cap equity	25.00%	6.07%	1.52%
Mid cap equity	10.20%	6.55%	0.67%
Small cap equity	3.40%	6.74%	0.23%
Real estate investment trusts	1.30%	5.82%	0.08%
International equity	17.00%	7.19%	1.22%
Emerging market equity	3.30%	8.45%	0.28%
Commodities	4.80%	4.79%	0.23%
Domestic bonds	26.20%	3.21%	0.84%
High yield bonds	1.80%	5.03%	0.09%
Treasury inflation-protected securities	1.70%	3.21%	0.05%
Cash equivalent	5.30%	2.23%	0.12%
	<u>100.00%</u>		<u>5.33%</u>
Inflation			2.00%
Risk adjustments			<u>-0.33%</u>
Investment rate of return			<u>7.00%</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive participants. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 86,156,377	\$ 71,837,001	\$ 14,319,376
Changes for the year:			
Service cost	345,134	-	345,134
Interest	6,086,555	-	6,086,555
Differences between expected and actual experience	433,145	-	433,145
Changes in assumptions	1,909,791	-	1,909,791
Employer contributions	-	1,566,547	(1,566,547)
Employee contributions	-	644,660	(644,660)
Net investment loss	-	(4,849,554)	4,849,554
Benefit payments, including refunds of employee contributions	(5,098,068)	(5,098,068)	-
Administrative expense	-	(44,900)	44,900
Net changes	3,676,557	(7,781,315)	11,457,872
Balances at December 31, 2018	\$ 89,832,934	\$ 64,055,686	\$ 25,777,248

The net pension liability was allocated at December 31, 2018, as follows:

	Governmental Activities	Building Authority	Airport	Nonmajor Enterprise Funds	Total
Net pension liability	\$ 25,307,113	\$ 297,256	\$ 91,755	\$ 81,124	\$ 25,777,248

Rate of Return. For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a negative 6.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net pension liability	\$ 35,034,819	\$ 25,777,248	\$ 17,942,961

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2018, the County recognized pension expense of \$4,777,772. The County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 346,516
Changes in assumptions	1,527,833
Net difference between projected and actual earnings on pension plan investments	<u>7,293,702</u>
Total	<u>\$ 9,168,051</u>

The deferred outflows of resources related to pensions was allocated at December 31, 2018, as follows:

	Governmental Activities	Building Authority	Airport	Nonmajor Enterprise Funds	Total
Deferred outflows of resources	\$ 9,000,841	\$ 105,724	\$ 32,633	\$ 28,853	\$ 9,168,051

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

Year Ended December 31,	Amount
2019	\$ 3,097,965
2020	1,832,865
2021	1,778,341
2022	<u>2,458,880</u>
Total	<u>\$ 9,168,051</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Payable to the Pension Plan. At year end, the County reported a payable of \$588,021 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

Lenawee County Medical Care Facility - Defined Benefit - Salaried

Plan Description. The Facility established a defined benefit pension plan (the "Plan") for salaried employees who were active participants in the County Board of Commissioners Retirement Income Plan immediately prior to January 1, 2008. During the establishment of the Plan, the Facility froze the Plan for new participants as of January 1, 2008. The Plan is a sole employer defined benefit pension plan administered through Mass Mutual Financial Group, which acts as an investment agent for the Facility. The Plan is not shown as a pension trust fund within the financial statements as the Plan is administered by an outside party. The County issues a publicly available financial report that includes financial statements and required supplemental information for the Plan. That report may be obtained by writing to the plan sponsor at the Lenawee County Board of Commissioners, 301 N. Main Street, Adrian, Michigan 49221.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of applicable boards, with the assistance of a valuation service.

Investment Policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Benefits Provided. Salaried employees are required to contribute 4.5 percent of covered payroll to the Plan. The Facility is required to contribute to the Plan at an actuarially determined rate which is equal to normal cost plus a 20-year amortization of the unfunded actuarial accrued liability less the expected amount of employee contribution. The asset valuation method was an assigned value for general investment account assets by the insurance company issuing the assets and 50 percent recognition method on capital gains/losses. Normal retirement is age 65 with eight years of service. Early retirement is age 55 with 10 years of credited service.

Benefit allowances are computed based on the applicable criteria as detailed within the Plan. For salaried employees, normal retirement benefits are 2.5 percent of average monthly earnings times all years of benefit service, and death and disability benefits are also provided if the employee meets the applicable criteria. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Further plan information and requirements are detailed in the plan documents and actuarial reports maintained at the Facility's administrative offices, Lenawee County Medical Care Facility, 200 Sand Creek Highway, Adrian, Michigan 49221.

Contributions. The contribution requirements of plan members and the Facility are established and may be amended by the County Board of Commissioners. Plan members are required to contribute 4.5 percent to the Plan, depending on their bargaining unit and hire date, with the Facility contributing additional amounts, as necessary, to provide assets sufficient to pay for member benefits. The Facility's required contribution for 2018 was \$115,152.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. As of January 1, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>9</u>
Total membership	<u><u>46</u></u>

Net Pension Liability. The Facility's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of January 1, 2018.

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	4.0%, including inflation
Investment rate of return	6.5%, net of investment expense and including inflation

Mortality rates used were based on the RP-2014 fully generational projected with scale MP-18.

Changes in Assumptions. In 2018, amounts reported as changes of assumptions resulted primarily from adjustments to salary increases and changing the assumption for married individuals from 100 percent to 80 percent.

LENAWEE 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 building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, 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. For each asset class that is included in the pension plan's target asset allocation as of December 31, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate
Large cap value	12.50%	6.23%	0.78%
Large cap growth	12.50%	5.90%	0.74%
Mid cap core	10.20%	6.55%	0.67%
Small cap value	1.70%	6.76%	0.11%
Small cap growth	1.70%	6.72%	0.11%
International equities	17.00%	7.19%	1.22%
Emerging market equity	3.30%	8.45%	0.28%
Commodities	4.80%	4.79%	0.23%
Domestic bonds	26.20%	3.21%	0.84%
High-yield bonds	1.80%	5.03%	0.09%
TIPS	1.70%	3.21%	0.05%
Real estate investment trusts	1.30%	5.82%	0.08%
Cash equivalents	5.30%	2.23%	0.12%
	<u>100.00%</u>		5.32%
Inflation			2.00%
Risk adjustments			<u>-0.82%</u>
Investment rate of return			<u><u>6.50%</u></u>

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Facility contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

LENAWEE 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:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 7,738,057	\$ 6,572,172	\$ 1,165,885
Changes for the year:			
Service cost	55,632	-	55,632
Interest	495,464	-	495,464
Differences between expected and actual experience	(38,821)	-	(38,821)
Changes in assumptions	(20,792)	-	(20,792)
Employer contributions	-	652,392	(652,392)
Employee contributions	-	26,931	(26,931)
Net investment loss	-	(467,972)	467,972
Benefit payments, including refunds of employee contributions	(342,330)	(342,330)	-
Net changes	149,153	(130,979)	280,132
Balances at December 31, 2018	\$ 7,887,210	\$ 6,441,193	\$ 1,446,017

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Facility, calculated using the discount rate of 6.50%, as well as what the Facility's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.50%) or 1% higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Facility's net pension liability	\$ 2,511,125	\$ 1,446,017	\$ 561,573

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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

For the year ended December 31, 2018, the Facility recognized pension expense of \$299,368. The Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 11,482	\$ (11,482)
Changes in assumptions	-	6,150	(6,150)
Net difference between projected and actual earnings on pension plan investments	510,322	-	510,322
Total	\$ 510,322	\$ 17,632	\$ 492,690

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

Year Ended December 31,	Amount
2019	\$ 127,578
2020	71,107
2021	112,784
2022	181,221
Total	\$ 492,690

Payable to the Pension Plan. At December 31, 2018, the Facility did not have any outstanding contributions payable to the pension plan for the year then ended.

Lenawee County Medical Care Facility - Defined Benefit - Union

Plan Description. The Facility established a defined benefit pension plan (the "Plan") for union employees who are active participants in the County Board of Commissioners Retirement Income Plan. The Plan is a sole employer defined benefit pension plan administered through Mass Mutual Financial Group, which acts as an investment agent for the Facility. The Plan is not shown as a pension trust fund within the financial statements, as the Plan is administered by an outside party. The County issues a publicly available financial report that includes financial statements and required supplemental information for the Plan. That report may be obtained by writing to the plan sponsor at the Lenawee County Board of Commissioners, 301 N. Main Street, Adrian, Michigan 49221.

Management of the Plan is vested in the pension board, which consists of seven members - three elected by plan members, three appointed by the Facility, and the Facility treasurer, who serves as an ex-officio member.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of applicable boards, with the assistance of a valuation service.

