

Lenawee County,
Michigan



Year Ended
December 31, 2023

Financial
Statements

This page intentionally left blank.

LENAWEE COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation – Fund Balances for Governmental Funds to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation – Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Opioid Settlement Fund	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	32
Statement of Fiduciary Net Position – Fiduciary Funds	36
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	37
Combining Statement of Net Position – Component Units	38
Combining Statement of Activities – Component Units	39
Notes to Financial Statements	41
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Retirement Income Plan	94
Medical Care Facility - Salaried	96
Medical Care Facility - Union	98
Schedule of Investment Returns	100
Schedule of Contributions	101
Medical Care Facility Postemployment Healthcare Plan - Retiree Health	
Schedule of Changes in Net OPEB Liability and Related Ratios	102
Schedule of Contributions	104
Schedule of Investment Returns	105
Notes to Required Supplementary Information	106

LENAWEE COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules:	
Detail Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual – General Fund	112
Combining Balance Sheet – Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	117
Combining Balance Sheet – Nonmajor Special Revenue Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	126
Combining Statement of Net Position – Nonmajor Enterprise Funds	134
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	135
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	136
Combining Statement of Fiduciary Net Position – Custodial Funds	137
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	138
Drain Commission Component Unit:	
Statement of Net Position	139
Statement of Activities	140
Combining Balance Sheet - Governmental Funds	142
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	145
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	146
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	149
Combining Statement of Net Position – Proprietary Funds	150
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	154
Combining Statement of Cash Flows - Proprietary Funds	158

LENAWEE COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
Single Audit Act Compliance	
Schedule of Expenditures of Federal Awards	165
Notes to the Schedule of Expenditures of Federal Awards	169
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	171
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	173
Schedule of Findings and Questioned Costs	176
Summary Schedule of Prior Audit Findings	178



This page intentionally left blank.



800.968.0010 | YEOANDYEO.COM

Independent Auditors' Report

Board of Commissioners
Lenawee County, Michigan
Adrian, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lenawee County, Michigan (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lenawee County, Michigan as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Lenawee Public Transportation Authority, which represent .71 percent, .75 percent, and 6.84 percent, respectively, of the total assets and deferred flows of resources, net position, and revenues of the discretely presented component units, the Lenawee County Road Commission, which represent 84.70 percent, 91.97 percent, and 59.42 percent, respectively, of the total assets and deferred outflows of resources, net position, and revenues of the discretely presented component units, and the Lenawee County Medical Care Facility, which represent 31.38 percent, 28.94 percent, and 39.31 percent, respectively, of the total assets and deferred outflows of resources, net position, and revenues of the enterprise funds as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Lenawee Public Transportation Authority, the Lenawee County Road Commission, and the Lenawee County Medical Care Facility, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Lenawee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lenawee County, Michigan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension and other postemployment benefit schedules identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lenawee County, Michigan's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Lenawee County, Michigan's basic financial statements for the year ended December 31, 2022 which are not presented with the accompanying basic financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, , the aggregate discretely present component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Lenawee County, Michigan's basic financial statements as a whole. The 2022 information in the comparative other supplementary schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of Lenawee County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lenawee County, Michigan's internal control over financial reporting or on compliance. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and

other matters that are reported on separately by those auditors. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lenawee County, Michigan's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
June 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of Lenawee County, Michigan we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2023.

Financial Highlights

· Total net position	\$ 107,582,656
· Change in total net position	6,426,264
· Fund balances, governmental funds	44,344,635
· Change in fund balances, governmental funds	4,734,083
· Unassigned fund balance, general fund	16,861,957
· Change in fund balance, general fund	3,841,729
· Installment debt outstanding	21,784,795
· Change in installment debt	(2,183,249)

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, general government, judicial, public safety, public works, health and welfare, and community enrichment and development. The business-type activities of the County include the delinquent tax administration/revolving, human services building operations, medical care facility, airport, jail commissary, equalization assessment services, and business loan revolving.

The government-wide financial statements include not only the County itself (known as the primary government), but also four legally separate entities, the Lenawee County Road Commission, the Lenawee County Drain Commission, the Lenawee Public Transportation Authority, and the Lenawee County Land Bank Authority for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Lenawee County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

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

LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

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

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

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, the opioid settlement special revenue fund and the general capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the major fund to demonstrate compliance with this budget.

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the delinquent tax operations and property foreclosures, building authority operations, medical care facility operations, and airport operations, which are considered to be major funds. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. An internal service fund is used to account for general office supplies for all departments. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operations, building authority, medical care facility, and airport, each of which is considered to be a major fund of the County. Conversely, all internal service functions are presented as a single fund in the proprietary fund financial statements.

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

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

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

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

LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lenawee County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$107.6 million at the close of the most recent fiscal year.

A large portion of the County's net position (39.9 percent) reflects its investment in capital assets (i.e., land and avigation easements, construction in progress, land improvements, buildings and improvements, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 71,083,673	\$ 66,315,598	\$ 38,919,222	\$ 37,254,997	\$ 110,002,895	\$ 103,570,595
Capital assets, net	36,497,515	39,404,986	28,227,847	28,742,804	64,725,362	68,147,790
Total assets	107,581,188	105,720,584	67,147,069	65,997,801	174,728,257	171,718,385
Deferred outflows of resources	7,070,803	13,817,938	886,924	2,024,925	7,957,727	15,842,863
Long-term debt	20,801,014	22,362,063	2,623,954	2,853,341	23,424,968	25,215,404
Current and other liabilities	44,216,107	53,297,210	2,959,068	3,833,661	47,175,175	57,130,871
Total liabilities	65,017,121	75,659,273	5,583,022	6,687,002	70,600,143	82,346,275
Deferred inflows of resources	1,485,942	563,490	3,017,243	3,495,091	4,503,185	4,058,581
Net position:						
Net investment in capital assets	16,790,953	18,095,571	26,149,614	26,419,824	42,940,567	44,515,395
Restricted	16,540,709	13,265,182	-	-	16,540,709	13,265,182
Unrestricted	14,817,266	11,955,006	33,284,114	31,420,809	48,101,380	43,375,815
Total net position	\$ 48,148,928	\$ 43,315,759	\$ 59,433,728	\$ 57,840,633	\$ 107,582,656	\$ 101,156,392

A portion of the County's net position (15.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$48.1 million (44.7 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

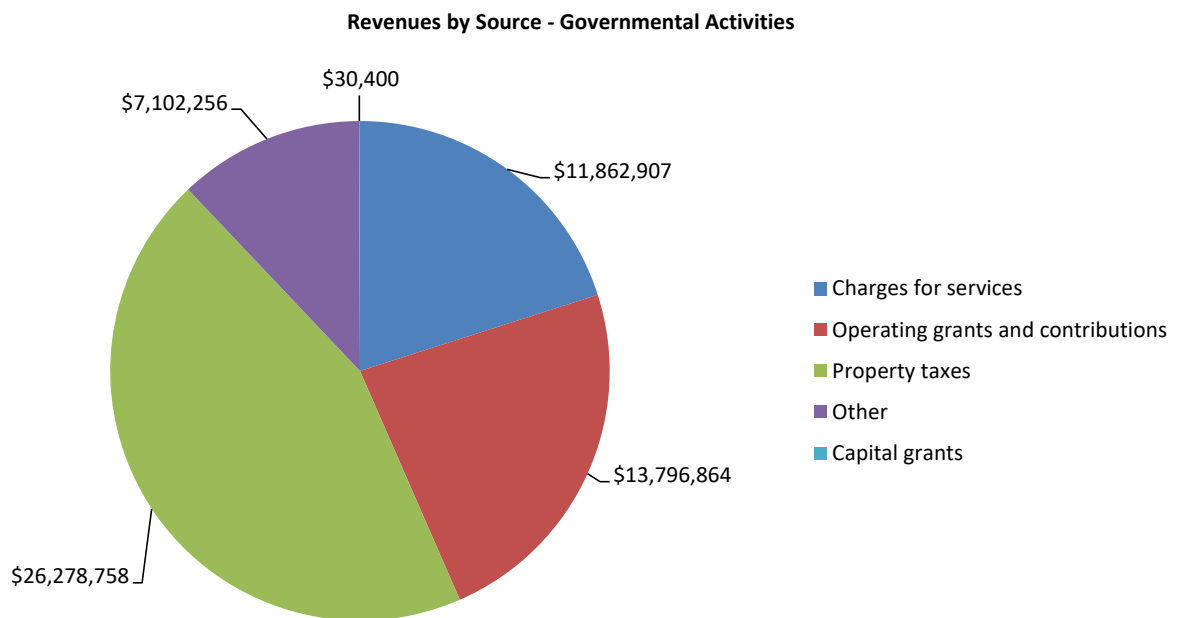
	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 11,862,907	\$ 12,572,142	\$ 21,367,034	\$ 15,480,957	\$ 33,229,941	\$ 28,053,099
Operating grants	13,796,864	14,738,027	1,684,761	5,153,983	15,481,625	19,892,010
Capital grants	30,400	185,919	27,322	3,717,463	57,722	3,903,382
General revenues:						
Property taxes	26,278,758	23,989,876	749,287	746,155	27,028,045	24,736,031
Unrestricted investment earnings (loss)	1,765,673	(253,489)	-	-	1,765,673	(253,489)
Other revenue	5,336,583	4,816,354	-	-	5,336,583	4,816,354
Gain on sale of capital assets	-	22,200	-	-	-	22,200
Total revenues	59,071,185	56,071,029	23,828,404	25,098,558	82,899,589	81,169,587
Expenses:						
Legislative	239,852	239,336	-	-	239,852	239,336
General government	18,851,930	16,036,738	-	-	18,851,930	16,036,738
Judicial	6,788,023	6,557,991	-	-	6,788,023	6,557,991
Public safety	12,832,455	13,149,359	-	-	12,832,455	13,149,359
Public works	144,720	143,048	-	-	144,720	143,048
Health and welfare	13,686,434	14,134,141	-	-	13,686,434	14,134,141
Community enrichment and development	2,366,282	3,480,025	-	-	2,366,282	3,480,025
Interest on long-term debt	550,808	610,360	-	-	550,808	610,360
Delinquent tax admin/revolving	-	-	390,944	465,174	390,944	465,174
Human services building operations	-	-	1,200,428	1,187,239	1,200,428	1,187,239
Medical care facility	-	-	18,203,358	15,634,633	18,203,358	15,634,633
Airport	-	-	920,082	883,920	920,082	883,920
Jail commissary	-	-	200,374	164,890	200,374	164,890
Equalization assessment services	-	-	105,523	321,130	105,523	321,130
Business loan revolving	-	-	259	-	259	-
Total expenses	55,460,504	54,350,998	21,020,968	18,656,986	76,481,472	73,007,984
Change in net position, before transfers						
	3,610,681	1,720,031	2,807,436	6,441,572	6,418,117	8,161,603
Transfers	1,222,488	10,448,885	(1,214,341)	(10,459,466)	8,147	(10,581)
Change in net position	4,833,169	12,168,916	1,593,095	(4,017,894)	6,426,264	8,151,022
Net position:						
Beginning of year	43,315,759	31,146,843	57,840,633	61,858,527	101,156,392	93,005,370
End of year	\$ 48,148,928	\$ 43,315,759	\$ 59,433,728	\$ 57,840,633	\$ 107,582,656	\$ 101,156,392

LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the County's net position by \$4.8 million. The key elements of this increase are as follows:

- Other revenue for governmental activities increased by approximately \$520,000, primarily due to increases in state shared revenue and local community stabilization revenue distributions.
- Property tax revenue for governmental activities increased by approximately \$2.3 million due to an expanding property tax base and the additional revenue generated by the Veterans Relief millage that was first levied for FY 2023.
- Unrestricted investment earnings increased by approximately \$2.0 million, due to favorable market conditions.
- Total expenses for governmental activities decreased by approximately \$1.1 million which is reflective of conservative budgeting and a reduction in grant funded expenditures during FY 2023.



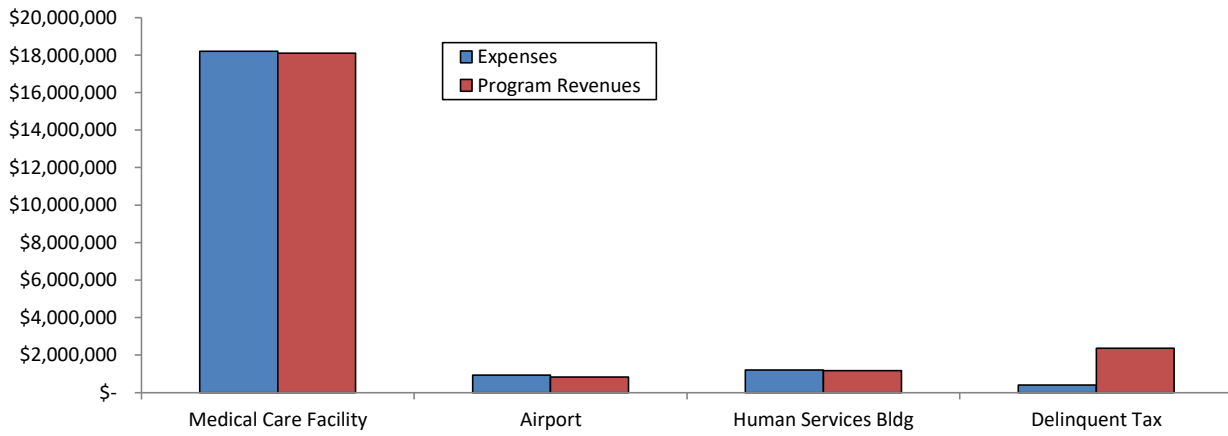
Business-type Activities. Business-type activities increased the County's net position by \$1.6 million. The key elements of this increase are as follows:

- The delinquent tax fund reported \$880,000 in investment income due to strong market conditions.
- This increase was partially offset by transfers out from the delinquent tax revolving fund to the debt service fund to pay regular bond and interest payments, transfers out totaled \$1.3 million for the year ended December 31, 2023.
- The Lenawee County Medical Care Facility reported an increase of approximately \$650,000 due to increases in nonoperating revenue associated with receiving \$640,000 in Covid-19 Employee Retention Credit funds.