Investment Policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Benefits Provided. Union employees are not required to make a contribution. The Facility is required to contribute to the Plan at an actuarially determined rate which is equal to normal cost plus a 20-year amortization of the unfunded actuarial accrued liability less the expected amount of employee contribution. The asset valuation method was an assigned value for general investment account assets by the insurance company issuing the assets and 50 percent recognition method on capital gains/losses. Normal retirement is age 65 with eight years of service. Early retirement is age 55 with 10 years of credited service.

Benefit allowances are computed based on the applicable criteria as detailed within the Plan. For union employees, normal retirement benefits are 1.0 percent of average monthly earnings times all years of benefit service, and death and disability benefits are also provided if the employee meets the applicable criteria. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Further plan information and requirements are detailed in the plan documents and actuarial reports maintained at the Facility's administrative offices, Lenawee County Medical Care Facility, 200 Sand Creek Highway, Adrian, Michigan 49221.

Contributions. The contribution requirements of plan members and the Facility are established and may be amended by the County Board of Commissioners. Plan members are not required to contribute to the Plan. The Facility's required contribution for 2018 was \$78,633.

Employees Covered by Benefit Terms. As of January 1, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	48
Active employees	<u>115</u>
Total membership	<u><u>183</u></u>

Net Pension Liability. The Facility's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of January 1, 2018.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Salary increases	4.0%, including inflation
Investment rate of return	6.5%, net of investment expense and including inflation

Mortality rates used were based on the RP-2014 fully generational projected with scale MP-18.

Changes in Assumptions. In 2018, amounts reported as changes of assumptions resulted primarily from adjustments to salary increases and changing the assumption for married individuals from 100 percent to 80 percent.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These real 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. For each asset class that is included in the pension plan's target asset allocation as of December 31, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Large cap value	12.50%	6.23%	0.78%
Large cap growth	12.50%	5.90%	0.74%
Mid cap core	10.20%	6.55%	0.67%
Small cap value	1.70%	6.76%	0.11%
Small cap growth	1.70%	6.72%	0.11%
International equities	17.00%	7.19%	1.22%
Emerging market equity	3.30%	8.45%	0.28%
Commodities	4.80%	4.79%	0.23%
Domestic bonds	26.20%	3.21%	0.84%
High-yield bonds	1.80%	5.03%	0.09%
TIPS	1.70%	3.21%	0.05%
Real estate investment trusts	1.30%	5.82%	0.08%
Cash equivalents	5.30%	2.23%	0.12%
	100.00%		5.32%
Inflation			2.00%
Risk adjustments			-0.82%
Investment rate of return			6.50%

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Facility contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at December 31, 2017	\$ 2,234,078	\$ 2,385,204	\$ (151,126)
Changes for the year:			
Service cost	101,615	-	101,615
Interest	149,942	-	149,942
Differences between expected and actual experience	12,883	-	12,883
Changes in assumptions	(5,456)	-	(5,456)
Employer contributions	-	71,240	(71,240)
Net investment loss	-	(172,952)	172,952
Benefit payments, including refunds of employee contributions	(57,786)	(57,786)	-
Net changes	<u>201,198</u>	<u>(159,498)</u>	<u>360,696</u>
Balances at December 31, 2018	<u>\$ 2,435,276</u>	<u>\$ 2,225,706</u>	<u>\$ 209,570</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Facility, calculated using the discount rate of 6.50%, as well as what the Facility's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.50%) or 1% higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Facility's net pension liability (asset)	\$ 635,481	\$ 209,570	\$ (124,870)

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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

For the year ended December 31, 2018, the Facility recognized pension expense of \$219,608. At December 31, 2018, the Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 103,932	\$ 154,827	\$ (50,895)
Changes in assumptions	231,336	4,631	226,705
Net difference between projected and actual earnings on pension plan investments	211,125	-	211,125
Total	\$ 546,393	\$ 159,458	\$ 386,935

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

Year Ended December 31,	Amount
2019	\$ 93,826
2020	61,468
2021	66,597
2022	91,169
2023	25,485
Thereafter	48,390
Total	\$ 386,935

Payable to the Pension Plan. At December 31, 2018, the Facility did not have any outstanding contributions payable to the pension plan for the year then ended.

Road Commission Component Unit

The Lenawee County Road Commission operates its own defined benefit pension trust fund and defined contribution plan. Detailed information on these plans, including all required footnote disclosures, is available in the separately issued Road Commission financial statements.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

16. DEFINED CONTRIBUTION PLAN

Lenawee County - Defined Contribution Plan

Effective April 1, 2001, the County began to provide and administer pension benefits for certain new full-time employees through a defined contribution plan, called the Lenawee County Board of Commissioners Defined Contribution Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate on the date of employment. The plan requires the County to contribute, on behalf of each covered employee, 5.0% of the employees' compensation. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners.

Participants are required to contribute 5.0% of compensation to this plan.

The County made the required contribution to the plan, amounting to \$593,820 and employee contributions were \$593,820 for the year ended December 31, 2018.

17. OTHER POSTEMPLOYMENT BENEFITS

Lenawee County Medical Care Facility

Plan Description. The Facility will provide certain retiree healthcare benefits as other postemployment benefits (OPEB) to certain employees upon retirement in accordance with the applicable contracts. In accordance with the contracts, upon retirement, certain employees will be eligible for health insurance benefits, including dental, vision, and prescription drug coverage with 100 percent of the premium paid by the Facility. The Facility's policy is to accrue these benefits until they become due. The plan does not issue a separate stand-alone financial statement.

Benefits Provided. The Facility provides postemployment health, dental, vision and prescription benefits, as per the requirements of the administrator contract.

Plan Membership. Membership of the plan consisted of the following at December 31, 2018:

Inactive plan members receiving or entitled to future benefits	1
Active plan members	<u>1</u>
Total	<u><u>2</u></u>

Contributions. The Facility has no obligation to make contributions in advance of when the stipends are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the Facility. Plan participants are not required to contribute to the plan. For the year ended December 31, 2018, the Facility did not make any contributions to advance-fund the plan. The contribution requirements of plan members and the Facility are established and may be amended by the County Board.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total OPEB liability was 4.23%. Because the plan does not have a dedicated OPEB trust, there are no assets projected to be sufficient to make projected future benefit payments of current plan members. Projected benefits were discounted at a discount rate reflecting a 20-year AA tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation – 3.00% – Implicit in expected payroll increases

Salary increases – 3.00%

Investment rate of return – N/A – plan is not pre-funded

Healthcare cost trend rates – 8.50% and gradually decreasing to an ultimate trend rate of 4.50%.

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65.

Mortality – Life expectancies were based on mortality tables from the National Vital Statistics Report. The 2015 United States Life Tables for Males and for Females were used.

Health insurance premiums – 2018 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Probability of accepting benefits – Based on the historical participation rate, a probability rate of accepting benefits of 100% was utilized.

Total OPEB Liability of the Facility

The Facility is not prefunding the plan and the total OPEB liability at December 31, 2018 was \$365,250.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Changes in Total OPEB Liability

The components of the change in the total OPEB liability are summarized as follows:

	Total OPEB Liability
Balances at December 31, 2017	\$ 341,380
Changes for the year:	
Service cost	9,047
Interest	14,823
Net changes	23,870
Balances at December 31, 2018	\$ 365,250

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Facility, calculated using the discount rate of 4.23%, as well as what the Facility's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.23%) or 1% higher (5.23%) than the current rate:

	1% Decrease (3.23%)	Current Discount Rate (4.23%)	1% Increase (5.23%)
Facility's total OPEB liability	\$ 414,402	\$ 365,250	\$ 323,776

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the total OPEB liability of the Facility, as well as what the Facility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.5% decreasing to 3.5%) or 1% higher (9.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (7.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (8.5% Decreasing to 4.5%)	1% Increase (9.5% decreasing to 5.5%)
Facility's total OPEB liability	\$ 323,739	\$ 365,250	\$ 413,490

OPEB Expense and Payable to the Plan

For the year ended December 31, 2018, the Facility recognized OPEB expense of \$23,683. The Facility had no amounts payable for contributions to the OPEB plan.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Road Commission

The Road Commission contributes to the Postemployment Healthcare Plan for Employees of the Board of County Road Commissioners (“Plan”). Disclosures for the Plan are included in the separately issued report of the Road Commission.