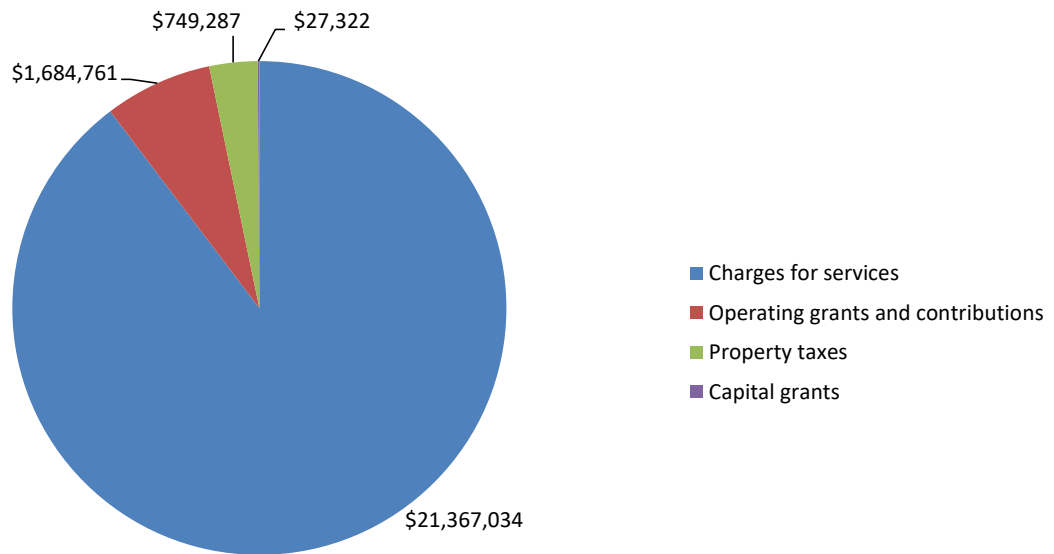
LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$44.3 million. Of this amount, \$16.9 million constitutes unassigned fund balance, which is available for spending at the government's discretion. Of the remaining balance, \$1.1 million is considered to be nonspendable, \$12.8 million is restricted as to use by voted millages, grants, or other purposes, \$13.6 million is committed by the Board of Commissioners.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$16.9 million, while total fund balance was \$17.9 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 57.0 percent of total general fund expenditures.

The fund balance of the County's general fund increased \$3.8 million during the current fiscal year. This was substantially due to controlling expenditures through conservative budgeting practices by County Administration, not spending budgeted contingencies, increases to the County's tax base and greater than budgeted investment earnings.

The fund balance of the opioid settlement special revenue fund increased by \$660,000, which was due to the receipt of the initial national opioid settlement payments.

The fund balance of the general capital projects fund decreased by \$870,000, which was primarily due to spending on capital projects including Sheriff's department vehicles and environmental clean up at the Tecumseh Products site.

Proprietary Funds. The County's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the delinquent tax revolving, building authority, medical care facility, airport, and nonmajor enterprise funds at the end of the year amounted to \$18.1 million, \$1.0 million, \$11.9 million, \$0.7 million, and \$1.5 million, respectively.

General Fund Budgetary Highlights

Budgeted revenue for the County was greater than actual revenue by \$6.0 million for 2023. The difference between budgeted and actual revenues was approximately 13.8 percent and was due primarily to the County budgeting for one half the total amount of SLFRF revenue received (approximately \$9.6 million) where not all revenue was actually expended and recognized during the current year. For fiscal year 2023, only approximately \$768,000 was actually expended and recognized related to the Coronavirus State and Local Fiscal Recovery Funds.

The difference between final budgeted and actual expenditures was approximately 25 percent (a \$9.8 million variance) and was due primarily to the County budgeting for one half the total amount of SLFRF funds being spent (approximately \$9.6 million), but many projects were just in beginning stages during the year. For fiscal year 2023, only \$768,000 in SLFRF funds were actually expended. The remaining variance related to cost savings from departments being budget conscious. There were no significant budget amendments

LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounted to \$64.7 million (net of accumulated depreciation). This investment in capital assets includes land and avigation easements, construction in progress, land improvements, buildings and improvements, equipment and furniture, and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was \$3.4 million.

Major capital asset events during the current fiscal year included the following:

- Renovations to the Maurice Spears campus and Annex building.
- Purchase of vehicles and equipment for use by County departments.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and avigation easements	\$ 2,981,780	\$ 4,864,495	\$ 10,291,079	\$ 10,291,079	\$ 13,272,859	\$ 15,155,574
Construction in progress	649,549	498,959	166,331	3,317,064	815,880	3,816,023
Land improvements	-	-	7,032,485	3,890,525	7,032,485	3,890,525
Buildings and improvements	29,398,878	29,628,322	10,132,006	10,920,240	39,530,884	40,548,562
Equipment and furniture	2,510,251	3,814,249	524,917	283,656	3,035,168	4,097,905
Vehicles	900,969	598,961	81,029	40,240	981,998	639,201
Subscription assets	56,088	-	-	-	56,088	-
Total capital assets, net	\$ 36,497,515	\$ 39,404,986	\$ 28,227,847	\$ 28,742,804	\$ 64,725,362	\$ 68,147,790

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$21.8 million. This excludes compensated absences.

	Installment Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable (including premiums)	\$ 16,535,865	\$ 17,592,056	\$ 2,078,233	\$ 2,322,980	\$ 18,614,098	\$ 19,915,036
Installment purchase agreements	3,122,213	3,717,359	-	-	3,122,213	3,717,359
Subscription payable	48,484	-	-	-	48,484	-
Total installment debt	\$ 19,706,562	\$ 21,309,415	\$ 2,078,233	\$ 2,322,980	\$ 21,784,795	\$ 23,632,395

The County's total long-term debt (excluding compensated absences) decreased by \$1.8 million primarily due to regular principal payments made on debt service.

The County has an "Aa2" rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e. State Equalized Value). The current debt limitation for the County is \$581.9 million. The County is at 3.7% of the maximum debt limitation, with outstanding general obligation debt of \$21.8 million.

Additional information on the County long-term debt can be found in the notes to the financial statements.

LENAWEE COUNTY, MICHIGAN

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2024 fiscal year:

- Forecasts indicating a slight increase in the overall tax base of approximately 4.75% including transfers and new construction.
- Flattening revenue streams from Local Community Stabilization Share and Marijuana Tax distributions. The County budgeted conservatively for these revenues.
- Increased budget for investment earnings as markets continue to be strong.
- Increase in personnel costs as the results of compensation study and new bargaining unit agreements are implemented.
- Increased spending of SLFRF funds as planned projects are expanded.
- Increase in healthcare costs of approximately 10%.
- Restructuring of several County offices which impacted personnel costs.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lenawee County Administrator's Office, 301 North Main Street, Adrian, Michigan 49221.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

LENAWEE COUNTY, MICHIGAN

Statement of Net Position

December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 42,830,019	\$ 21,225,563	\$ 64,055,582	\$ 11,765,609
Restricted cash	17,612,753	-	17,612,753	-
Receivables, net	9,504,834	14,237,035	23,741,869	15,887,366
Advance to component unit	225,000	864,000	1,089,000	-
Inventory, prepaids, and other assets	876,177	578,000	1,454,177	2,995,339
Net pension asset	-	16,570	16,570	-
Net other postemployment benefit asset	-	81,328	81,328	10,272,495
Leases receivable	34,890	1,916,726	1,951,616	-
Capital assets not being depreciated	3,631,329	10,457,410	14,088,739	1,988,803
Capital assets being depreciated, net	32,866,186	17,770,437	50,636,623	134,617,212
Total assets	107,581,188	67,147,069	174,728,257	177,526,824
Deferred outflows of resources				
Deferred pension amounts	7,070,803	863,505	7,934,308	1,495,464
Deferred other postemployment benefit amounts	-	23,419	23,419	1,355,876
Total deferred outflows of resources	7,070,803	886,924	7,957,727	2,851,340
Liabilities				
Accounts payable and accrued liabilities	3,616,784	1,011,183	4,627,967	3,438,338
Unearned revenue	17,145,383	44,422	17,189,805	-
Advance from primary government	-	-	-	1,089,000
Bonds, notes, and other long-term liabilities:				
Due within one year	2,729,711	805,468	3,535,179	1,658,079
Due in more than one year	18,071,303	1,818,486	19,889,789	9,975,629
Net pension liability (due in more than one year)	23,453,940	1,903,463	25,357,403	2,584,465
Total liabilities	65,017,121	5,583,022	70,600,143	18,745,511
Deferred inflows of resources				
Deferred pension amounts	1,035,263	302,901	1,338,164	282,139
Deferred other postemployment benefit amounts	-	-	-	654,044
Deferred lease amounts	34,890	1,916,726	1,951,616	-
Taxes levied for a subsequent period	415,789	797,616	1,213,405	-
Total deferred inflows of resources	1,485,942	3,017,243	4,503,185	936,183
Net position				
Net investment in capital assets	16,790,953	26,149,614	42,940,567	133,613,140
Restricted for:				
State mandated programs	11,942,452	-	11,942,452	-
Opioid settlement	4,510,513	-	4,510,513	-
Other municipalities	-	-	-	1,156,444
Debt service	87,744	-	87,744	-
Other postemployment benefits	-	-	-	10,272,495
Unrestricted	14,817,266	33,284,114	48,101,380	15,654,391
Total net position	\$ 48,148,928	\$ 59,433,728	\$ 107,582,656	\$ 160,696,470

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

LENAWEE COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 239,852	\$ -	\$ -	\$ -	\$ (239,852)
General government	18,851,930	1,358,553	3,756,231	-	(13,737,146)
Judicial	6,788,023	1,306,169	2,362,306	-	(3,119,548)
Public safety	12,832,455	3,606,171	1,332,702	-	(7,893,582)
Public works	144,720	-	-	-	(144,720)
Health and welfare	13,686,434	3,651,363	6,211,590	30,400	(3,793,081)
Community enrichment & development	2,366,282	1,940,651	134,035	-	(291,596)
Interest on long-term debt	550,808	-	-	-	(550,808)
Total governmental activities	55,460,504	11,862,907	13,796,864	30,400	(29,770,333)
Business-type activities:					
Delinquent tax administration/revolving	390,944	1,481,452	880,054	-	1,970,562
Human services building operations	1,200,428	1,080,187	85,647	-	(34,594)
Medical care facility	18,203,358	17,447,320	656,698	-	(99,340)
Airport	920,082	730,985	62,362	27,322	(99,413)
Jail commissary	200,374	425,617	-	-	225,243
Equalization assessment services	105,523	201,473	-	-	95,950
Business loan revolving	259	-	-	-	(259)
Total business-type activities	21,020,968	21,367,034	1,684,761	27,322	2,058,149
Total primary government	\$ 76,481,472	\$ 33,229,941	\$ 15,481,625	\$ 57,722	\$ (27,712,184)
Component units					
Road Commission	\$ 15,933,848	\$ 715,368	\$ 8,875,046	\$ 13,613,056	\$ 7,269,622
Drain Commission	9,766,581	11,647,098	-	1,731,467	3,611,984
Lenawee Transportation Corporation	1,546,529	213,502	1,145,655	1,399,825	1,212,453
Land Bank	202,217	227	162,880	-	(39,110)
Total component units	\$ 27,449,175	\$ 12,576,195	\$ 10,183,581	\$ 16,744,348	\$ 12,054,949

continued...

LENAWEE COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net expense	\$ (29,770,333)	\$ 2,058,149	\$ (27,712,184)	\$ 12,054,949
General revenues:				
Property taxes	26,278,758	749,287	27,028,045	14,458
Unrestricted investment earnings	1,765,673	-	1,765,673	325,655
Other revenue	5,336,583	-	5,336,583	-
Gain on sale of capital assets	-	-	-	502,275
Transfers - internal activities	1,222,488	(1,214,341)	8,147	-
Total general revenues and transfers	34,603,502	(465,054)	34,138,448	842,388
Change in net position	4,833,169	1,593,095	6,426,264	12,897,337
Net position, beginning of year	43,315,759	57,840,633	101,156,392	147,799,133
Net position, end of year	\$ 48,148,928	\$ 59,433,728	\$ 107,582,656	\$ 160,696,470

concluded.