18. LEASES

The Building Authority enterprise fund leases space in the Human Services Building to various departments of the County and other governmental agencies. The cost of leased assets was \$12,170,987 and related accumulated depreciation at December 31, 2018 was \$5,415,093. Future lease revenues on this space are as follows:

Year Ended December 31,	Amount
2019	\$ 759,643
2020	603,393
2021	603,393
2022	311,301
2023	278,143
2024-2028	924,651
2029-2031	194,611
Total	\$ 3,675,135

19. NET INVESTMENT IN CAPITAL ASSETS

As of December 31, 2018, net investment in capital assets, was comprised of the following:

	Governmental activities	Business-type activities
Invested in capital assets:		
Capital assets not being depreciated	\$ 11,770,402	\$ 10,291,079
Capital assets being depreciated, net	16,014,500	17,300,479
Less related debt:		
Bonds payable and lease purchase agreements	(16,365,697)	(3,160,000)
Bond premium	(519,220)	(56,968)
Unspent proceeds	7,448,948	-
Total net investment in capital assets	\$ 18,348,933	\$ 24,374,590

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

20. FUND BALANCE

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, is as follows:

	General fund	401 General Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepays	\$ 1,208,864	\$ -	\$ -	\$ 1,208,864
Advance to component unit	225,000	-	-	225,000
Total nonspendable	1,433,864	-	-	1,433,864
Restricted:				
General government	-	7,440,658	536,763	7,977,421
Judicial	-	-	196,486	196,486
Public safety	-	-	3,034,360	3,034,360
Health and welfare	-	-	3,639,230	3,639,230
Community enrichment and development	-	-	203,908	203,908
Total restricted	-	7,440,658	7,610,747	15,051,405
Committed:				
General government	-	103,438	100	103,538
Judicial	-	-	304,124	304,124
Public safety	-	-	149,356	149,356
Health and welfare	-	-	2,442,293	2,442,293
Community enrichment and development	-	-	81,250	81,250
Debt service	-	-	44,139	44,139
Total committed	-	103,438	3,021,262	3,124,700
Assigned -				
Subsequent years expenditures	300,000	-	-	300,000
Unassigned (deficit)	5,742,082	-	(4,544)	5,737,538
Total fund balances, governmental funds	\$ 7,475,946	\$ 7,544,096	\$ 10,627,465	\$ 25,647,507

21. RESTATEMENT

The County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. As a result of this change, beginning net position of business-type activities and the medical care facility enterprise fund decreased by \$138,728 and the Road Commission component unit decreased by \$2,073,039.



REQUIRED SUPPLEMENTARY INFORMATION

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information Retirement Income Plan

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31,			
	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 431,494	\$ 395,417	\$ 313,832	\$ 345,134
Interest	6,144,592	6,292,646	6,118,286	6,086,555
Differences between expected and actual experience	-	(1,217,364)	29,362	433,145
Changes of assumptions	-	(1,297,032)	3,510,271	1,909,791
Benefit payments, including refunds of employee contributions	(4,625,758)	(4,706,055)	(4,894,340)	(5,098,068)
Net change in total pension liability	1,950,328	(532,388)	5,077,411	3,676,557
Total pension liability, beginning of year	79,661,026	81,611,354	81,078,966	86,156,377
Total pension liability, end of year	81,611,354	81,078,966	86,156,377	89,832,934
Plan fiduciary net position				
Employer contributions	1,375,047	1,380,729	1,496,769	1,566,547
Employee contributions	746,305	697,243	674,926	644,660
Net investment income (loss)	(1,075,668)	4,699,879	8,433,660	(4,849,554)
Benefit payments, including refunds of employee contributions	(4,625,758)	(4,706,055)	(4,894,340)	(5,098,068)
Administrative expense	(44,450)	(5,302)	(44,000)	(44,900)
Net change in plan fiduciary net position	(3,624,524)	2,066,494	5,667,015	(7,781,315)
Plan fiduciary net position, beginning of year	67,728,016	64,103,492	66,169,986	71,837,001
Plan fiduciary net position, end of year	64,103,492	66,169,986	71,837,001	64,055,686
County's net pension liability	\$ 17,507,862	\$ 14,908,980	\$ 14,319,376	\$ 25,777,248
Plan fiduciary net position as a percentage of total pension liability	78.5%	81.6%	83.4%	71.3%
Covered payroll	\$ 7,015,567	\$ 6,880,414	\$ 6,659,268	\$ 6,431,542
County's net pension liability as a percentage of covered payroll	249.6%	216.7%	215.0%	400.8%

Notes:

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

Assumption changes for 2016 include a decrease in the expected salary increases, decrease in expected return on investments and a change in the mortality tables.

Assumption changes for 2017 include a decrease in expected return on investments and a change in the mortality tables.

Assumption changes for 2018 include a decrease in expected return on investments and a change in the mortality tables.

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility - Salaried

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31,			
	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 65,233	\$ 82,030	\$ 83,650	\$ 55,632
Interest	465,819	482,407	475,185	495,464
Differences between expected and actual experience	16,056	(156,777)	148,693	(38,821)
Changes of assumptions	1,048,977	(200,876)	(133,735)	(20,792)
Benefit payments, including refunds of employee contributions	(283,801)	(288,788)	(353,709)	(342,330)
Net change in total pension liability	1,312,284	(82,004)	220,084	149,153
Total pension liability, beginning of year	6,287,693	7,599,977	7,517,973	7,738,057
Total pension liability, end of year	7,599,977	7,517,973	7,738,057	7,887,210
Plan fiduciary net position				
Employer contributions	89,806	116,292	167,521	652,392
Employee contributions	32,275	31,151	31,054	26,931
Net investment income (loss)	(60,719)	462,867	754,840	(467,972)
Benefit payments, including refunds of employee contributions	(283,801)	(288,788)	(353,709)	(342,330)
Other	115,943	-	-	-
Net change in plan fiduciary net position	(106,496)	321,522	599,706	(130,979)
Plan fiduciary net position, beginning of year	5,757,440	5,650,944	5,972,466	6,572,172
Plan fiduciary net position, end of year	5,650,944	5,972,466	6,572,172	6,441,193
Facility's net pension liability	\$ 1,949,033	\$ 1,545,507	\$ 1,165,885	\$ 1,446,017
Plan fiduciary net position as a percentage of total pension liability	74.4%	79.4%	84.9%	81.7%
Covered payroll	\$ 735,397	\$ 658,051	\$ 676,434	\$ 616,617
Facility's net pension liability as a percentage of covered payroll	265.0%	234.9%	172.4%	234.5%

Notes:

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

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

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility - Union

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

	Year Ended December 31,			
	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 88,548	\$ 82,613	\$ 83,054	\$ 101,615
Interest	118,402	141,637	147,249	149,942
Differences between expected and actual experience	143,270	(77,690)	(143,962)	12,883
Changes of assumptions	-	110,123	151,577	(5,456)
Benefit payments, including refunds of employee contributions	(33,497)	(35,452)	(48,683)	(57,786)
Net change in total pension liability	316,723	221,231	189,235	201,198
Total pension liability, beginning of year	1,506,889	1,823,612	2,044,843	2,234,078
Total pension liability, end of year	1,823,612	2,044,843	2,234,078	2,435,276
Plan fiduciary net position				
Employer contributions	71,347	72,504	76,295	71,240
Net investment income (loss)	(23,939)	159,347	269,961	(172,952)
Benefit payments, including refunds of employee contributions	(33,497)	(35,452)	(48,683)	(57,786)
Other	58,253	-	-	-
Net change in plan fiduciary net position	72,164	196,399	297,573	(159,498)
Plan fiduciary net position, beginning of year	1,819,068	1,891,232	2,087,631	2,385,204
Plan fiduciary net position, end of year	1,891,232	2,087,631	2,385,204	2,225,706
Facility's net pension liability (asset)	\$ (67,620)	\$ (42,788)	\$ (151,126)	\$ 209,570
Plan fiduciary net position as a percentage of total pension liability	103.7%	102.1%	106.8%	91.4%
Covered payroll	\$ 2,782,254	\$ 2,646,830	\$ 2,389,219	\$ 2,539,624
Facility's net pension liability (asset) as a percentage of covered payroll	-2.4%	-1.6%	-6.3%	8.3%

Notes:

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

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

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

County Employees' Retirement Income Plan Schedule of the Net Pension Liability

Fiscal Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 81,611,354	\$ 64,103,492	\$ 17,507,862	78.5%	\$ 7,015,567	249.6%
2016	81,078,966	66,169,986	14,908,980	81.6%	6,880,414	216.7%
2017	86,156,377	71,837,001	14,319,376	83.4%	6,659,268	215.0%
2018	89,832,934	64,055,686	25,777,248	71.3%	6,431,542	400.8%

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

Medical Care Facility Schedule of the Net Pension Liability - Salaried

Fiscal Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 7,599,977	\$ 5,650,944	\$ 1,949,033	74.4%	\$ 735,397	265.0%
2016	7,517,973	5,972,466	1,545,507	79.4%	658,051	234.9%
2017	7,738,057	6,572,172	1,165,885	84.9%	676,434	172.4%
2018	7,887,210	6,441,193	1,446,017	81.7%	616,617	234.5%

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

Medical Care Facility Schedule of the Net Pension Liability (Asset) - Union

Fiscal Year Ended December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability (Asset) as Percentage of Covered Payroll
2015	\$ 1,823,612	\$ 1,891,232	\$ (67,620)	103.7%	\$ 2,782,254	-2.4%
2016	2,044,843	2,087,631	(42,788)	102.1%	2,646,830	-1.6%
2017	2,234,078	2,385,204	(151,126)	106.8%	2,389,219	-6.3%
2018	2,435,276	2,225,706	209,570	91.4%	2,539,624	8.3%

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

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

County Employees' Retirement Income Plan Schedule of Investment Returns

Fiscal Year Ending December 31,	Annual Return ⁽¹⁾
2015	7.90%
2016	7.47%
2017	12.84%
2018	-6.81%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses.