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

LENAWEE COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2023

	General	284 Opioid Settlement	401 General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 16,898,384	\$ 661,627	\$ 8,396,781	\$ 17,118,125	\$ 43,074,917
Restricted cash	16,971,221	-	-	-	16,971,221
Taxes receivable	1,354,747	-	-	392,728	1,747,475
Accounts receivable, net	321,189	3,848,886	-	1,080,419	5,250,494
Due from other governments	1,499,416	-	-	1,001,511	2,500,927
Leases receivable	34,890	-	-	-	34,890
Interfund receivable	27,057	-	-	-	27,057
Advance to component unit	225,000	-	-	-	225,000
Prepays	811,476	-	-	23,568	835,044
Total assets	\$ 38,143,380	\$ 4,510,513	\$ 8,396,781	\$ 19,616,351	\$ 70,667,025
Liabilities					
Accounts and contracts payable	\$ 986,518	\$ -	\$ 36,252	\$ 857,242	\$ 1,880,012
Accrued wages and benefits	940,879	-	-	458,032	1,398,911
Interfund payable	-	-	-	27,057	27,057
Unearned revenue	16,980,436	-	-	164,751	17,145,187
Other liabilities	-	-	-	18,700	18,700
Total liabilities	18,907,833	-	36,252	1,525,782	20,469,867
Deferred inflows of resources					
Unavailable revenue - leases	34,890	-	-	-	34,890
Unavailable revenue - opioid settlement	-	3,848,886	-	-	3,848,886
Unavailable revenue - other	1,302,224	-	-	250,734	1,552,958
Taxes levied for a subsequent period	-	-	-	415,789	415,789
Total deferred inflows of resources	1,337,114	3,848,886	-	666,523	5,852,523
Fund balances					
Nonspendable	1,036,476	-	-	23,568	1,060,044
Restricted	-	661,627	-	12,171,003	12,832,630
Committed	-	-	8,360,529	5,229,475	13,590,004
Unassigned	16,861,957	-	-	-	16,861,957
Total fund balances	17,898,433	661,627	8,360,529	17,424,046	44,344,635
Total liabilities, deferred inflows of resources and fund balances	\$ 38,143,380	\$ 4,510,513	\$ 8,396,781	\$ 19,616,351	\$ 70,667,025

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

LENAWEE COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
December 31, 2023

Fund balances - total governmental funds	\$ 44,344,635
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	
Capital assets, net of accumulated depreciation	36,497,515
<p>Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.</p>	
Long-term receivables included in deferred inflows of resources	1,552,958
Long-term receivables included in deferred inflows of resources for opioid settlement	3,848,886
<p>An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.</p>	
Net position of governmental activities accounted for in the internal service fund	427,359
<p>Certain liabilities, such as bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.</p>	
Bonds payable, installment purchase agreements, and subscription payable	(19,706,562)
Compensated absences	(1,094,452)
Self-insurance liability	(208,435)
Accrued interest on long-term debt	(104,239)
<p>Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.</p>	
Net pension liability	(23,440,927)
Deferred outflows related to the net pension liability	7,066,879
Deferred inflows related to the net pension liability	(1,034,689)
Net position of governmental activities	<u>\$ 48,148,928</u>

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

LENAWEE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2023

	General	284 Opioid Settlement	401 General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 22,654,101	\$ -	\$ -	\$ 3,446,200	\$ 26,100,301
Licenses and permits	126,835	-	-	3,032,289	3,159,124
Fines and forfeits	217,508	-	-	-	217,508
Investment earnings	1,668,885	-	-	96,788	1,765,673
Rental revenue	29,521	-	-	-	29,521
Intergovernmental	8,507,918	1,500	-	11,190,407	19,699,825
Charges for services	2,329,674	-	-	1,039,075	3,368,749
Other	2,065,447	661,644	34,151	996,687	3,757,929
Total revenues	37,599,889	663,144	34,151	19,801,446	58,098,630
Expenditures					
Current:					
Legislative	238,969	-	-	-	238,969
General government	11,580,829	-	2,037,577	2,004,926	15,623,332
Judicial	5,186,138	-	-	1,101,839	6,287,977
Public safety	10,562,812	-	-	2,858,544	13,421,356
Public works	214,589	-	-	-	214,589
Health and welfare	1,279,256	1,517	-	12,555,991	13,836,764
Community enrichment and development	-	-	-	2,322,493	2,322,493
Other	476,993	-	-	-	476,993
Debt service:					
Principal	35,107	-	189,371	1,652,833	1,877,311
Interest and fiscal charges	1,400	-	7,248	614,252	622,900
Total expenditures	29,576,093	1,517	2,234,196	23,110,878	54,922,684
Revenues over (under) expenditures	8,023,796	661,627	(2,200,045)	(3,309,432)	3,175,946
Other financing sources (uses)					
Issuance of bonds, notes and other long-term liabilities	67,112	-	268,537	-	335,649
Transfers in:					
County appropriation	-	-	1,000,000	4,479,003	5,479,003
Other	78,720	-	64,051	145,507	288,278
Transfers out	(4,327,899)	-	(2,500)	(214,394)	(4,544,793)
Total other financing sources (uses)	(4,182,067)	-	1,330,088	4,410,116	1,558,137
Net change in fund balances	3,841,729	661,627	(869,957)	1,100,684	4,734,083
Fund balances, beginning of year	14,056,704	-	9,230,486	16,323,362	39,610,552
Fund balances, end of year	\$ 17,898,433	\$ 661,627	\$ 8,360,529	\$ 17,424,046	\$ 44,344,635

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

LENAWEE COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 4,734,083

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Acquisition/construction of capital assets	1,573,113
Depreciation expense	(2,571,735)

Governmental funds report proceeds from the sale of capital assets as other financing sources. However, in the statement of activities, the net book value of the capital assets are deducted from the proceeds and a gain (loss) on the sale of capital assets is reported.

Loss on disposal of capital assets	(26,134)
------------------------------------	----------

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

Change in deferred long-term receivables	(98,491)
Change in unavailable property taxes receivable	178,457
Change in unavailable revenue for opioid settlement	1,557,135

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds payable, installment purchase agreements, and subscriptions payable	1,877,311
Issuance of bonds, notes and other long-term liabilities	(335,649)
Amortization of bond premium	61,191

An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) attributable to this fund is reported with governmental activities.

Net operating income from governmental activities in internal service fund	3,922
--	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in value of land due to recognition of an impairment	(1,882,715)
Change in self-insurance liability	(23,077)
Change in accrued interest payable on bonds	10,903
Change in the accrual for compensated absences	(41,804)
Change in the net pension liability and related deferred amounts	(183,341)

Change in net position of governmental activities \$ 4,833,169

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

LENAWEE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 22,409,957	\$ 22,409,957	\$ 22,654,101	\$ 244,144
Licenses and permits	133,800	118,800	126,835	8,035
Fines and forfeits	250,400	220,400	217,508	(2,892)
Investment earnings	218,209	320,891	1,668,885	1,347,994
Rental revenue	29,735	29,735	29,521	(214)
Intergovernmental	15,784,992	16,546,992	8,507,918	(8,039,074)
Charges for services	2,393,890	2,268,890	2,329,674	60,784
Other	1,535,636	1,717,530	2,065,447	347,917
Total revenues	42,756,619	43,633,195	37,599,889	(6,033,306)
Expenditures				
Current:				
Legislative	248,722	248,722	238,969	(9,753)
General government	20,521,970	20,997,157	11,580,829	(9,416,328)
Judicial	5,555,110	5,467,610	5,186,138	(281,472)
Public safety	10,196,650	10,599,538	10,562,812	(36,726)
Public works	205,000	220,000	214,589	(5,411)
Health and welfare	1,305,046	1,315,597	1,279,256	(36,341)
Other	1,196,590	501,409	476,993	(24,416)
Debt service:				
Principal	-	-	35,107	35,107
Interest and fiscal charges	-	-	1,400	1,400
Total expenditures	39,229,088	39,350,033	29,576,093	(9,773,940)
Revenues over expenditures	3,527,531	4,283,162	8,023,796	3,740,634
Other financing sources (uses)				
Issuance of bonds, notes and other long-term liabilities	-	-	67,112	67,112
Transfers in	523,729	45,000	78,720	33,720
Transfers out	(4,051,260)	(4,328,162)	(4,327,899)	(263)
Total other financing sources (uses)	(3,527,531)	(4,283,162)	(4,182,067)	100,569
Net change in fund balance	-	-	3,841,729	3,841,729
Fund balance, beginning of year	14,056,704	14,056,704	14,056,704	-
Fund balance, end of year	\$ 14,056,704	\$ 14,056,704	\$ 17,898,433	\$ 3,841,729

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

LENAWEE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Opioid Settlement Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,500	\$ 1,500
Other	-	-	661,644	661,644
Total revenues	-	-	663,144	663,144
Expenditures				
Current -				
Health and welfare	-	-	1,517	1,517
Total expenditures	-	-	1,517	1,517
Revenues over expenditures	-	-	661,627	661,627
Net change in fund balance	-	-	661,627	661,627
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 661,627	\$ 661,627

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

LENAWEE COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds		
	506 & 516 Delinquent Tax Revolving	502 Building Authority	Medical Care Facility
Assets			
Current assets:			
Cash and investments	\$ 13,492,464	\$ 1,241,833	\$ 4,152,765
Taxes receivable	-	-	753,604
Accounts receivable	487,847	-	9,651,589
Delinquent taxes receivable	3,291,893	-	-
Leases receivable	-	537,444	-
Inventory	-	-	88,144
Other assets	-	-	489,856
Total current assets	17,272,204	1,779,277	15,135,958
Noncurrent assets:			
Lease receivable	-	1,379,282	-
Advance to component unit	864,000	-	-
Net pension asset	-	-	16,570
Net other postemployment benefit asset	-	-	81,328
Capital assets not being depreciated	-	91,080	150,251
Capital assets being depreciated, net	-	5,386,769	5,178,989
Total noncurrent assets	864,000	6,857,131	5,427,138
Total assets	18,136,204	8,636,408	20,563,096
Deferred outflows of resources			
Deferred pension amounts	-	71,162	760,621
Deferred other postemployment benefit amounts	-	-	23,419
Total deferred outflows of resources	-	71,162	784,040

Business-type Activities - Enterprise Funds			Governmental Activities
581 Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 812,411	\$ 1,526,090	\$ 21,225,563	\$ 396,634
-	-	753,604	-
8,712	43,390	10,191,538	5,938
-	-	3,291,893	-
-	-	537,444	-
-	-	88,144	41,133
-	-	489,856	-
<u>821,123</u>	<u>1,569,480</u>	<u>36,578,042</u>	<u>443,705</u>
-	-	1,379,282	-
-	-	864,000	-
-	-	16,570	-
-	-	81,328	-
10,216,079	-	10,457,410	-
7,204,679	-	17,770,437	-
<u>17,420,758</u>	<u>-</u>	<u>30,569,027</u>	<u>-</u>
<u>18,241,881</u>	<u>1,569,480</u>	<u>67,147,069</u>	<u>443,705</u>
30,530	1,192	863,505	3,924
-	-	23,419	-
<u>30,530</u>	<u>1,192</u>	<u>886,924</u>	<u>3,924</u>

continued...

LENAWEE COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds		
	506 & 516 Delinquent Tax Revolving	502 Building Authority	Medical Care Facility
Liabilities			
Current liabilities:			
Accounts payable	\$ 59	\$ 11,709	\$ 505,887
Accrued wages and benefits	-	12,126	439,167
Accrued liabilities and deposits	-	-	10,193
Interest payable	-	10,250	-
Unearned revenue	-	-	-
Current portion of compensated absences	-	-	545,721
Current portion of bonds payable	-	259,747	-
Total current liabilities	<u>59</u>	<u>293,832</u>	<u>1,500,968</u>
Noncurrent liabilities:			
Bonds payable	-	1,818,486	-
Net pension liability	-	236,049	1,562,189
Net other postemployment benefit liability	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>2,054,535</u>	<u>1,562,189</u>
Total liabilities	<u>59</u>	<u>2,348,367</u>	<u>3,063,157</u>
Deferred inflows of resources			
Deferred pension amounts	-	10,419	287,837
Deferred lease amounts	-	1,916,726	-
Taxes levied for a subsequent period	-	-	797,616
Total deferred inflows of resources	<u>-</u>	<u>1,927,145</u>	<u>1,085,453</u>
Net position			
Net investment in capital assets	-	3,399,616	5,329,240
Unrestricted	18,136,145	1,032,442	11,869,286
Total net position	<u>\$ 18,136,145</u>	<u>\$ 4,432,058</u>	<u>\$ 17,198,526</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
581 Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 4,243	\$ 12,622	\$ 534,520	\$ 5,585
4,927	-	456,220	902
-	-	10,193	-
-	-	10,250	-
1,032	43,390	44,422	196
-	-	545,721	-
-	-	259,747	-
<u>10,202</u>	<u>56,012</u>	<u>1,861,073</u>	<u>6,683</u>
-	-	1,818,486	-
101,269	3,956	1,903,463	13,013
-	-	-	-
<u>101,269</u>	<u>3,956</u>	<u>3,721,949</u>	<u>13,013</u>
<u>111,471</u>	<u>59,968</u>	<u>5,583,022</u>	<u>19,696</u>
4,470	175	302,901	574
-	-	1,916,726	-
-	-	797,616	-
<u>4,470</u>	<u>175</u>	<u>3,017,243</u>	<u>574</u>
17,420,758	-	26,149,614	-
<u>735,712</u>	<u>1,510,529</u>	<u>33,284,114</u>	<u>427,359</u>
<u>\$ 18,156,470</u>	<u>\$ 1,510,529</u>	<u>\$ 59,433,728</u>	<u>\$ 427,359</u>

concluded

LENAWEE COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	506 & 516 Delinquent Tax Revolving	502 Building Authority	Medical Care Facility
Operating revenues			
Charges for services	\$ 1,481,452	\$ -	\$ 16,458,112
Rental income	-	1,074,614	-
Vending and other income	-	5,573	989,208
Total operating revenues	<u>1,481,452</u>	<u>1,080,187</u>	<u>17,447,320</u>
Operating expenses			
Personnel services costs	-	350,302	10,841,013
Supplies and other operating expenses	417,244	181,561	6,764,320
Other contractual services	-	266,854	-
Depreciation expense	-	342,683	598,025
Total operating expenses	<u>417,244</u>	<u>1,141,400</u>	<u>18,203,358</u>
Operating income (loss)	<u>1,064,208</u>	<u>(61,213)</u>	<u>(756,038)</u>
Nonoperating revenues (expenses)			
Property tax revenue	-	-	749,287
Intergovernmental revenue	-	-	639,822
Contributed capital	-	-	-
Investment earnings	880,054	85,647	16,876
Interest expense	-	(59,028)	-
Total nonoperating revenues (expenses)	<u>880,054</u>	<u>26,619</u>	<u>1,405,985</u>
Income (loss) before transfers	1,944,262	(34,594)	649,947
Transfers in	47,762	-	-
Transfers out	<u>(1,277,343)</u>	<u>(27,760)</u>	<u>-</u>
Change in net position	714,681	(62,354)	649,947
Net position, beginning of year	<u>17,421,464</u>	<u>4,494,412</u>	<u>16,548,579</u>
Net position, end of year	<u>\$ 18,136,145</u>	<u>\$ 4,432,058</u>	<u>\$ 17,198,526</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
581 Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 706,404	\$ 590,936	\$ 19,236,904	\$ 285,324
-	-	1,074,614	-
24,581	36,154	1,055,516	-
<u>730,985</u>	<u>627,090</u>	<u>21,367,034</u>	<u>285,324</u>
167,595	8,974	11,367,884	15,877
544,639	270,882	8,178,646	265,525
-	-	266,854	-
207,848	-	1,148,556	-
<u>920,082</u>	<u>279,856</u>	<u>20,961,940</u>	<u>281,402</u>
<u>(189,097)</u>	<u>347,234</u>	<u>405,094</u>	<u>3,922</u>
-	-	749,287	-
62,362	-	702,184	-
27,322	-	27,322	-
-	-	982,577	-
-	-	(59,028)	-
<u>89,684</u>	<u>-</u>	<u>2,402,342</u>	<u>-</u>
(99,413)	347,234	2,807,436	3,922
43,000	-	90,762	-
-	-	(1,305,103)	-
<u>(56,413)</u>	<u>347,234</u>	<u>1,593,095</u>	<u>3,922</u>
<u>18,212,883</u>	<u>1,163,295</u>	<u>57,840,633</u>	<u>423,437</u>
<u>\$ 18,156,470</u>	<u>\$ 1,510,529</u>	<u>\$ 59,433,728</u>	<u>\$ 427,359</u>