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

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

County Employees' Retirement Income Plan 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
2015	\$ 1,129,803	\$ 1,375,047	\$ (245,244)	\$ 7,015,567	19.6%
2016	1,359,575	1,380,729	(21,154)	6,880,414	20.1%
2017	1,281,247	1,496,769	(215,522)	6,659,268	22.5%
2018	1,500,548	1,566,547	(65,999)	6,431,542	24.4%

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

Assumption changes for the December 31, 2016 actuarial report include a decrease in the expected salary increases, decrease in expected return on investments and a change in the mortality tables.

Assumption changes for the December 31, 2017 actuarial report include a decrease in expected return on investments and a change in the mortality tables.

Assumption changes for the current year include a decrease in expected return on investments and a change in the mortality tables.

Notes to Schedule of Contributions

Notes Actuarially determined contribution rates are calculated as of December 31 in the year prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, percentage of pay.
Amortization method	Normal cost plus 20-year level amortization
Remaining amortization period	20 years
Asset valuation method	For assets held in the General Investment Account, the value is assigned by the Insurance Company. All other assets are valued at market value.
Inflation	2.0%
Salary increases	3.0%
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Plan Normal Retirement Age
Mortality	RP-2014 Fully Generational for annuitants and non-annuitants with MP-2017

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility Schedule of Contributions - Salaried

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
2015	\$ 89,806	\$ 89,806	\$ -	\$ 735,397	12.2%
2016	116,292	116,292	-	658,051	17.7%
2017	152,392	167,521	(15,129)	676,434	24.8%
2018	115,152	652,392	(537,240)	616,617	105.8%

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

Notes to Schedule of Contributions

Notes Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	16 years
Asset valuation method	Assets in Separate Investment Accounts (SIA's) valued at market value. Assets in General Investment Account (GIA) valued at value reported by insurance company.
Inflation	2.0%
Salary increases	4.0% to 8.0%, including inflation
Investment rate of return	6.5%, net of investment and administrative expenses
Retirement age	65 and 8 years of service
Mortality	RP-2014 Fully Generational with Scale MP-18

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility Schedule of Contributions - Union

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
2015	\$ 71,347	\$ 71,347	\$ -	\$ 2,782,254	2.6%
2016	72,504	72,504	-	2,646,830	2.7%
2017	71,240	76,295	(5,055)	2,389,219	3.2%
2018	71,240	71,240	-	2,539,624	2.8%

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

Notes to Schedule of Contributions

Notes Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	17 years
Asset valuation method	Assets in SIA's valued at market value. Assets in GIA valued at value reported by insurance company.
Inflation	2.0%
Salary increases	4.0%, including inflation
Investment rate of return	6.5%, net of investment and administrative expenses
Retirement age	65 and 8 years of service
Mortality	RP-2014 Fully Generational with Scale MP-18

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility Postemployment Healthcare Plan - Retiree Health

Schedule of Changes in Total OPEB Liability and Related Ratios

	Year Ended December 31, 2018
Total OPEB liability	
Service cost	\$ 9,047
Interest on total OPEB liability	14,823
Net change in total OPEB liability	<u>23,870</u>
Total OPEB liability, beginning of year	<u>341,380</u>
Total OPEB liability, end of year	<u><u>\$ 365,250</u></u>
Covered payroll	\$ 115,690
Total OPEB liability as a percentage of covered payroll	315.71%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility Postemployment Healthcare Plan - Retiree Health

Schedule of Contributions

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2018	\$ 45,572	\$ -	\$ 45,572	\$ 115,690	0.00%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date December 31, 2018

Methods and assumptions used to determine contribution rates for 2018:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3.00%, including inflation
Investment rate of return	N/A - plan is not pre-funded
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Healthcare trend rates	8.50% trend for the first year, gradually decreasing to 4.50% in year 10

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

LENAWEE COUNTY, MICHIGAN

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Revenues					
Taxes:					
Current real property taxes	\$ 17,536,620	\$ 17,976,620	\$ 17,912,743	\$ (63,877)	\$ 15,708,732
Trailer tax	10,320	10,320	10,712	392	10,665
Administration fees	188,000	200,000	204,745	4,745	190,804
Total taxes	17,734,940	18,186,940	18,128,200	(58,740)	15,910,201
Licenses and permits:					
Dog licenses	115,000	115,000	113,588	(1,412)	108,955
Clerk	59,200	59,200	59,166	(34)	52,817
Total licenses and permits	174,200	174,200	172,754	(1,446)	161,772
Fines and forfeits:					
Local ordinances	440,000	440,000	400,099	(39,901)	401,843
Clerk & district court	200	200	436	236	393
Total fines and forfeits	440,200	440,200	400,535	(39,665)	402,236
Investment earnings	221,443	301,443	393,477	92,034	244,935
Rental revenue	29,735	29,735	29,735	-	29,735
Intergovernmental:					
State revenue sharing	2,054,000	2,054,000	2,078,311	24,311	2,060,712
Probate judge salary	139,919	139,919	96,636	(43,283)	142,727
Probate court - other	70,200	70,200	65,537	(4,663)	66,943
Probate juvenile officer salary	62,000	62,000	60,407	(1,593)	59,782
Probate court juvenile - other	6,000	6,000	4,488	(1,512)	5,473
District court	313,448	313,448	306,792	(6,656)	297,287
Friend of the court:					
Title IV-D CRP - federal	760,000	760,000	829,600	69,600	765,664
Incentive payments - federal	150,000	150,000	152,054	2,054	154,057
Other	100,000	100,000	102,804	2,804	99,365
Circuit Court Fund	74,000	79,000	84,010	5,010	73,528
Prosecuting Attorney:					
Title IV-D CRP - federal	180,689	180,689	133,627	(47,062)	132,919
Title IV-E CRP - federal	70,000	70,000	42,200	(27,800)	43,078
Victims' rights	114,100	114,100	123,161	9,061	110,670
Other	177,129	177,129	192,336	15,207	219,975
Judicial salary standard pay	91,448	91,448	91,448	-	91,448
Convention facilities liquor	310,500	310,500	304,686	(5,814)	300,112
Court costs for children	500	500	453	(47)	253
Emergency management - federal	24,200	24,200	29,091	4,891	27,647
OMNI grants	13,587	13,587	17,006	3,419	18,213
Local stabilization	450,000	450,000	452,831	2,831	923,529
Board & care of prisoners	6,000	36,000	42,467	6,467	35,824
Veteran Affairs	-	-	1,121	1,121	-
Total intergovernmental	5,167,720	5,202,720	5,211,066	8,346	5,629,206

continued...