LENAWEE COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	506 & 516 Delinquent Tax Revolving	Building Authority	Medical Care Facility
Cash flows from operating activities			
Cash received from customers, residents and users	\$ 679,488	\$ 1,074,614	\$ 13,223,504
Other operating receipts	-	5,573	-
Cash paid to employees	-	(358,024)	-
Cash paid to suppliers	(417,185)	(452,299)	(16,456,017)
Cash paid for provider tax expense	-	-	(1,013,771)
Receipts for interfund services provided	-	-	-
Net cash provided by (used in) operating activities	<u>262,303</u>	<u>269,864</u>	<u>(4,246,284)</u>
Cash flows from noncapital financing activities			
Intergovernmental revenue	-	-	639,822
Property taxes	-	-	749,287
Resident trust deposits	-	-	1,188
Transfers from other funds	47,762	-	-
Transfers to other funds	(1,277,343)	(27,760)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,229,581)</u>	<u>(27,760)</u>	<u>1,390,297</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	-	-	12,500
Principal payments on capital debt	-	(240,000)	-
Interest payments on capital debt	-	(64,951)	-
Purchase of capital assets	-	(16,080)	(570,507)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(321,031)</u>	<u>(558,007)</u>
Cash flows from investing activities			
Interest earnings on investments	<u>880,054</u>	<u>85,647</u>	<u>16,876</u>
Change in cash and investments	<u>(87,224)</u>	<u>6,720</u>	<u>(3,397,118)</u>
Cash and investments, beginning of year	<u>13,579,688</u>	<u>1,235,113</u>	<u>7,549,883</u>
Cash and investments, end of year	<u>\$ 13,492,464</u>	<u>\$ 1,241,833</u>	<u>\$ 4,152,765</u>
Supplemental disclosure of noncash items			
Contributed capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Business-type Activities - Enterprise Funds			Governmental Activities
581 Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 703,546	\$ 604,584	\$ 16,285,736	\$ -
24,581	36,154	66,308	-
(157,591)	(28,878)	(544,493)	(14,324)
(567,839)	(283,574)	(18,176,914)	(274,658)
-	-	(1,013,771)	-
-	-	-	285,324
<u>2,697</u>	<u>328,286</u>	<u>(3,383,134)</u>	<u>(3,658)</u>
62,362	-	702,184	-
-	-	749,287	-
-	-	1,188	-
43,000	-	90,762	-
-	-	(1,305,103)	-
<u>105,362</u>	<u>-</u>	<u>238,318</u>	<u>-</u>
-	-	12,500	-
-	-	(240,000)	-
-	-	(64,951)	-
(26,000)	-	(612,587)	-
<u>(26,000)</u>	<u>-</u>	<u>(905,038)</u>	<u>-</u>
-	-	982,577	-
82,059	328,286	(3,067,277)	(3,658)
<u>730,352</u>	<u>1,197,804</u>	<u>24,292,840</u>	<u>400,292</u>
<u>\$ 812,411</u>	<u>\$ 1,526,090</u>	<u>\$ 21,225,563</u>	<u>\$ 396,634</u>
<u>\$ 27,322</u>	<u>\$ -</u>	<u>\$ 27,322</u>	<u>\$ -</u>

continued...

LENAWEE COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	516 & 506 Delinquent Tax Revolving	Building Authority	Medical Care Facility
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 1,064,208	\$ (61,213)	\$ (756,038)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	342,683	598,025
Provision for bad debts	-	-	300,158
Change in:			
Accounts receivable	(103,723)	-	(4,463,651)
Leases receivable	-	521,582	-
Delinquent taxes receivable	(698,241)	-	-
Inventory	-	-	(7,001)
Other assets	-	-	(199,191)
Accounts payable	59	(3,884)	121,280
Accrued wages and benefits	-	(1,273)	93,269
Unearned revenue	-	-	-
Net pension asset/liability	-	(90,229)	(840,347)
Deferred outflows related to the net pension asset/liability	-	74,566	783,716
Deferred inflows related to the net pension asset/liability	-	9,214	(694,376)
Net other postemployment benefit liability	-	-	(149,663)
Deferred outflows/inflows	-	-	967,535
Deferred inflows related to leases	-	(521,582)	-
Net cash provided by (used in) operating activities	\$ 262,303	\$ 269,864	\$ (4,246,284)

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

Business-type Activities - Enterprise Funds			Governmental Activities
581 Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ (189,097)	\$ 347,234	\$ 405,094	\$ 3,922
207,848	-	1,148,556	-
-	-	300,158	-
(3,374)	13,648	(4,557,100)	2,242
-	-	521,582	-
-	-	(698,241)	-
-	-	(7,001)	1,086
-	-	(199,191)	-
(23,200)	956	95,211	(12,623)
(904)	(1,432)	89,660	265
516	(13,648)	(13,132)	162
(14,163)	(34,481)	(979,220)	(2,020)
21,027	15,976	895,285	2,790
4,044	33	(681,085)	518
-	-	(149,663)	-
-	-	967,535	-
-	-	(521,582)	-
<u>\$ 2,697</u>	<u>\$ 328,286</u>	<u>\$ (3,383,134)</u>	<u>\$ (3,658)</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2023

	Pension and Other Postemployment Benefit Trust Funds	Custodial Funds
Assets		
Cash and investments	\$ 9,665	\$ 1,190,804
Investments:		
Money markets	2,281,396	-
Equity mutual funds	53,624,128	-
Bond mutual funds	26,833,594	-
General investment account	2,651,056	-
U.S. Treasury bills	435,340	-
Total assets	<u>85,835,179</u>	<u>1,190,804</u>
Liabilities		
Undistributed fees, taxes and other collections	-	1,139,228
Net position		
Restricted for:		
Pension benefits	85,390,174	-
Other postemployment benefits	445,005	-
Individuals, organizations, and other governments	-	51,576
Total net position	<u>\$ 85,835,179</u>	<u>\$ 51,576</u>

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

LENAWEE COUNTY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2023

	Pension and Other Postemployment Benefit Trust Funds	Custodial Funds
Additions		
Net investment income	\$ 12,914,672	\$ -
Contributions:		
Employer	2,458,361	-
Plan members	450,053	-
Court collections	-	1,202,654
County clerk collections	-	254,618
Treasurer/register of deeds collections	-	3,298,103
Taxes collected for other governments	-	66,318,182
Inmate trust collections	-	418,739
Library collections	-	176,250
Other additions	-	13,429
Total additions (net of investment loss)	<u>15,823,086</u>	<u>71,681,975</u>
Deductions		
Participant benefits	6,811,894	-
Administrative expense	9,049	-
Court distributions	-	1,202,654
County clerk distributions	-	254,618
Treasurer/register of deeds distributions	-	3,298,103
Payments of property taxes to other governments	-	66,318,182
Inmate trust distributions	-	419,912
Library distributions	-	176,250
Other distributions	-	13,429
Total deductions	<u>6,820,943</u>	<u>71,683,148</u>
Change in net position	9,002,143	(1,173)
Net position, beginning of year	<u>76,833,036</u>	<u>52,749</u>
Net position, end of year	<u>\$ 85,835,179</u>	<u>\$ 51,576</u>

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

LENAWEE COUNTY, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2023

	Road Commission	Drain Commission	Lenawee Public Transportation Authority	Land Bank	Total
Assets					
Cash and investments	\$ 6,574,785	\$ 4,586,747	\$ 361,400	\$ 242,677	\$ 11,765,609
Receivables, net	3,025,537	12,635,235	226,594	-	15,887,366
Inventory, prepaids, and other assets	2,953,002	31,337	-	11,000	2,995,339
Net other postemployment benefit asset	10,272,495	-	-	-	10,272,495
Capital assets not being depreciated	1,936,762	52,041	-	-	1,988,803
Capital assets being depreciated, net	125,167,263	8,764,608	685,341	-	134,617,212
Total assets	149,929,844	26,069,968	1,273,335	253,677	177,526,824
Deferred outflows of resources					
Deferred pension amounts	1,495,464	-	-	-	1,495,464
Deferred other postemployment benefit amounts	1,355,876	-	-	-	1,355,876
Total deferred outflows of resources	2,851,340	-	-	-	2,851,340
Liabilities					
Accounts payable and accrued liabilities	1,261,651	2,098,768	60,882	17,037	3,438,338
Advance from primary government	-	1,089,000	-	-	1,089,000
Bonds, notes, and other long-term liabilities:					
Due within one year	200,344	1,457,735	-	-	1,658,079
Due in more than one year	-	9,975,629	-	-	9,975,629
Net pension liability (due in more than one year)	2,584,465	-	-	-	2,584,465
Total liabilities	4,046,460	14,621,132	60,882	17,037	18,745,511
Deferred inflows of resources					
Deferred pension amounts	282,139	-	-	-	282,139
Deferred other postemployment benefit amounts	654,044	-	-	-	654,044
Total deferred inflows of resources	936,183	-	-	-	936,183
Net position					
Net investment in capital assets	127,104,025	5,823,774	685,341	-	133,613,140
Restricted for other municipalities	-	1,156,444	-	-	1,156,444
Restricted for other postemployment benefits	10,272,495	-	-	-	10,272,495
Unrestricted	10,422,021	4,468,618	527,112	236,640	15,654,391
Total net position	\$ 147,798,541	\$ 11,448,836	\$ 1,212,453	\$ 236,640	\$ 160,696,470

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, 2023

	Road Commission	Drain Commission	Lenawee Public Transportation Authority	Land Bank	Total
Expenses	\$ 15,933,848	\$ 9,766,581	\$ 1,546,529	\$ 202,217	\$ 27,449,175
Program revenues					
Charges for services	715,368	11,647,098	213,502	227	12,576,195
Operating grants and contributions	8,875,046	-	1,145,655	162,880	10,183,581
Capital grants and contributions	13,613,056	1,731,467	1,399,825	-	16,744,348
Total program revenues	23,203,470	13,378,565	2,758,982	163,107	39,504,124
Net revenues (expense)	7,269,622	3,611,984	1,212,453	(39,110)	12,054,949
General revenues					
Property taxes	-	-	-	14,458	14,458
Unrestricted investment earnings	270,164	55,491	-	-	325,655
Gain on sale of capital assets	502,275	-	-	-	502,275
Total general revenues	772,439	55,491	-	14,458	842,388
Change in net position	8,042,061	3,667,475	1,212,453	(24,652)	12,897,337
Net position, beginning of year	139,756,480	7,781,361	-	261,292	147,799,133
Net position, end of year	\$ 147,798,541	\$ 11,448,836	\$ 1,212,453	\$ 236,640	\$ 160,696,470

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

This page intentionally left blank.

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.

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 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. The Drain Commission does not issue separate financial statements.

Lenawee Public Transportation Authority (the "Authority") – The County appoints all members of the governing board of the Lenawee Public Transportation Authority and the County has the ability to significantly influence its operations. The County also provides financial support of the Lenawee Public Transportation Authority. A complete financial statement can be obtained from the Lenawee Public Transportation Authority, c/o City of Adrian, City Hall, Adrian, Michigan 49221. The Authority is reported on a September 30 fiscal year end.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Lenawee County Land Bank Authority (the "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 Authority does not issue separate financial statements.

Fiduciary Component Units

The **Lenawee County Retirement Income Plan** (the "Plan") is a defined benefit pension plan for 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 Plan; accordingly, it is included as a fiduciary component unit in the County's financial statements. Management of the Plan is vested in the retirement committee, a sub-committee of the Board of Commissioners, which consists of six members - three elected by plan members and three appointed by the County.

The **Medical Care Facility Pension Plan - Salaried** (the "Plan") is a defined benefit pension plan for salaried employees who are active participants in the County Board of Commissioners Retirement Income Plan immediately prior to January 1, 2008. During the establishment of the Plan, the Medical Care Facility (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; accordingly, it is included as a fiduciary component unit in the County's financial statements. 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.

The **Medical Care Facility Pension Plan - Union** (the "Plan") is a defined benefit pension 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; accordingly, it is included as a fiduciary component unit in the County's financial statements. 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.

The **Medical Care Facility Postemployment Healthcare Plan** (the "Plan") provides 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% of the premium paid by the Facility. The Facility's policy is to accrue these benefits until they become due. In 2019, the Facility adopted the MERS Retiree Health Funding Vehicle (RHFV) as the trust fund for the plan. All assets placed in the MERS RHFV will be administered by MERS, which acts as an investment fiduciary.

LENAWEE COUNTY, MICHIGAN

Notes to 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.

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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. Only the portion of opioid settlement revenue received in the current fiscal period is considered available and 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 *opioid settlement fund* accounts for the revenues and expenditures resulting from the national opioid settlements with various pharmaceutical and distribution companies.

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.

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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.

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 funds* accounts for operations that provide services to other departments or agencies of the County, on a cost-reimbursement basis. The central stores fund provides supplies and printing services to various County departments. The equipment revolving fund accounts for operations that provide services to other funds of the Drain Commission, on a cost-reimbursement basis.

Pension and other postemployment benefit trust funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension and other postemployment benefit trust funds account for the assets of the County's defined benefit pension plan, the Medical Care Facility's defined benefit pension plans, and the Medical Care Facility's other postemployment benefit plan.

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

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.

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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."

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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.

Leases

Lessor. The County is a lessor for noncancellable leases of buildings. The County recognizes leases receivable and deferred inflows of resources in the government-wide, governmental fund and proprietary fund financial statements.

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

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

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

Subscription-Based Information Technology Arrangements (SBITA)

The County has noncancellable subscription-based information technology arrangements. The County recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The County recognizes subscription liabilities with an initial, annual value of \$10,000 or more.

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

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Other Assets

Inventories 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.

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

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Long-term Obligations

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

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

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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has four 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 and proprietary fund financial statements, the County reports deferred inflows related to its pension and other postemployment benefit plans. In addition, deferred inflows of resources are reported in the government-wide and proprietary fund financial statements for property taxes levied during the year that were intended to finance future periods. Finally, the County reports deferred inflows for leases in its government-wide and proprietary fund financial statements.

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports *assigned fund balance* 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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension asset, net pension liability, net other postemployment benefit asset, net 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, 2023, the County incurred expenditures in excess of the amounts appropriated as follows:

	Amended Budget	Actual	Variance
General fund:			
General government -			
Printing / purchasing	\$ 465,866	\$ 467,417	\$ 1,551
Judicial -			
Circuit Court Probation	3,500	3,549	49
Public safety -			
Sheriff security - jail	4,942,891	4,958,044	15,153
Health and welfare -			
Planning Commission	24,958	25,018	60
Debt service:			
Principal	-	35,107	35,107
Interest and fiscal charges	-	1,400	1,400
Special revenue funds:			
Central dispatch	3,221,291	3,257,617	36,326
Local corrections officer training	49,064	50,444	1,380
Law library	16,500	17,218	718
Opioid settlement	-	1,517	1,517
Kiwanis trail	62,000	62,453	453
Criminal justice community allocation	44,500	44,666	166

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2023:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 64,055,582	\$ 11,765,609	\$ 75,821,191
Restricted cash	17,612,753	-	17,612,753
Statement of Fiduciary Net Position			
Cash and cash equivalents	1,200,469	-	1,200,469
Investments	85,825,514	-	85,825,514
Total	<u>\$ 168,694,318</u>	<u>\$ 11,765,609</u>	<u>\$ 180,459,927</u>
Deposits and investments			
Bank deposits:			
Checking/savings accounts			\$ 53,700,639
Certificates of deposit - due within one year			6,906,964
Certificates of deposit - due in more than one year			5,239,205
Investments:			
Treasurer's pool			27,666,866
County pension trust fund			74,748,284
Medical Care Facility pension and OPEB trust funds			11,086,895
Cash on deposit with third party			327,091
Cash on hand			4,706
Adjustment for funds with other fiscal year ends			<u>779,277</u>
Total			<u>\$ 180,459,927</u>

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, \$45,047,565 of the County's bank balance of \$73,328,679 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	\$ 6,633,205
U.S. treasuries	624,808
Municipal bonds	240,718
Money market funds	987
Michigan CLASS Government Investment Pool	19,691,288
Comerica Government Investment Pool	452,677
Vanguard Government Mutual Fund	<u>23,183</u>
Total	<u>\$ 27,666,866</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, 2023, 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	\$ 19,691,288
S&P AA+	5,456,055
S&P AA-	240,718
Moody AAA	1,707,783
not rated	<u>571,022</u>
Total	<u>\$ 27,666,866</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	\$ 1,453,424	\$ 5,179,781	\$ -	\$ 6,633,205
U.S. treasuries	297,000	327,808	-	624,808
Municipal bonds	-	240,718	-	240,718
	<u>\$ 1,750,424</u>	<u>\$ 5,748,307</u>	<u>\$ -</u>	<u>\$ 7,498,731</u>

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, 2023:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
U.S. agencies	\$ 6,633,205	\$ -	\$ -	\$ 6,633,205
U.S. treasuries	624,808	-	-	624,808
Municipal bonds	240,718	-	-	240,718
Money markets	987	-	-	987
Comerica Government Investment Pool	-	452,677	-	452,677
Vanguard Government Mutual Fund	-	23,183	-	23,183
Total investments at fair value	<u>\$ 7,499,718</u>	<u>\$ 475,860</u>	<u>\$ -</u>	<u>\$ 7,975,578</u>

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.

Investments in Entities that Calculate Net Asset Value per Share. The County holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

At year end, the net asset value of the County's investment in Michigan CLASS was \$19,691,288. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

County's 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.

The Plan's investments are held in an administered trust account. Following is a summary of the Plan's investments as of December 31, 2023:

Money markets	\$ 1,988,248
Equity mutual funds	46,578,314
Bond mutual funds	23,530,666
General investment account	<u>2,651,056</u>
Total	<u><u>\$ 74,748,284</u></u>

Credit Risk. As of December 31, 2023, the County's pension investments in debt securities (i.e. fixed income mutual funds) were rated by Standard & Poor's as follows:

AAA	\$ 8,677,070
AA	5,350,239
A	2,698,737
BBB	4,879,758
BB	890,689
B	702,063
Below B	305,325
Not rated	<u>26,785</u>
	<u><u>\$ 23,530,666</u></u>

Interest Rate Risk. As of December 31, 2023, the effective average maturity of the County's investments in pension bond mutual funds was 8.09 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, 2023, the County's pension plan did not have exposure to foreign currency risk as its investments were actually denominated in USD.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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, 2023:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
Money markets	\$ -	\$ 1,988,248	\$ -	\$ 1,988,248
Equity mutual funds	46,578,314	-	-	46,578,314
Bond mutual funds	23,530,666	-	-	23,530,666
General investment account	-	-	2,651,056	2,651,056
Total investments at fair value	\$ 70,108,980	\$ 1,988,248	\$ 2,651,056	\$ 74,748,284

The investments classified as Level 3 inputs, as noted in the table above, are valued using significant unobservable inputs. The fair value of the general investment account is determined based on the liquidation value from an actuarial formula.

Medical Care Facility (the "Facility") Pension and OPEB Trust Funds

The Medical Care Facility's Pension and OPEB Trust Funds' 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 Facility's investments are presented separately.

Following is a summary of the Facility's pension and OPEB investments as of December 31, 2023:

Money markets	\$ 293,148
Equity mutual funds	7,045,814
Bond mutual funds	3,302,928
U.S. Treasury bills	435,340
Total	\$ 11,077,230

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Credit Risk. As of December 31, 2023, the Facility's pension and OPEB investments in debt securities (i.e. fixed income mutual funds) were rated by Standard & Poor's as follows:

AA	\$	1,532,085
A-		887,501
AA-		828,290
Not rated		<u>55,052</u>
	\$	<u>3,302,928</u>

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

The Facility had the following recurring fair value measurements as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investments at fair value				
Money markets	\$ 293,148	\$ -	\$ -	\$ 293,148
Equity mutual funds	7,045,814	-	-	7,045,814
Bond mutual funds	3,302,928	-	-	3,302,928
U.S. Treasury bills	<u>435,340</u>	-	-	<u>435,340</u>
Total investments at fair value	<u>\$ 11,077,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,077,230</u>

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Taxes (current)	\$ 1,747,475	\$ 753,604
Taxes (delinquent)	-	3,291,893
Accounts, net	5,256,432	10,191,538
Due from other governments	<u>2,500,927</u>	<u>-</u>
	<u>\$ 9,504,834</u>	<u>\$ 14,237,035</u>
Amount not expected to be collected within one year	<u>\$ -</u>	<u>\$ 987,568</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 \$987,568 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 \$608,614 and \$186,424, respectively, as an estimate of uncollectible receivables.

Leases Receivable

The County is involved in five agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended December 31, 2023 was \$612,782.

Asset Type	Remaining Term of Agreements			
Land and buildings	3 to 5 years			
	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Leases receivable	\$ 58,640	\$ -	\$ (23,750)	\$ 34,890
Business-type Activities				
Leases receivable	<u>2,438,308</u>	<u>-</u>	<u>(521,582)</u>	<u>1,916,726</u>
Total	<u>\$ 2,496,948</u>	<u>\$ -</u>	<u>\$ (545,332)</u>	<u>\$ 1,951,616</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

6. 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	\$ 1,885,597	\$ 534,520
Accrued wages and benefits	1,399,813	456,220
Accrued liabilities	208,435	10,193
Other liabilities	18,700	-
Accrued interest on long-term debt	104,239	10,250
	<u>\$ 3,616,784</u>	<u>\$ 1,011,183</u>

7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

As of December 31, 2023, nonmajor governmental funds with negative balances in the County's pooled cash accounts reported interfund payables of \$27,057, which are equal to the interfund receivable of \$27,057 reported in the general fund.

For the year ended December 31, 2023, interfund transfers consisted of the following:

		Transfers Out					
		General	General Capital Projects Fund (Capital)	Nonmajor Governmental Funds (NMGF)	Delinquent Tax Revolving (DTR)	Building Authority	Totals
Transfers In							
General	\$	-	-	\$ 78,720	-	-	\$ 78,720
Capital		1,000,000	-	57,051	-	7,000	1,064,051
NMGF		3,291,046	2,500	78,623	1,252,341	-	4,624,510
DTR		2,000	-	-	25,002	20,760	47,762
Airport		43,000	-	-	-	-	43,000
Timing		(8,147)	-	-	-	-	(8,147)
	\$	<u>4,327,899</u>	<u>\$ 2,500</u>	<u>\$ 214,394</u>	<u>\$ 1,277,343</u>	<u>\$ 27,760</u>	<u>\$ 5,849,896</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; (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (3) use unrestricted revenues collected in the general fund to finance general capital projects; and (4) to use funds collected in the delinquent tax revolving fund for scheduled debt payments. 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

8. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 4,864,495	\$ -	\$ (1,882,715)	\$ -	\$ 2,981,780
Construction in progress	498,959	441,463	-	(290,873)	649,549
	<u>5,363,454</u>	<u>441,463</u>	<u>(1,882,715)</u>	<u>(290,873)</u>	<u>3,631,329</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	44,377,756	359,870	-	290,873	45,028,499
Equipment and furniture	9,780,723	164,530	(256,508)	-	9,688,745
Vehicles	1,872,920	512,884	(37,628)	-	2,348,176
Subscription assets (Note 10)	-	94,366	-	-	94,366
	<u>56,031,399</u>	<u>1,131,650</u>	<u>(294,136)</u>	<u>290,873</u>	<u>57,159,786</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(14,749,434)	(880,187)	-	-	(15,629,621)
Equipment and furniture	(5,966,474)	(1,468,528)	256,508	-	(7,178,494)
Vehicles	(1,273,959)	(184,742)	11,494	-	(1,447,207)
Subscription assets (Note 10)	-	(38,278)	-	-	(38,278)
	<u>(21,989,867)</u>	<u>(2,571,735)</u>	<u>268,002</u>	<u>-</u>	<u>(24,293,600)</u>
Total capital assets being depreciated/amortized, net	<u>34,041,532</u>	<u>(1,440,085)</u>	<u>(26,134)</u>	<u>290,873</u>	<u>32,866,186</u>
Governmental activities capital assets, net	<u>\$ 39,404,986</u>	<u>\$ (998,622)</u>	<u>\$ (1,908,849)</u>	<u>\$ -</u>	<u>\$ 36,497,515</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 5,627,873	\$ -	\$ -	\$ -	\$ 5,627,873
Avigation easements	4,663,206	-	-	-	4,663,206
Construction in progress	3,317,064	129,518	-	(3,280,251)	166,331
	<u>13,608,143</u>	<u>129,518</u>	<u>-</u>	<u>(3,280,251)</u>	<u>10,457,410</u>
Capital assets, being depreciated:					
Land improvements	7,786,183	76,255	(18,930)	3,280,251	11,123,759
Buildings and improvements	29,150,634	17,737	-	-	29,168,371
Equipment and furniture	1,318,775	357,000	(236,048)	-	1,439,727
Vehicles	377,684	59,399	-	-	437,083
	<u>38,633,276</u>	<u>510,391</u>	<u>(254,978)</u>	<u>3,280,251</u>	<u>42,168,940</u>
Less accumulated depreciation for:					
Land improvements	(3,895,658)	(208,236)	12,620	-	(4,091,274)
Buildings and improvements	(18,230,394)	(805,971)	-	-	(19,036,365)
Equipment and furniture	(1,035,119)	(115,739)	236,048	-	(914,810)
Vehicles	(337,444)	(18,610)	-	-	(356,054)
	<u>(23,498,615)</u>	<u>(1,148,556)</u>	<u>248,668</u>	<u>-</u>	<u>(24,398,503)</u>
Total capital assets being depreciated, net	<u>15,134,661</u>	<u>(638,165)</u>	<u>(6,310)</u>	<u>3,280,251</u>	<u>17,770,437</u>
Business-type activities capital assets, net	<u>\$ 28,742,804</u>	<u>\$ (508,647)</u>	<u>\$ (6,310)</u>	<u>\$ -</u>	<u>\$ 28,227,847</u>

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

Depreciation of governmental activities by function

General government	\$ 1,811,499
Judicial	484,444
Public safety	190,918
Health and welfare	51,773
Community enrichment and development	33,101
	<u>\$ 2,571,735</u>

Depreciation of business-type activities by function

Building Authority	\$ 342,683
Medical Care Facility	598,025
Airport	207,848
	<u>\$ 1,148,556</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

During the year ended December 31, 2023, the County recognized an impairment loss of \$1,882,715 on land commonly known as the Tecumseh Products site.