LENAWEE COUNTY, MICHIGAN

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Revenues					
Charges for services:					
Circuit Court	\$ 500	\$ 500	\$ -	\$ (500)	\$ -
District Court	1,444,000	1,444,000	1,147,430	(296,570)	1,219,852
Civil fees	-	-	6,300	6,300	2,247
Friend of the Court - service charges	86,000	86,000	82,084	(3,916)	83,553
Probate Court	64,200	64,200	57,687	(6,513)	53,864
Treasurer	63,285	63,285	68,862	5,577	68,113
County Clerk	263,350	263,350	248,094	(15,256)	234,253
Register of Deeds	750,775	760,775	842,830	82,055	855,681
Equalization - GIS	155,000	155,000	129,525	(25,475)	152,564
Sheriff - serving papers	2,750	2,750	4,111	1,361	2,483
Sheriff other	38,750	38,750	32,513	(6,237)	35,371
Medical Examiner	59,990	94,990	101,670	6,680	28,071
Total charges for services	2,928,600	2,973,600	2,721,106	(252,494)	2,736,052
Other:					
County Clerk refunds and rebates	5,000	5,000	5,302	302	3,262
Other refunds and rebates	501,985	501,985	593,523	91,538	558,583
Telephone, postage and other refunds	322,491	427,491	518,713	91,222	404,790
Total other	829,476	934,476	1,117,538	183,062	966,635
Total revenues	27,526,314	28,243,314	28,174,411	(68,903)	26,080,772
Other financing sources					
Transfers in	1,695,000	1,795,000	1,650,760	(144,240)	1,541,440
Total revenue and other financing sources	29,221,314	30,038,314	29,825,171	(213,143)	27,622,212
Expenditures					
Legislative -					
Board of Commissioners	265,909	265,909	248,797	(17,112)	235,852
General government:					
Clerk	702,574	702,574	691,326	(11,248)	652,779
Elections	145,119	145,119	117,486	(27,633)	73,930
Jury Board	1,800	1,800	1,481	(319)	1,833
Treasurer	513,273	513,273	463,684	(49,589)	453,690
Register of Deeds	271,722	271,722	238,065	(33,657)	251,185
Prosecuting Attorney	1,691,436	1,888,436	1,875,948	(12,488)	1,637,943
Prosecuting Attorney - Cooperative Reimbursement	209,642	209,642	188,170	(21,472)	185,298

continued...

LENAWEE COUNTY, MICHIGAN

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			2017	
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Expenditures					
General government (concluded):					
Public defender	\$ 631,615	\$ 631,615	\$ 463,918	\$ (167,697)	\$ 548,057
Surveyor	2,880	2,880	2,880	-	2,880
Plat Board	302	302	-	(302)	-
Equalization	401,294	401,294	297,698	(103,596)	216,689
Equalization - GIS	274,405	279,405	276,208	(3,197)	340,573
Administrator	753,520	770,020	735,227	(34,793)	778,505
Building and grounds	797,372	797,372	698,289	(99,083)	705,236
Building and grounds - county farm	4,000	4,200	4,182	(18)	4,032
Utilities	585,533	595,533	581,469	(14,064)	552,902
Printing / purchasing	418,928	443,928	438,504	(5,424)	377,255
Information technology	1,160,488	1,180,488	1,065,459	(115,029)	1,116,064
MSU Extension	252,393	256,793	254,072	(2,721)	244,671
Soil Conservation	39,800	39,800	39,266	(534)	39,266
Total general government	8,858,096	9,136,196	8,433,332	(702,864)	8,182,788
Judicial:					
Circuit Court	532,195	532,195	520,275	(11,920)	505,635
District Court	1,530,670	1,530,670	1,509,702	(20,968)	1,412,117
Friend of the Court	1,274,870	1,274,870	1,266,693	(8,177)	1,185,448
Probate Court	646,856	676,856	667,111	(9,745)	595,366
Probate Court Juvenile	461,153	471,153	467,817	(3,336)	452,811
Circuit Court Probation	3,500	3,500	2,646	(854)	3,138
Total judicial	4,449,244	4,489,244	4,434,244	(55,000)	4,154,515
Public safety:					
Sheriff department	3,970,123	3,970,123	3,908,384	(61,739)	3,887,638
Sheriff security - jail	4,647,053	4,692,053	4,683,038	(9,015)	4,360,171
Animal control	131,374	202,374	185,105	(17,269)	98,021
Sheriff coalition compliance	5,054	5,054	3,363	(1,691)	3,708
Emergency management	90,929	90,929	89,456	(1,473)	87,577
Court bailiffs	291,896	325,322	322,060	(3,262)	279,379
Total public safety	9,136,429	9,285,855	9,191,406	(94,449)	8,716,494
Public works:					
Drain at Large	157,590	193,590	192,940	(650)	195,355
Transportation	50,000	50,000	50,000	-	50,000
Total public works	207,590	243,590	242,940	(650)	245,355
Health and welfare:					
Mental health	365,686	365,686	365,686	-	365,686
Substance abuse	150,000	150,000	146,915	(3,085)	145,079
Medical examiner	368,058	419,848	425,213	5,365	309,389
Veterans affairs	88,168	100,243	96,708	(3,535)	90,471
Area Agency on Aging	6,300	6,300	6,300	-	6,300
Lenawee Tomorrow Corporation	179,107	179,107	179,307	200	129,427
Total health and welfare	1,157,319	1,221,184	1,220,129	(1,055)	1,046,352

continued...

LENAWEE COUNTY, MICHIGAN

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Expenditures					
Other:					
Human services rental contribution	\$ 38,707	\$ 38,707	\$ 38,006	\$ (701)	\$ 38,707
Insurance and miscellaneous bonds	592,000	607,000	373,445	(233,555)	471,323
Unallocated fringe benefits	705,738	437,947	-	(437,947)	10,436
Total other	<u>1,336,445</u>	<u>1,083,654</u>	<u>411,451</u>	<u>(672,203)</u>	<u>520,466</u>
Debt service:					
Principal	391,110	391,110	391,110	-	377,624
Interest and fiscal charges	17,521	17,521	17,521	-	31,008
Total debt service	<u>408,631</u>	<u>408,631</u>	<u>408,631</u>	<u>-</u>	<u>408,632</u>
Total expenditures	<u>25,819,663</u>	<u>26,134,263</u>	<u>24,590,930</u>	<u>(1,543,333)</u>	<u>23,510,454</u>
Other financing uses - transfers out					
Special revenue funds:					
Parks	25,000	25,000	25,000	-	25,000
County Health	450,000	450,000	450,000	-	430,000
Drain Commission	325,000	340,000	341,770	1,770	325,000
Law Library	30,000	30,000	30,000	-	30,000
Child Care - Maurice Spear Campus	1,739,055	1,739,055	1,739,055	-	1,835,961
Department of Human Services	22,000	22,000	22,000	-	22,000
Child Care - DHS	325,000	775,000	775,000	-	500,000
Others	-	37,400	37,400	-	14,215
Total special revenue funds	<u>2,916,055</u>	<u>3,418,455</u>	<u>3,420,225</u>	<u>1,770</u>	<u>3,182,176</u>
Capital project funds -					
Building and Site	800,000	800,000	800,000	-	800,000
Enterprise funds -					
Airport	43,000	43,000	43,000	-	43,000
Total other financing uses - transfers out	<u>3,759,055</u>	<u>4,261,455</u>	<u>4,263,225</u>	<u>1,770</u>	<u>4,025,176</u>
Total expenditures and other financing uses	<u>29,578,718</u>	<u>30,395,718</u>	<u>28,854,155</u>	<u>(1,541,563)</u>	<u>27,535,630</u>
Change in fund balance	<u>(357,404)</u>	<u>(357,404)</u>	<u>971,016</u>	<u>1,328,420</u>	<u>86,582</u>
Fund balance, beginning of year	<u>6,504,930</u>	<u>6,504,930</u>	<u>6,504,930</u>	<u>-</u>	<u>6,418,348</u>
Fund balance, end of year	<u>\$ 6,147,526</u>	<u>\$ 6,147,526</u>	<u>\$ 7,475,946</u>	<u>\$ 1,328,420</u>	<u>\$ 6,504,930</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2018

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 9,292,793	\$ 10,310	\$ 101,688	\$ 9,404,791
Accounts receivable, net	1,329,086	133,891	-	1,462,977
Due from other governments	797,323	31,445	4,141	832,909
Total assets	\$ 11,419,202	\$ 175,646	\$ 105,829	\$ 11,700,677
Liabilities				
Accounts and contracts payable	\$ 189,989	\$ 20	\$ 1,611	\$ 191,620
Accrued wages and benefits	348,675	-	-	348,675
Due to other funds	18,030	-	-	18,030
Interfund payable	120,278	-	-	120,278
Unearned revenue	96,030	3,857	-	99,887
Other liabilities	22,750	-	-	22,750
Total liabilities	795,752	3,877	1,611	801,240
Deferred inflows of resources				
Unavailable revenue	144,342	127,630	-	271,972
Fund balance				
Restricted	7,602,457	-	8,290	7,610,747
Committed	2,881,195	44,139	95,928	3,021,262
Unassigned (deficit)	(4,544)	-	-	(4,544)
Total fund balances	10,479,108	44,139	104,218	10,627,465
Total liabilities, deferred inflows of resources and fund balances	\$ 11,419,202	\$ 175,646	\$ 105,829	\$ 11,700,677