Discretely presented component units

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Component Unit - Drain Commission					
Capital assets, not being depreciated -					
Construction in progress	\$ 108,433	\$ 52,041	\$ -	\$ (108,433)	\$ 52,041
Capital assets, being depreciated:					
Infrastructure	11,337,785	370,434	-	108,433	11,816,652
Equipment	1,720,863	3,502	-	-	1,724,365
Total capital assets, being depreciated	13,058,648	373,936	-	108,433	13,541,017
Less accumulated depreciation for:					
Infrastructure	(3,105,999)	(218,959)	-	-	(3,324,958)
Equipment	(1,323,875)	(127,576)	-	-	(1,451,451)
Total accumulated depreciation	(4,429,874)	(346,535)	-	-	(4,776,409)
Total capital assets, being depreciated, net	8,628,774	27,401	-	108,433	8,764,608
Drain Commission capital assets, net	\$ 8,737,207	\$ 79,442	\$ -	\$ -	\$ 8,816,649

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
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	\$ 275,000	\$ -	\$ (275,000)	\$ -	\$ -
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	7,865,000	-	(345,000)	7,520,000	365,000
G.O. Bonds of \$9,000,000 due in varying annual installments of \$365,000 to \$600,000 at interest rates of 2.0% to 3.0% through 2040	8,635,000	-	(375,000)	8,260,000	390,000
Total bonds payable	16,775,000	-	(995,000)	15,780,000	755,000
Installment purchase agreements of \$6,992,568 due in varying annual installments of \$7,605 to \$850,992 and interest rates of 3.34%-5.85% through 2027	3,717,359	235,895	(831,041)	3,122,213	781,476
Subscription payable	-	99,754	(51,270)	48,484	48,484
Bond premium	817,056	-	(61,191)	755,865	50,299
Total installment debt	21,309,415	335,649	(1,938,502)	19,706,562	1,635,259
Compensated absences	1,052,648	1,720,816	(1,679,012)	1,094,452	1,094,452
Total governmental activities	\$ 22,362,063	\$ 2,056,465	\$ (3,617,514)	\$ 20,801,014	\$ 2,729,711

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

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type Activities					
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	\$ 2,285,000	\$ -	\$ (240,000)	\$ 2,045,000	\$ 255,000
Bond premium	37,980	-	(4,747)	33,233	4,747
Compensated absences	530,361	545,721	(530,361)	545,721	545,721
Total business-type activities	\$ 2,853,341	\$ 545,721	\$ (775,108)	\$ 2,623,954	\$ 805,468

Annual debt service requirements to maturity for bonds payable are as follows:

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 755,000	\$ 462,957	\$ 255,000	\$ 57,525
2025	785,000	432,357	265,000	49,725
2026	815,000	400,457	280,000	41,550
2027	845,000	367,257	295,000	32,925
2028	875,000	332,757	305,000	23,925
2029-2033	4,865,000	1,230,461	645,000	19,425
2034-2038	5,660,000	520,840	-	-
2039-2040	1,180,000	23,800	-	-
	\$ 15,780,000	\$ 3,770,886	\$ 2,045,000	\$ 225,075

Annual debt service requirements to maturity for installment purchase agreements are as follows:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 781,476	\$ 110,111
2025	788,828	79,658
2026	725,974	49,305
2027	825,935	25,057
	\$ 3,122,213	\$ 264,131

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Drain Commission Component Unit

The following is a summary of the changes in long-term obligations for the year ended December 31, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable	\$ 4,852,874	\$ 5,011,885	\$ (283,090)	\$ 9,581,669	\$ 746,090
Direct borrowings:					
Drain notes payable	1,025,645	741,312	(314,736)	1,452,221	312,171
Line of credit	389,065	-	-	389,065	389,065
Installment purchase agreements	63,220	-	(52,811)	10,409	10,409
Total governmental activities	<u>6,330,804</u>	<u>5,753,197</u>	<u>(650,637)</u>	<u>11,433,364</u>	<u>1,457,735</u>
Business-type activities					
Bonds payable	388,561	-	(388,561)	-	-
Bond premium	6,160	-	(6,160)	-	-
Total business-type activities	<u>394,721</u>	<u>-</u>	<u>(394,721)</u>	<u>-</u>	<u>-</u>
Total Drain Commission	<u>\$ 6,725,525</u>	<u>\$ 5,753,197</u>	<u>\$ (1,045,358)</u>	<u>\$ 11,433,364</u>	<u>\$ 1,457,735</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

General obligation bonds currently outstanding are as follows:

District	Original Issue	Annual Installments	Through Period	Interest Rate	Amount
Governmental activities					
Red Mill Pond	\$ 250,000	\$ 25,000	2024	2.59%	\$ 25,000
Marvin Drain	420,900	42,090	2025	2.86%	84,180
Keller & Riga Outlet	480,000	65,000-70,000	2024	1.10 - 2.05%	70,000
Titus Tile Drain	582,000	57,000-60,000	2028	2.80 - 4.50%	293,000
Waltermire Tile Drain	467,000	40,000-50,000	2028	1.45 - 4.45%	249,000
Burton and White Tile Drain	626,000	41,000-42,000	2033	3.97%	420,000
Rollins-Woodstock Sewer - DWRF	11,090,000	460,000-660,000	2043	1.875%	<u>8,440,489</u>
Total Drain Commission bonds payable					<u>\$ 9,581,669</u>

Drain notes payable consists of twenty-six drain notes payable in total annual installments of \$3,000 to \$63,000 at interest rates of 0.39% to 5.20%, with final payment due in 2033.

The Drain Commission has a \$500,000 line of credit available to it at a variable rate. As of December 31, 2023, the Drain Commission had a balance outstanding of \$389,065.

Installment purchase agreement consists of one agreement for vehicle/equipment purchase due in annual installments of \$510,467 at an interest rate of 4.49%, with final payment due in 2024.

As of December 31, 2023, the Drain Commission has drawn \$8,440,489 on an available balance of \$11,090,000 on the Rollins-Woodstock Sewer - DWRF bonds. The Drain Commission has \$2,649,511 of available disbursements through the Michigan Finance Authority on these DWRF bonds.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for Drain Commission bonds payable are as follows:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 746,090	\$ 187,690
2025	662,090	174,099
2026	630,000	157,780
2027	641,000	142,246
2028	647,000	126,441
2029-2033	2,835,000	450,504
2034-2038	2,895,000	171,099
2039-2043	525,489	3,333
	<u>\$ 9,581,669</u>	<u>\$ 1,413,192</u>

Annual debt service requirements to maturity for Drain Commission direct borrowings are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2024	\$ 322,580	\$ 36,018
2025	287,088	53,699
2026	235,688	33,198
2027	213,438	24,265
2028	123,797	16,135
2029-2033	280,039	25,139
	<u>\$ 1,462,630</u>	<u>\$ 188,454</u>

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County is involved in four arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the County has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 3.0 percent based on the County's incremental borrowing rate.

The right-to-use asset and the related activity are included in Note 8, Capital Assets. The subscription liability and related activity are presented in Note 9, Long Term Debt.

Asset Type	Remaining Term of Arrangements
Subscription assets	1 year

The net present value of future minimum payments as of December 31, 2023, were as follows:

Year Ended December 31,	Principal	Interest
2024	\$ 48,484	\$ 1,455

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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, 2023, the balance of the County's member retention fund was \$345,031.

	2023	2022
General liability		
Estimated liability, beginning of year	\$ 185,358	\$ 187,146
Estimated claims incurred, including changes in estimates	150,527	62,503
Claim payments	<u>(127,450)</u>	<u>(64,291)</u>
Estimated liability, end of year	<u><u>\$ 208,435</u></u>	<u><u>\$ 185,358</u></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.

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

The taxable value of real and personal property for 2023, for which revenue was recognized in the General Fund and Veteran's Relief, was \$4,205,586,710. The general operating tax rate for this levy was 5.4000 mills and the Veteran's Relief levy was 0.0996 mills. The taxable value of real and personal property for 2022, for which revenue was recognized in all other funds, was \$3,947,220,970. The tax rates for these levies were 0.7490 mills for the Department on Aging operations and 0.1893 for the medical care facility.

14. TAX ABATEMENTS

The County received reduced property tax revenues during 2023 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 \$3,982 in reduced County tax revenues for 2023.

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 \$39,754 in reduced County tax revenues for 2023.

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. As of January 1, 2023, the date of the latest actuarial valuation, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	368
Inactive employees entitled to but not yet receiving benefits	47
Active employees	<u>100</u>
Total membership	<u><u>515</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, 2023 was 51.31% of covered payroll.

Contributions. The annual required contribution for the current year was determined as part of a January 1, 2022 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 6.75% investment rate of return on investments, compounded annually, and projected salary increases of 3% per year compounded annually, including inflation at 2.75% 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, 2022.

Net Pension Liability. The County's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to December 31, 2023.

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%
Investment rate of return	6.75%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.25% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the PubG-2010 Mortality Table (General) with Scale MP-2021.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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 growth	16.46%	5.89%	0.97%
Large cap value	16.46%	5.41%	0.89%
Mid cap equity	3.38%	5.99%	0.20%
Small cap growth	1.20%	7.92%	0.10%
Small cap value	1.20%	6.58%	0.08%
International equity	21.25%	6.90%	1.47%
Emerging market equity	4.38%	9.58%	0.42%
Domestic bonds	25.59%	1.99%	0.51%
High yield bonds	1.89%	4.40%	0.08%
Treasury inflation-protected securities	1.89%	1.58%	0.03%
Cash equivalent	6.30%	0.61%	0.04%
	<u>100.00%</u>		4.79%
Inflation			2.75%
Risk adjustments			<u>-0.79%</u>
Investment rate of return			<u><u>6.75%</u></u>

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. 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.

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, 2022	\$ 98,469,435	\$ 67,051,803	\$ 31,417,632
Changes for the year:			
Service cost	299,132	-	299,132
Interest	6,459,509	-	6,459,509
Differences between expected and actual experience	(1,240,411)	-	(1,240,411)
Changes in assumptions	802,079	-	802,079
Employer contributions	-	2,221,853	(2,221,853)
Employee contributions	-	433,042	(433,042)
Net investment income	-	11,296,145	(11,296,145)
Benefit payments, including refunds of employee contributions	(6,246,246)	(6,246,246)	-
Administrative expense	-	(8,313)	8,313
Net changes	<u>74,063</u>	<u>7,696,481</u>	<u>(7,622,418)</u>
Balances at December 31, 2023	<u>\$ 98,543,498</u>	<u>\$ 74,748,284</u>	<u>\$ 23,795,214</u>

Assumption changes for 2023 were primarily due to a change in the salary increases from 3.0% to 3.25%.

The net pension liability was allocated at December 31, 2023, as follows:

	Business-type Activities				Total
	Governmental Activities	Building Authority	Airport	Nonmajor Enterprise Funds	
Net pension liability	\$ 23,453,940	\$ 236,049	\$ 101,269	\$ 3,956	\$ 23,795,214

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.42%. 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 6.75%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County's net pension liability	\$ 33,489,984	\$ 23,795,214	\$ 15,554,121

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

For the year ended December 31, 2023, the County recognized pension expense of \$2,392,870. The County reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 273,605	\$ 1,050,327	\$ (776,722)
Changes in assumptions	2,510,217	-	2,510,217
Net difference between projected and actual earnings on pension plan investments	4,389,865	-	4,389,865
Total	\$ 7,173,687	\$ 1,050,327	\$ 6,123,360

The deferred outflows/inflows of resources related to pensions was allocated at December 31, 2023, as follows:

	Business-type Activities				Total
	Governmental Activities	Building Authority	Airport	Nonmajor Enterprise Funds	
Deferred outflows of resources	\$ 7,070,803	\$ 71,162	\$ 30,530	\$ 1,192	\$ 7,173,687
Deferred inflows of resources	1,035,263	10,419	4,470	175	1,050,327

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Amount
2024	\$ 2,157,322
2025	2,401,555
2026	3,030,400
2027	<u>(1,465,917)</u>
Total	<u>\$ 6,123,360</u>

Payable to the Pension Plan. At year end, the County recorded \$94,845 as payable for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

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 Empower Retirement, which acts as an investment agent for the Facility. 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% 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% 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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Benefit allowances are computed based on the applicable criteria as detailed within the Plan. For salaried employees, normal retirement benefits are 2.5% 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% 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 2023 was \$85,531.

Employees Covered by Benefit Terms. As of January 1, 2023, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>5</u>
Total membership	<u>45</u>

Net Pension Liability. The Facility's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of January 1, 2023 and rolled forward to December 31, 2023.

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%, including inflation
Investment rate of return	6.5%, net of investment expense and including inflation

Mortality rates were based on the Pub-2010 Mortality Table (General) with Scale MP-2021.