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2018

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 2,330,955	\$ -	\$ -	\$ 2,330,955
Licenses and permits	2,888,501	-	-	2,888,501
Investment earnings	18,266	468	31	18,765
Intergovernmental	7,612,539	-	4,141	7,616,680
Charges for services	1,669,481	376,851	1,041	2,047,373
Other	959,645	-	28,428	988,073
Total revenues	15,479,387	377,319	33,641	15,890,347
Expenditures				
Current:				
General government	350,350	-	-	350,350
Judicial	428,678	-	-	428,678
Public safety	2,220,914	-	54,855	2,275,769
Health and welfare	11,476,110	-	-	11,476,110
Community enrichment and development	2,074,284	-	-	2,074,284
Debt service:				
Principal	558,179	730,000	-	1,288,179
Interest and fiscal charges	217,100	77,529	-	294,629
Total expenditures	17,325,615	807,529	54,855	18,187,999
Revenues under expenditures	(1,846,228)	(430,210)	(21,214)	(2,297,652)
Other financing sources (uses)				
Proceeds from sale of capital assets	7,000	-	-	7,000
Transfers in:				
County appropriation	3,313,770	237,100	-	3,550,870
Other	76,455	-	-	76,455
Transfers out	(42,760)	-	(289,616)	(332,376)
Total other financing sources (uses)	3,354,465	237,100	(289,616)	3,301,949
Net change in fund balances	1,508,237	(193,110)	(310,830)	1,004,297
Fund balances, beginning of year	8,970,871	237,249	415,048	9,623,168
Fund balances, end of year	\$ 10,479,108	\$ 44,139	\$ 104,218	\$ 10,627,465

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2018

	208 Parks	211 Agriculture Committee	214 Sobriety Court	215 Friend of Court Duties
Assets				
Cash and investments	\$ 69,027	\$ 12,247	\$ 90,852	\$ 257,768
Accounts receivable	-	-	21,460	6,149
Due from other governments	-	-	-	-
Total assets	\$ 69,027	\$ 12,247	\$ 112,312	\$ 263,917
Liabilities				
Accounts and contracts payable	\$ 24	\$ -	\$ 50	\$ -
Accrued wages and benefits	-	-	2,111	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	24	-	2,161	-
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balances				
Restricted	-	-	110,151	-
Committed	69,003	12,247	-	263,917
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	69,003	12,247	110,151	263,917
Total liabilities, deferred inflows of resources and fund balances	\$ 69,027	\$ 12,247	\$ 112,312	\$ 263,917



216 Caseload Assistance	217 Enhanced Treatment Court	218 Drug Treatment Court	221 County Health	223 Lenawee Transportation	232 Solid Waste
\$ 24,905	\$ 618	\$ -	\$ 1,514,879	\$ 4,488	\$ 6,321
-	18,065	44,394	429,631	7,670	-
-	-	-	-	-	-
<u>\$ 24,905</u>	<u>\$ 18,683</u>	<u>\$ 44,394</u>	<u>\$ 1,944,510</u>	<u>\$ 12,158</u>	<u>\$ 6,321</u>
\$ -	\$ 2,108	\$ 6,109	\$ 11,434	\$ -	\$ 6,321
-	1,273	1,467	75,507	1,616	-
-	-	-	-	-	-
-	-	41,362	-	-	-
-	-	-	96,030	-	-
-	-	-	-	-	-
-	3,381	48,938	182,971	1,616	6,321
-	-	-	10,025	-	-
-	-	-	-	-	-
24,905	15,302	-	1,751,514	10,542	-
-	-	(4,544)	-	-	-
<u>24,905</u>	<u>15,302</u>	<u>(4,544)</u>	<u>1,751,514</u>	<u>10,542</u>	<u>-</u>
<u>\$ 24,905</u>	<u>\$ 18,683</u>	<u>\$ 44,394</u>	<u>\$ 1,944,510</u>	<u>\$ 12,158</u>	<u>\$ 6,321</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2018

	234 Lenawee Local Emergency	251 Drain	253 Indigent Defense	254 Survey & Remonu- mentation
Assets				
Cash and investments	\$ 10,000	\$ 233,439	\$ 182,183	\$ -
Accounts receivable	-	215	-	-
Due from other governments	-	-	-	44,744
Total assets	\$ 10,000	\$ 233,654	\$ 182,183	\$ 44,744
Liabilities				
Accounts and contracts payable	\$ -	\$ 600	\$ 6,256	\$ -
Accrued wages and benefits	-	31,040	14,656	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	41,664
Unearned revenue	-	-	-	-
Other liabilities	-	22,750	-	-
Total liabilities	-	54,390	20,912	41,664
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balances				
Restricted	-	179,264	161,271	3,080
Committed	10,000	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	10,000	179,264	161,271	3,080
Total liabilities, deferred inflows of resources and fund balances	\$ 10,000	\$ 233,654	\$ 182,183	\$ 44,744



256 Register of Deeds Automation	257 Concealed Pistol Licensing	258 County Disaster	260 Mobile Data Terminal	261 Central Dispatcher	262 Hard Labor
\$ 375,492	\$ 102,936	\$ 100	\$ 41,345	\$ 1,925,256	\$ 62,941
-	-	-	-	633,396	130
-	-	-	-	76,462	-
<u>\$ 375,492</u>	<u>\$ 102,936</u>	<u>\$ 100</u>	<u>\$ 41,345</u>	<u>\$ 2,635,114</u>	<u>\$ 63,071</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,270	\$ 74
-	573	-	-	37,610	260
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	573	-	-	39,880	334
-	-	-	-	-	-
375,492	102,363	-	-	2,595,234	62,737
-	-	100	41,345	-	-
-	-	-	-	-	-
<u>375,492</u>	<u>102,363</u>	<u>100</u>	<u>41,345</u>	<u>2,595,234</u>	<u>62,737</u>
<u>\$ 375,492</u>	<u>\$ 102,936</u>	<u>\$ 100</u>	<u>\$ 41,345</u>	<u>\$ 2,635,114</u>	<u>\$ 63,071</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2018

	263 Marine Law	264 Local Corrections Officer Training	265 Drug Law Enforcement	266 Law Enforcement
Assets				
Cash and investments	\$ -	\$ 175,411	\$ 83,887	\$ 4,423
Accounts receivable	-	-	-	-
Due from other governments	18,100	-	-	-
Total assets	\$ 18,100	\$ 175,411	\$ 83,887	\$ 4,423
Liabilities				
Accounts and contracts payable	\$ -	\$ 4,499	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	17,510	-	-	-
Unearned revenue	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	17,510	4,499	-	-
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balances				
Restricted	590	170,912	83,887	4,423
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	590	170,912	83,887	4,423
Total liabilities, deferred inflows of resources and fund balances	\$ 18,100	\$ 175,411	\$ 83,887	\$ 4,423



269 Law Library	273 Community Oriented Police Services	274 Homeland Security	280 Secondary Road Patrol	287 Housing Rehabilitation	290 Social Welfare
\$ 26,271	\$ 38,512	\$ -	\$ 9,629	\$ 137,385	\$ 37,356
-	-	21,695	-	-	-
-	-	-	23,168	-	-
<u>\$ 26,271</u>	<u>\$ 38,512</u>	<u>\$ 21,695</u>	<u>\$ 32,797</u>	<u>\$ 137,385</u>	<u>\$ 37,356</u>
\$ 2,632	\$ -	\$ -	\$ 505	\$ -	\$ 340
41	-	1,045	3,051	-	-
-	-	-	-	-	-
-	-	19,742	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,673</u>	<u>-</u>	<u>20,787</u>	<u>3,556</u>	<u>-</u>	<u>340</u>
-	-	-	-	-	-
23,598	38,512	908	29,241	137,385	37,016
-	-	-	-	-	-
-	-	-	-	-	-
<u>23,598</u>	<u>38,512</u>	<u>908</u>	<u>29,241</u>	<u>137,385</u>	<u>37,016</u>
<u>\$ 26,271</u>	<u>\$ 38,512</u>	<u>\$ 21,695</u>	<u>\$ 32,797</u>	<u>\$ 137,385</u>	<u>\$ 37,356</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2018

	292 Child Care - Maurice Spear Campus	293 Veterans Relief	296 Department on Aging	297 DHS Child Care
Assets				
Cash and investments	\$ 317,564	\$ 550,074	\$ 2,848,185	\$ 83,773
Accounts receivable	146,281	-	-	-
Due from other governments	398,232	-	193,974	42,643
Total assets	\$ 862,077	\$ 550,074	\$ 3,042,159	\$ 126,416
Liabilities				
Accounts and contracts payable	\$ 80,571	\$ 3,981	\$ 62,215	\$ -
Accrued wages and benefits	75,338	616	102,471	-
Due to other funds	-	-	-	18,030
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	155,909	4,597	164,686	18,030
Deferred inflows of resources				
Unavailable revenue	134,317	-	-	-
Fund balances				
Restricted	-	545,477	2,877,473	-
Committed	571,851	-	-	108,386
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	571,851	545,477	2,877,473	108,386
Total liabilities, deferred inflows of resources and fund balances	\$ 862,077	\$ 550,074	\$ 3,042,159	\$ 126,416



298 Lilley	299 Special Projects	Total
\$ 63,443	\$ 2,083	\$ 9,292,793
-	-	1,329,086
-	-	797,323
<u>\$ 63,443</u>	<u>\$ 2,083</u>	<u>\$ 11,419,202</u>
\$ -	\$ -	\$ 189,989
-	-	348,675
-	-	18,030
-	-	120,278
-	-	96,030
-	-	22,750
<u>-</u>	<u>-</u>	<u>795,752</u>
-	-	144,342
63,443	-	7,602,457
-	2,083	2,881,195
-	-	(4,544)
<u>63,443</u>	<u>2,083</u>	<u>10,479,108</u>
<u>\$ 63,443</u>	<u>\$ 2,083</u>	<u>\$ 11,419,202</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	208 Parks	211 Agriculture Committee	214 Sobriety Court	215 Friend of Court Duties
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	-	-	99,502	-
Charges for services	-	-	-	-
Other	17,654	-	32,298	73,268
Total revenues	17,654	-	131,800	73,268
Expenditures				
General government	-	-	-	-
Judicial	-	-	121,236	4,483
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community enrichment and development	36,595	5	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	36,595	5	121,236	4,483
Revenues over (under) expenditures	(18,941)	(5)	10,564	68,785
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in:				
County appropriation	25,000	-	-	-
Other	-	-	-	-
Transfers out	(2,000)	-	-	(40,760)
Total other financing sources (uses)	23,000	-	-	(40,760)
Net change in fund balances	4,059	(5)	10,564	28,025
Fund balance (deficit), beginning of year	64,944	12,252	99,587	235,892
Fund balance (deficit), end of year	\$ 69,003	\$ 12,247	\$ 110,151	\$ 263,917

216 Caseload Assistance	217 Enhanced Treatment Court	218 Drug Treatment Court	221 County Health	223 Lenawee Transportation	232 Solid Waste
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	14	-	-
18,913	73,144	163,104	1,309,858	-	1,492
-	-	-	973,266	-	964
-	425	1,186	10,790	79,818	-
<u>18,913</u>	<u>73,569</u>	<u>164,290</u>	<u>2,293,928</u>	<u>79,818</u>	<u>2,456</u>
-	-	-	-	-	-
18,268	75,783	164,502	-	-	-
-	-	-	-	-	-
-	-	-	2,473,073	79,818	-
-	-	-	-	-	77,298
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,268</u>	<u>75,783</u>	<u>164,502</u>	<u>2,473,073</u>	<u>79,818</u>	<u>77,298</u>
<u>645</u>	<u>(2,214)</u>	<u>(212)</u>	<u>(179,145)</u>	<u>-</u>	<u>(74,842)</u>
-	-	-	-	-	-
-	-	-	445,000	-	71,770
-	-	4,400	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,400</u>	<u>445,000</u>	<u>-</u>	<u>71,770</u>
645	(2,214)	4,188	265,855	-	(3,072)
<u>24,260</u>	<u>17,516</u>	<u>(8,732)</u>	<u>1,485,659</u>	<u>10,542</u>	<u>3,072</u>
<u>\$ 24,905</u>	<u>\$ 15,302</u>	<u>\$ (4,544)</u>	<u>\$ 1,751,514</u>	<u>\$ 10,542</u>	<u>\$ -</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	234 Lenawee Local Emergency	251 Drain	253 Indigent Defense	254 Survey & Remonu- mentation
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	-	1,565,666	349,130	76,320
Charges for services	-	74,495	-	-
Other	10,000	28,686	202	-
Total revenues	10,000	1,668,847	349,332	76,320
Expenditures				
General government	-	-	188,061	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community enrichment and development	-	1,874,732	-	76,320
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	1,874,732	188,061	76,320
Revenues over (under) expenditures	10,000	(205,885)	161,271	-
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in:				
County appropriation	-	270,000	-	-
Other	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	270,000	-	-
Net change in fund balances	10,000	64,115	161,271	-
Fund balance (deficit), beginning of year	-	115,149	-	3,080
Fund balance (deficit), end of year	\$ 10,000	\$ 179,264	\$ 161,271	\$ 3,080

256 Register of Deeds Automation	257 Concealed Pistol Licensing	258 County Disaster	260 Mobile Data Terminal	261 Central Dispatcher	262 Hard Labor
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	48,016	-	-	2,840,485	-
1,536	379	-	-	13,890	-
85,655	-	-	-	304,160	-
-	-	-	44,604	-	12,735
-	109	-	-	28,166	149
<u>87,191</u>	<u>48,504</u>	<u>-</u>	<u>44,604</u>	<u>3,186,701</u>	<u>12,884</u>
124,615	37,674	-	-	-	-
-	-	-	-	-	14,103
-	-	-	150,643	1,856,820	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	558,179	-
-	-	-	-	217,100	-
<u>124,615</u>	<u>37,674</u>	<u>-</u>	<u>150,643</u>	<u>2,632,099</u>	<u>14,103</u>
<u>(37,424)</u>	<u>10,830</u>	<u>-</u>	<u>(106,039)</u>	<u>554,602</u>	<u>(1,219)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(37,424)</u>	<u>10,830</u>	<u>-</u>	<u>(106,039)</u>	<u>554,602</u>	<u>(1,219)</u>
<u>412,916</u>	<u>91,533</u>	<u>100</u>	<u>147,384</u>	<u>2,040,632</u>	<u>63,956</u>
<u>\$ 375,492</u>	<u>\$ 102,363</u>	<u>\$ 100</u>	<u>\$ 41,345</u>	<u>\$ 2,595,234</u>	<u>\$ 62,737</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended December 31, 2018

	263 Marine Law	264 Local Corrections Officer Training	265 Drug Law Enforcement	266 Law Enforcement
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Investment earnings	-	-	281	-
Intergovernmental	18,100	-	-	7,048
Charges for services	-	20,827	-	-
Other	502	44	403	-
Total revenues	18,602	20,871	684	7,048
Expenditures				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	26,025	18,553	-	4,545
Health and welfare	-	-	-	-
Community enrichment and development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	26,025	18,553	-	4,545
Revenues over (under) expenditures	(7,423)	2,318	684	2,503
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in:				
County appropriation	-	-	-	-
Other	8,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	8,000	-	-	-
Net change in fund balances	577	2,318	684	2,503
Fund balance (deficit), beginning of year	13	168,594	83,203	1,920
Fund balance (deficit), end of year	\$ 590	\$ 170,912	\$ 83,887	\$ 4,423

269 Law Library	273 Community Oriented Police Services	274 Homeland Security	280 Secondary Road Patrol	287 Housing Rehabilitation	290 Social Welfare
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	518	-
6,500	-	70,021	79,757	-	-
-	-	-	-	-	-
-	-	167	1,017	3,086	-
6,500	-	70,188	80,774	3,604	-
-	-	-	-	-	-
30,303	-	-	-	-	-
-	-	70,292	86,596	-	-
-	-	-	-	-	21,664
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,303	-	70,292	86,596	-	21,664
(23,803)	-	(104)	(5,822)	3,604	(21,664)
-	-	-	7,000	-	-
30,000	-	-	-	-	22,000
-	-	-	-	-	-
-	-	-	-	-	-
30,000	-	-	7,000	-	22,000
6,197	-	(104)	1,178	3,604	336
17,401	38,512	1,012	28,063	133,781	36,680
\$ 23,598	\$ 38,512	\$ 908	\$ 29,241	\$ 137,385	\$ 37,016

continued...