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.37%. 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

Long-term Expected Rate of Return. The long-term 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, 2023, 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
US Cash	6.30%	0.59%	0.04%
US Government/credit bonds	25.59%	1.83%	0.47%
US Inflation-indexed bonds	1.89%	1.43%	0.03%
US High yield bonds	1.89%	3.84%	0.07%
US Mid caps	3.38%	3.94%	0.13%
US Large growth	16.46%	3.82%	0.63%
US Large value	16.46%	3.88%	0.64%
US Small growth	1.20%	4.66%	0.06%
US Small value	1.20%	4.17%	0.05%
Foreign developed equity	21.25%	5.15%	1.09%
Emerging markets equity	4.38%	6.20%	0.27%
	<u>100.00%</u>		
			3.48%
Inflation			2.75%
Risk adjustments			0.27%
Investment rate of return			6.50%

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, 2022	\$ 8,647,561	\$ 6,602,458	\$ 2,045,103
Changes for the year:			
Service cost	30,201	-	30,201
Interest	549,748	-	549,748
Difference between expected and actual experience	111,278	-	111,278
Changes in assumptions	43,686	-	43,686
Employer contributions	-	85,531	(85,531)
Employee contributions	-	17,011	(17,011)
Net investment income	-	1,115,285	(1,115,285)
Benefit payments	(447,240)	(447,240)	-
Net changes	287,673	770,587	(482,914)
Balances at December 31, 2023	\$ 8,935,234	\$ 7,373,045	\$ 1,562,189

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 (asset)	\$ 2,643,468	\$ 1,562,189	\$ 654,014

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 Empower Retirement, which acts as an investment agent for the Facility. 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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

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.

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% 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% 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 2023 was \$134,826.

Employees Covered by Benefit Terms. As of January 1, 2023, plan membership consisted of the following:

Retirees or beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	46
Active employees	<u>72</u>
Total membership	<u><u>150</u></u>

Net Pension Liability. The Facility's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an annual actuarial valuation as of January 1, 2023.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25%, including inflation
Investment rate of return	6.5%, net of investment expense and including inflation

Mortality rates were based on the Pub-2010 Mortality Table (General) with Scale MP-2021.

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2023, 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
US Cash	6.30%	0.59%	0.04%
US Government/credit bonds	25.59%	1.83%	0.47%
US Inflation-indexed bonds	1.89%	1.43%	0.03%
US High yield bonds	1.89%	3.84%	0.07%
US Mid caps	3.38%	3.94%	0.13%
US Large growth	16.46%	3.82%	0.63%
US Large value	16.46%	3.88%	0.64%
US Small growth	1.20%	4.66%	0.06%
US Small value	1.20%	4.17%	0.05%
Foreign developed equity	21.25%	5.15%	1.09%
Emerging markets equity	4.38%	6.20%	0.27%
	<u>100.00%</u>		
			3.48%
Inflation			2.75%
Risk adjustments			<u>0.27%</u>
Investment rate of return			<u><u>6.50%</u></u>

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 (Asset)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at December 31, 2022	\$ 3,095,420	\$ 2,754,557	\$ 340,863
Changes for the year:			
Service cost	107,580	-	107,580
Interest	204,924	-	204,924
Difference between expected and actual experience	(82,681)	-	(82,681)
Changes in assumptions	29,289	-	29,289
Employer contributions	-	134,826	(134,826)
Net investment income	-	481,719	(481,719)
Benefit payments	(102,257)	(102,257)	-
Net changes	<u>156,855</u>	<u>514,288</u>	<u>(357,433)</u>
Balances at December 31, 2023	<u>\$ 3,252,275</u>	<u>\$ 3,268,845</u>	<u>\$ (16,570)</u>

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following presents the net pension 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)	\$ 554,038	\$ (16,570)	\$ (464,504)

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Salaried and Union)

For the year ended December 31, 2023, the Facility recognized pension expense of \$366,722 for both the Salaried and Union Plans. At December 31, 2023, 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	\$ 116,180	\$ 42,528	\$ 73,652
Changes in assumptions	505,331	245,309	260,022
Net difference between projected and actual earnings on pension plan investments	139,110	-	139,110
Total	\$ 760,621	\$ 287,837	\$ 472,784

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
2024	\$ 159,126
2025	228,778
2026	309,119
2027	(211,405)
2028	(12,834)
Total	\$ 472,784

Payable to the Pension Plan. At December 31, 2023, 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 \$899,978 and employee contributions were \$899,978 for the year ended December 31, 2023.

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% of the premium paid by the Facility. The Facility's policy is to accrue these benefits until they become due. In 2019, the Facility adopted the MERS Retiree Health Funding Vehicle (RHFV) as the trust fund for the plan. In 2023, the Facility transferred assets from MERS to Charles Schwab. All assets held by Charles Schwab (investment custodian) will be administered by Maner Wealth, which acts as an investment fiduciary. Stand-alone financial statements are not issued for the OPEB plan.

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, 2023: two inactive plan members or beneficiaries currently receiving benefits.

Contributions. The plan currently keeps an investment balance of 40% of net position in a trust. 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, 2023, the Facility made \$16,151 in contributions. 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

Investments

Investment Policy. The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Facility. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Facility deems appropriate. The OPEB plan's asset allocation policy is shown on the following pages.

Concentrations. At December 31, 2023, the OPEB Plan's investments were fully invested in the Charles Schwab Trust Bank. Within this account, the OPEB Plan's account balance at December 31, 2023 was comprised of \$9,665 in FDIC insured cash and the remaining \$435,340 in U.S. Treasury bills.

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 4.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions. The total OPEB liability in the December 31, 2023 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increase did not apply since all participants are retired; an investment rate of return (including inflation) of 5.12 percent; a healthcare cost trend rate of 7.25 percent decreasing to an ultimate rate of 4.5 percent; and using Public General 2010 Employee and Healthy Retiree, Headcount weighted mortality tables. These assumptions were applied to all periods included in the measurement.

Long-term Expected Rate of Return. The long-term expected rate of return on the OPEB plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan investments are being held in the Charles Schwab Trust Band (the "Fund"), and the Facility does not have direct control over the asset allocation of that Fund. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global fixed income	100.00%	5.12%	5.12%

The sum of each target allocation times its long-term expected real rate, plus inflation is 5.12%

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total OPEB liability was 5.12%. The long-term expected rate of return for the OPEB trust was 5.12%. 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 asset.

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2022	\$ 492,553	\$ 424,218	\$ 68,335
Changes for the year:			
Interest	23,304	-	23,304
Differences between expected and actual experience	(125,205)	-	(125,205)
Changes in assumptions	(10,824)	-	(10,824)
Employer contributions	-	16,151	(16,151)
Net investment income	-	21,523	(21,523)
Benefit payments	(16,151)	(16,151)	-
Administrative expense	-	(736)	736
Net changes	<u>(128,876)</u>	<u>20,787</u>	<u>(149,663)</u>
Balances at December 31, 2023	<u>\$ 363,677</u>	<u>\$ 445,005</u>	<u>\$ (81,328)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Facility, calculated using the discount rate of 5.12%, as well as what the Facility's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.12%) or 1% higher (6.12%) than the current rate:

1% Decrease (4.12%)	Current Discount Rate (5.12%)	1% Increase (6.12%)
\$ (33,007)	\$ (81,328)	\$ (120,981)

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the net OPEB liability of the Facility, as well as what the Facility’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.25% decreasing to 3.50%) or 1% higher (8.25% decreasing to 5.50%) than the current healthcare cost trend rates:

1% Decrease (6.25% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.25% Decreasing to 4.50%)	1% Increase (8.25% decreasing to 5.50%)
\$ (120,921)	\$ (81,328)	\$ (33,960)

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

For the year ended December 31, 2023, the Facility recognized OPEB expense of \$114,925. At December 31, 2023, the Facility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Investment earnings	\$ 23,419	\$ -	\$ 23,419

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

Year Ended	Amount
2024	\$ 7,299
2025	7,297
2026	8,863
2027	(40)
Total	\$ 23,419

Payable to the OPEB Plan. At December 31, 2023, the Facility had no amounts payable for contributions to the OPEB plan.

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.

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

18. COMBINING FINANCIAL INFORMATION - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

Statements of Fiduciary Net Position

	County Employees' Retirement Income Plan	Medical Care Facility Salaried Employees' Retirement System	Medical Care Facility Union Employees' Retirement System	Medical Care Facility Retirement Health Savings Plan	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 9,665	\$ 9,665
Investments:					
Money markets	1,988,248	202,999	90,149	-	2,281,396
Equity mutual funds	46,578,314	4,876,404	2,169,410	-	53,624,128
Bond mutual funds	23,530,666	2,293,642	1,009,286	-	26,833,594
General investment account	2,651,056	-	-	-	2,651,056
US Treasury bills	-	-	-	435,340	435,340
Total assets	74,748,284	7,373,045	3,268,845	445,005	85,835,179
Net position					
Restricted for:					
Pension benefits	74,748,284	7,373,045	3,268,845	-	85,390,174
Other postemployment benefits	-	-	-	445,005	445,005
Total net position	\$ 74,748,284	\$ 7,373,045	\$ 3,268,845	\$ 445,005	\$ 85,835,179

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

Statements of Changes in Fiduciary Net Position

	County Employees' Retirement Income Plan	Medical Care Facility Salaried Employees' Retirement System	Medical Care Facility Union Employees' Retirement System	Medical Care Facility Retirement Health Savings Plan	Total
Additions					
Net investment income	\$ 11,296,145	\$ 1,115,285	\$ 481,719	\$ 21,523	\$ 12,914,672
Contributions:					
Employer	2,221,853	85,531	134,826	16,151	2,458,361
Plan members	433,042	17,011	-	-	450,053
Total contributions	2,654,895	102,542	134,826	16,151	2,908,414
Total additions (net of investment loss)	13,951,040	1,217,827	616,545	37,674	15,823,086
Deductions					
Participant benefits	6,246,246	447,240	102,257	16,151	6,811,894
Administrative expenses	8,313	-	-	736	9,049
Total deductions	6,254,559	447,240	102,257	16,887	6,820,943
Change in net position	7,696,481	770,587	514,288	20,787	9,002,143
Net position, beginning of year	67,051,803	6,602,458	2,754,557	424,218	76,833,036
Net position, end of year	<u>\$ 74,748,284</u>	<u>\$ 7,373,045</u>	<u>\$ 3,268,845</u>	<u>\$ 445,005</u>	<u>\$ 85,835,179</u>

19. NET INVESTMENT IN CAPITAL ASSETS

As of December 31, 2023, net investment in capital assets, was comprised of the following:

	Governmental activities	Business-type activities	Component Units
Invested in capital assets:			
Capital assets not being depreciated	\$ 3,631,329	\$ 10,457,410	\$ 1,988,803
Capital assets being depreciated, net	32,866,186	17,770,437	134,617,212
Less related debt:			
Bonds payable and installment purchase agreements	(18,902,213)	(2,045,000)	(2,992,875)
Bond premium	(755,865)	(33,233)	-
Subscriptions payable	(48,484)	-	-
Total net investment in capital assets	<u>\$ 16,790,953</u>	<u>\$ 26,149,614</u>	<u>\$ 133,613,140</u>

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	284 Opioid Settlement	401 General Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:					
Advance to component unit	\$ 225,000	\$ -	\$ -	\$ -	\$ 225,000
Prepays	811,476	-	-	23,568	835,044
Total nonspendable	1,036,476	-	-	23,568	1,060,044
Restricted:					
General government	-	-	-	957,427	957,427
Judicial	-	-	-	198,366	198,366
Public safety	-	-	-	4,374,469	4,374,469
Health and welfare	-	661,627	-	6,377,362	7,038,989
Community enrichment and development	-	-	-	72,111	72,111
Debt service	-	-	-	191,268	191,268
Total restricted	-	661,627	-	12,171,003	12,832,630
Committed:					
General government	-	-	8,360,529	118,696	8,479,225
Judicial	-	-	-	646,161	646,161
Public safety	-	-	-	117,504	117,504
Health and welfare	-	-	-	4,190,434	4,190,434
Community enrichment and development	-	-	-	156,680	156,680
Total committed	-	-	8,360,529	5,229,475	13,590,004
Unassigned	16,861,957	-	-	-	16,861,957
Total fund balances, governmental funds	\$ 17,898,433	\$ 661,627	\$ 8,360,529	\$ 17,424,046	\$ 44,344,635

LENAWEE COUNTY, MICHIGAN

Notes to Financial Statements

21. OPIOID SETTLEMENT

The County is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$133,025 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$394,697 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 0.88238% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$2,526,051 and \$576,890 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan and Teva, and the associated state-subdivision agreement was finalized in 2023. The term of the settlement varies by pharmacy and manufacturer; however, the County expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$2,186,926. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of December 31, 2023, the amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2023 is \$3,848,886



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,		
	2023	2022	2021
Total pension liability			
Service cost	\$ 299,132	\$ 282,174	\$ 297,146
Interest	6,459,509	6,462,302	6,401,012
Differences between expected and actual experience	(1,240,411)	375,745	120,398
Changes of assumptions	802,079	2,376,096	-
Benefit payments, including refunds of employee contributions	(6,246,246)	(6,024,708)	(5,834,539)
Net change in total pension liability	<u>74,063</u>	<u>3,471,609</u>	<u>984,017</u>
Total pension liability, beginning of year	<u>98,469,435</u>	<u>94,997,826</u>	<u>94,013,809</u>
Total pension liability, end of year	<u>98,543,498</u>	<u>98,469,435</u>	<u>94,997,826</u>
Plan fiduciary net position			
Employer contributions	2,221,853	2,496,869	1,897,303
Employee contributions	433,042	618,190	428,596
Net investment income (loss)	11,296,145	(13,955,978)	8,662,016
Benefit payments, including refunds of employee contributions	(6,246,246)	(6,024,708)	(5,834,539)
Administrative expense	(8,313)	(44,000)	(44,000)
Net change in plan fiduciary net position	<u>7,696,481</u>	<u>(16,909,627)</u>	<u>5,109,376</u>
Plan fiduciary net position, beginning of year	<u>67,051,803</u>	<u>83,961,430</u>	<u>78,852,054</u>
Plan fiduciary net position, end of year	<u>74,748,284</u>	<u>67,051,803</u>	<u>83,961,430</u>
County's net pension liability	<u>\$ 23,795,214</u>	<u>\$ 31,417,632</u>	<u>\$ 11,036,396</u>
Plan fiduciary net position as a percentage of total pension liability	75.9%	68.1%	88.4%
Covered payroll	\$ 5,393,386	\$ 5,551,430	\$ 5,551,430
County's net pension liability as a percentage of covered payroll	441.2%	565.9%	198.8%

See notes to required supplementary information.