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	292 Child Care - Maurice Spear Campus	293 Veterans Relief	296 Department on Aging	297 DHS Child Care
Revenues				
Taxes	\$ -	\$ -	\$ 2,330,955	\$ -
Licenses and permits	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	2,175,477	-	1,208,692	-
Charges for services	167,960	-	374,630	-
Other	49,129	12	379,839	239,078
Total revenues	<u>2,392,566</u>	<u>12</u>	<u>4,294,116</u>	<u>239,078</u>
Expenditures				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Health and welfare	3,932,393	157,881	3,823,990	987,291
Community enrichment and development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>3,932,393</u>	<u>157,881</u>	<u>3,823,990</u>	<u>987,291</u>
Revenues over (under) expenditures	<u>(1,539,827)</u>	<u>(157,869)</u>	<u>470,126</u>	<u>(748,213)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in:				
County appropriation	1,675,000	-	-	775,000
Other	64,055	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,739,055</u>	<u>-</u>	<u>-</u>	<u>775,000</u>
Net change in fund balances	199,228	(157,869)	470,126	26,787
Fund balance (deficit), beginning of year	<u>372,623</u>	<u>703,346</u>	<u>2,407,347</u>	<u>81,599</u>
Fund balance (deficit), end of year	<u>\$ 571,851</u>	<u>\$ 545,477</u>	<u>\$ 2,877,473</u>	<u>\$ 108,386</u>



298 Lilley	299 Special Projects	Total
\$ -	\$ -	\$ 2,330,955
-	-	2,888,501
1,648	-	18,266
-	-	7,612,539
-	-	1,669,481
192	3,425	959,645
<u>1,840</u>	<u>3,425</u>	<u>15,479,387</u>
-	-	350,350
-	-	428,678
-	7,440	2,220,914
-	-	11,476,110
9,334	-	2,074,284
-	-	558,179
-	-	217,100
<u>9,334</u>	<u>7,440</u>	<u>17,325,615</u>
<u>(7,494)</u>	<u>(4,015)</u>	<u>(1,846,228)</u>
-	-	7,000
-	-	3,313,770
-	-	76,455
-	-	(42,760)
<u>-</u>	<u>-</u>	<u>3,354,465</u>
(7,494)	(4,015)	1,508,237
<u>70,937</u>	<u>6,098</u>	<u>8,970,871</u>
<u>\$ 63,443</u>	<u>\$ 2,083</u>	<u>\$ 10,479,108</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

December 31, 2018

	301 General Debt Service	366 Building Authority Debt Service- Jail	Total
Assets			
Cash and investments	\$ -	\$ 10,310	\$ 10,310
Accounts receivable	-	133,891	133,891
Due from other governments	-	31,445	31,445
Total assets	\$ -	\$ 175,646	\$ 175,646
Liabilities			
Accounts and contracts payable	\$ -	\$ 20	\$ 20
Unearned revenue	-	3,857	3,857
Total liabilities	-	3,877	3,877
Deferred inflows of resources			
Unavailable revenue	-	127,630	127,630
Fund balance			
Committed	-	44,139	44,139
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 175,646	\$ 175,646

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended December 31, 2018

	301 General Debt Service	366 Building Authority Debt Service- Jail	Total
Revenues			
Investment earnings	\$ -	\$ 468	\$ 468
Charges for services	-	376,851	376,851
Total revenues	-	377,319	377,319
Expenditures			
Debt service:			
Principal	200,000	530,000	730,000
Interest and fiscal charges	37,100	40,429	77,529
Total expenditures	237,100	570,429	807,529
Revenues under expenditures	(237,100)	(193,110)	(430,210)
Other financing sources			
Transfers in -			
County appropriation	237,100	-	237,100
Net change in fund balances	-	(193,110)	(193,110)
Fund balances, beginning of year	-	237,249	237,249
Fund balances, end of year	\$ -	\$ 44,139	\$ 44,139

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2018

	466 Building Authority Capital Projects-Jail	467 Jail Building & Inmate Maintenance	Total
Assets			
Cash and investments	\$ 8,290	\$ 93,398	\$ 101,688
Due from other governments	-	4,141	4,141
Total assets	<u>\$ 8,290</u>	<u>\$ 97,539</u>	<u>\$ 105,829</u>
Liabilities			
Accounts and contracts payable	\$ -	\$ 1,611	\$ 1,611
Fund balances			
Restricted	8,290	-	8,290
Committed	-	95,928	95,928
Total fund balances	<u>8,290</u>	<u>95,928</u>	<u>104,218</u>
Total liabilities and fund balances	<u>\$ 8,290</u>	<u>\$ 97,539</u>	<u>\$ 105,829</u>

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2018

	466 Building Authority Capital Projects-Jail	467 Jail Building & Inmate Maintenance	Total
Revenues			
Investment earnings	\$ 31	\$ -	\$ 31
Intergovernmental	-	4,141	4,141
Charges for services	-	1,041	1,041
Other	-	28,428	28,428
Total revenues	31	33,610	33,641
Expenditures			
Current -			
Public safety	-	54,855	54,855
Revenues over (under) expenditures	31	(21,245)	(21,214)
Other financing uses			
Transfers out	-	(289,616)	(289,616)
Net change in fund balances	31	(310,861)	(310,830)
Fund balances, beginning of year	8,259	406,789	415,048
Fund balances, end of year	\$ 8,290	\$ 95,928	\$ 104,218

LENAWEE COUNTY, MICHIGAN

Combining Statement of Net Position Nonmajor Enterprise Funds December 31, 2018

	595 Jail Commissary	503 Summer Tax Collection	547 Equalization Revolving	597 Business Loan Revolving	Total
Assets					
Current assets:					
Cash and investments	\$ 6,874	\$ 12,943	\$ 326,990	\$ 115,803	\$ 462,610
Accounts receivable	5,026	-	169,450	-	174,476
Inventory	781	-	-	-	781
Total assets	12,681	12,943	496,440	115,803	637,867
Deferred outflows of resources					
Deferred pension amounts	-	-	28,853	-	28,853
Liabilities					
Current liabilities:					
Accounts payable	4,062	-	388	-	4,450
Accrued wages and benefits	-	-	755	-	755
Unearned revenue	-	-	158,869	-	158,869
Total current liabilities	4,062	-	160,012	-	164,074
Noncurrent liabilities -					
Net pension liability	-	-	81,124	-	81,124
Total liabilities	4,062	-	241,136	-	245,198
Net position					
Unrestricted	\$ 8,619	\$ 12,943	\$ 284,157	\$ 115,803	\$ 421,522

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2018

	595 Jail Commissary	503 Summer Tax Collection	547 Equalization Revolving	597 Business Loan Revolving	Total
Operating revenues					
Charges for services	\$ 106,836	\$ -	\$ 331,406	\$ -	\$ 438,242
Other	-	-	44,302	4,418	48,720
Total operating revenues	<u>106,836</u>	<u>-</u>	<u>375,708</u>	<u>4,418</u>	<u>486,962</u>
Operating expenses					
Personal services costs	-	-	102,000	-	102,000
Supplies and other operating expenses	110,497	-	178,260	66,175	354,932
Total operating expenses	<u>110,497</u>	<u>-</u>	<u>280,260</u>	<u>66,175</u>	<u>456,932</u>
Change in net position	(3,661)	-	95,448	(61,757)	30,030
Net position, beginning of year	12,280	12,943	188,709	177,560	391,492
Net position, end of year	<u>\$ 8,619</u>	<u>\$ 12,943</u>	<u>\$ 284,157</u>	<u>\$ 115,803</u>	<u>\$ 421,522</u>

LENAWEE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2018

	595 Jail Commissary	503 Summer Tax Collection	547 Equalization Revolving	597 Business Loan Revolving	Total
Cash flows from operating activities					
Cash received from customers, residents and users	\$ 104,592	\$ -	\$ 363,942	\$ -	\$ 468,534
Other operating receipts	-	-	44,302	4,418	48,720
Cash paid to employees	-	-	(130,120)	-	(130,120)
Cash paid to suppliers	(110,024)	-	(211,122)	(66,175)	(387,321)
Net cash provided by (used in) operating activities	(5,432)	-	67,002	(61,757)	(187)
Cash flows from noncapital financing activities					
Payments received on loans receivable	-	-	-	70,058	70,058
Change in cash and investments	(5,432)	-	67,002	8,301	69,871
Cash and investments, beginning of year	12,306	12,943	259,988	107,502	392,739
Cash and investments, end of year	\$ 6,874	\$ 12,943	\$ 326,990	\$ 115,803	\$ 462,610
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (3,661)	\$ -	\$ 95,448	\$ (61,757)	\$ 30,030
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Change in:					
Accounts receivable	(2,244)	-	32,536	-	30,292
Inventory	170	-	-	-	170
Accounts payable	303	-	(1,656)	-	(1,353)
Accrued wages and benefits	-	-	(3,188)	-	(3,188)
Unearned revenue	-	-	(31,206)	-	(31,206)
Net pension liability	-	-	(1,389)	-	(1,389)
Deferred outflows related to the net pension liability	-	-	(23,236)	-	(23,236)
Deferred inflows related to the net pension liability	-	-	(307)	-	(307)
Net cash provided by (used in) operating activities	\$ (5,432)	\$ -	\$ 67,002	\$ (61,757)	\$ (187)

LENAWEE COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
December 31, 2018

	701 Trust and Agency	702 Undistributed Tax	703 Summer Tax Collection	721 Library Penal	764 Inmate Trust	Total
Assets						
Cash and investments	\$ 1,274,399	\$ 499,986	\$ 153,911	\$ 120,397	\$ 39,537	\$ 2,088,230
Liabilities						
Undistributed fees, taxes and other collections	\$ 1,274,399	\$ 499,986	\$ 153,911	\$ 120,397	\$ 39,537	\$ 2,088,230

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