Year Ended December 31,					
2020	2019	2018	2017	2016	2015
\$ 320,738	\$ 340,918	\$ 345,134	\$ 313,832	\$ 395,417	\$ 431,494
6,204,441	6,125,900	6,086,555	6,118,286	6,292,646	6,144,592
(289,994)	39,959	433,145	29,362	(1,217,364)	-
2,214,485	46,395	1,909,791	3,510,271	(1,297,032)	-
(5,499,988)	(5,321,979)	(5,098,068)	(4,894,340)	(4,706,055)	(4,625,758)
2,949,682	1,231,193	3,676,557	5,077,411	(532,388)	1,950,328
91,064,127	89,832,934	86,156,377	81,078,966	81,611,354	79,661,026
94,013,809	91,064,127	89,832,934	86,156,377	81,078,966	81,611,354
1,621,061	1,604,006	1,566,547	1,496,769	1,380,729	1,375,047
739,238	610,660	644,660	674,926	697,243	746,305
8,202,591	12,929,230	(4,849,554)	8,433,660	4,699,879	(1,075,668)
(5,499,988)	(5,321,979)	(5,098,068)	(4,894,340)	(4,706,055)	(4,625,758)
(44,451)	(44,000)	(44,900)	(44,000)	(5,302)	(44,450)
5,018,451	9,777,917	(7,781,315)	5,667,015	2,066,494	(3,624,524)
73,833,603	64,055,686	71,837,001	66,169,986	64,103,492	67,728,016
78,852,054	73,833,603	64,055,686	71,837,001	66,169,986	64,103,492
<u>\$ 15,161,755</u>	<u>\$ 17,230,524</u>	<u>\$ 25,777,248</u>	<u>\$ 14,319,376</u>	<u>\$ 14,908,980</u>	<u>\$ 17,507,862</u>
83.9%	81.1%	71.3%	83.4%	81.6%	78.5%
\$ 5,810,112	\$ 6,053,388	\$ 6,431,542	\$ 6,659,268	\$ 6,880,414	\$ 7,015,567
261.0%	284.6%	400.8%	215.0%	216.7%	249.6%

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility - Salaried

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31,		
	2023	2022	2021
Total pension liability			
Service cost	\$ 30,201	\$ 27,315	\$ 26,094
Interest	549,748	541,646	522,075
Differences between expected and actual experience	111,278	(95,300)	200,686
Changes of assumptions	43,686	113,897	-
Benefit payments, including refunds of employee contributions	(447,240)	(483,792)	(415,252)
Net change in total pension liability	<u>287,673</u>	<u>103,766</u>	<u>333,603</u>
Total pension liability, beginning of year	<u>8,647,561</u>	<u>8,543,795</u>	<u>8,210,192</u>
Total pension liability, end of year	<u>8,935,234</u>	<u>8,647,561</u>	<u>8,543,795</u>
Plan fiduciary net position			
Employer contributions	85,531	84,488	132,800
Employee contributions	17,011	18,691	17,793
Net investment income (loss)	1,115,285	(1,358,087)	816,476
Benefit payments, including refunds of employee contributions	(447,240)	(483,792)	(415,252)
Administrative expense	-	(9,211)	(12,174)
Other	-	-	-
Net change in plan fiduciary net position	<u>770,587</u>	<u>(1,747,911)</u>	<u>539,643</u>
Plan fiduciary net position, beginning of year	<u>6,602,458</u>	<u>8,350,369</u>	<u>7,810,726</u>
Plan fiduciary net position, end of year	<u>7,373,045</u>	<u>6,602,458</u>	<u>8,350,369</u>
Facility's net pension liability	<u>\$ 1,562,189</u>	<u>\$ 2,045,103</u>	<u>\$ 193,426</u>
Plan fiduciary net position as a percentage of total pension liability	82.5%	76.4%	97.7%
Covered payroll	\$ 391,084	\$ 386,681	\$ 386,681
Facility's net pension liability as a percentage of covered payroll	399.5%	528.9%	50.0%

See notes to required supplementary information.



Year Ended December 31,

2020	2019	2018	2017	2016	2015
-------------	-------------	-------------	-------------	-------------	-------------

\$ 38,770	\$ 49,264	\$ 55,632	\$ 83,650	\$ 82,030	\$ 65,233
527,837	503,820	495,464	475,185	482,407	465,819
(43,498)	(34,614)	(38,821)	148,693	(156,777)	16,056
(186,482)	255,138	(20,792)	(133,735)	(200,876)	1,048,977
(416,454)	(370,799)	(342,330)	(353,709)	(288,788)	(283,801)
(79,827)	402,809	149,153	220,084	(82,004)	1,312,284
<u>8,290,019</u>	<u>7,887,210</u>	<u>7,738,057</u>	<u>7,517,973</u>	<u>7,599,977</u>	<u>6,287,693</u>
<u>8,210,192</u>	<u>8,290,019</u>	<u>7,887,210</u>	<u>7,738,057</u>	<u>7,517,973</u>	<u>7,599,977</u>
79,615	60,373	652,392	167,521	116,292	89,806
18,350	23,487	26,931	31,054	31,151	32,275
727,597	1,247,364	(467,972)	754,840	462,867	(60,719)
(416,454)	(370,799)	(342,330)	(353,709)	(288,788)	(283,801)
-	-	-	-	-	-
-	-	-	-	-	115,943
<u>409,108</u>	<u>960,425</u>	<u>(130,979)</u>	<u>599,706</u>	<u>321,522</u>	<u>(106,496)</u>
<u>7,401,618</u>	<u>6,441,193</u>	<u>6,572,172</u>	<u>5,972,466</u>	<u>5,650,944</u>	<u>5,757,440</u>
<u>7,810,726</u>	<u>7,401,618</u>	<u>6,441,193</u>	<u>6,572,172</u>	<u>5,972,466</u>	<u>5,650,944</u>
<u>\$ 399,466</u>	<u>\$ 888,401</u>	<u>\$ 1,446,017</u>	<u>\$ 1,165,885</u>	<u>\$ 1,545,507</u>	<u>\$ 1,949,033</u>

95.1%	89.3%	81.7%	84.9%	79.4%	74.4%
\$ 434,372	\$ 588,141	\$ 616,617	\$ 676,434	\$ 658,051	\$ 735,397
92.0%	151.1%	234.5%	172.4%	234.9%	265.0%

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,		
	2023	2022	2021
Total pension liability			
Service cost	\$ 107,580	\$ 118,415	\$ 114,337
Interest	204,924	200,843	178,731
Differences between expected and actual experience	(82,681)	(195,583)	141,386
Changes of assumptions	29,289	53,019	-
Benefit payments, including refunds of employee contributions	(102,257)	(103,873)	(92,993)
Net change in total pension liability	<u>156,855</u>	<u>72,821</u>	<u>341,461</u>
Total pension liability, beginning of year	<u>3,095,420</u>	<u>3,022,599</u>	<u>2,681,138</u>
Total pension liability, end of year	<u>3,252,275</u>	<u>3,095,420</u>	<u>3,022,599</u>
Plan fiduciary net position			
Employer contributions	134,826	118,158	118,158
Net investment income (loss)	481,719	(544,198)	324,276
Benefit payments, including refunds of employee contributions	(102,257)	(103,873)	(92,993)
Administrative expense	-	(3,740)	(4,698)
Other	-	-	-
Net change in plan fiduciary net position	<u>514,288</u>	<u>(533,653)</u>	<u>344,743</u>
Plan fiduciary net position, beginning of year	<u>2,754,557</u>	<u>3,288,210</u>	<u>2,943,467</u>
Plan fiduciary net position, end of year	<u>3,268,845</u>	<u>2,754,557</u>	<u>3,288,210</u>
Facility's net pension liability (asset)	<u>\$ (16,570)</u>	<u>\$ 340,863</u>	<u>\$ (265,611)</u>
Plan fiduciary net position as a percentage of total pension liability	100.5%	89.0%	108.8%
Covered payroll	\$ 3,438,159	\$ 3,417,550	\$ 3,417,550
Facility's net pension liability (asset) as a percentage of covered payroll	-0.5%	10.0%	-7.8%

See notes to required supplementary information.

Year Ended December 31,						
2020	2019	2018	2017	2016	2015	
\$ 103,035	\$ 91,758	\$ 101,615	\$ 83,054	\$ 82,613	\$ 88,548	
172,800	161,822	149,942	147,249	141,637	118,402	
(11,261)	(97,728)	12,883	(143,962)	(77,690)	143,270	
(101,210)	76,866	(5,456)	151,577	110,123	-	
(75,293)	(74,927)	(57,786)	(48,683)	(35,452)	(33,497)	
88,071	157,791	201,198	189,235	221,231	316,723	
2,593,067	2,435,276	2,234,078	2,044,843	1,823,612	1,506,889	
2,681,138	2,593,067	2,435,276	2,234,078	2,044,843	1,823,612	
82,858	60,854	71,240	76,295	72,504	71,347	
280,969	443,300	(172,952)	269,961	159,347	(23,939)	
(75,293)	(74,927)	(57,786)	(48,683)	(35,452)	(33,497)	
-	-	-	-	-	-	
-	-	-	-	-	58,253	
288,534	429,227	(159,498)	297,573	196,399	72,164	
2,654,933	2,225,706	2,385,204	2,087,631	1,891,232	1,819,068	
2,943,467	2,654,933	2,225,706	2,385,204	2,087,631	1,891,232	
\$ (262,329)	\$ (61,866)	\$ 209,570	\$ (151,126)	\$ (42,788)	\$ (67,620)	
109.8%	102.4%	91.4%	106.8%	102.1%	103.7%	
\$ 2,651,069	\$ 2,514,778	\$ 2,539,624	\$ 2,389,219	\$ 2,646,830	\$ 2,782,254	
-9.9%	-2.5%	8.3%	-6.3%	-1.6%	-2.4%	

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%
2019	20.56%
2020	11.37%
2021	11.23%
2022	-16.98%
2023	17.42%

Medical Care Facility Schedule of Investment Returns - Salaried

Fiscal Year Ending December 31,	Annual Return ⁽¹⁾
2015	0.97%
2016	8.29%
2017	12.80%
2018	-7.18%
2019	19.51%
2020	10.07%
2021	10.62%
2022	-16.71%
2023	17.37%

Medical Care Facility Schedule of Investment Returns - Union

Fiscal Year Ending December 31,	Annual Return ⁽¹⁾
2015	1.87%
2016	8.34%
2017	12.85%
2018	-7.24%
2019	19.90%
2020	10.71%
2021	10.94%
2022	-16.65%
2023	17.38%

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

See notes to required supplementary information.

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%
2019	1,499,529	1,604,006	(104,477)	6,053,388	26.5%
2020	1,531,364	1,621,061	(89,697)	5,810,112	27.9%
2021	1,649,656	1,897,303	(247,647)	5,551,430	34.2%
2022	1,649,656	2,496,869	(847,213)	5,551,430	45.0%
2023	1,632,672	2,221,853	(589,181)	5,393,386	41.2%

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%
2019	60,373	60,373	-	588,141	10.3%
2020	79,615	79,615	-	434,372	18.3%
2021	84,488	132,800	(48,312)	386,681	34.3%
2022	84,488	84,488	-	386,681	21.8%
2023	85,531	85,531	-	391,084	21.9%

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	78,633	71,240	7,393	2,539,624	2.8%
2019	60,854	60,854	-	2,514,778	2.4%
2020	82,858	82,858	-	2,651,069	3.1%
2021	118,158	118,158	-	3,417,550	3.5%
2022	118,158	118,158	-	3,438,159	3.4%
2023	134,826	134,826	-	3,438,159	3.9%

See notes to required supplementary information.

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility Postemployment Healthcare Plan - Retiree Health Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,		
	2023	2022	2021
Total OPEB liability			
Service cost	\$ -	\$ -	\$ 15,516
Interest on total OPEB liability	23,304	19,602	21,883
Differences between expected and actual experience	(125,205)	1,203	86,820
Changes in assumptions	(10,824)	(105,933)	(13,825)
Benefit payments	(16,151)	(21,937)	(20,326)
Net change in total OPEB liability	<u>(128,876)</u>	<u>(107,065)</u>	<u>90,068</u>
Total OPEB liability, beginning of year	<u>492,553</u>	<u>599,618</u>	<u>509,550</u>
Total OPEB liability, end of year	<u>363,677</u>	<u>492,553</u>	<u>599,618</u>
Plan fiduciary net position			
Employer contributions	16,151	221,937	20,326
Net investment income	21,523	(26,089)	24,466
Benefit payments	(16,151)	(412)	(20,326)
Administrative expense	(736)	(21,937)	(432)
Net change in plan fiduciary net position	<u>20,787</u>	<u>173,499</u>	<u>24,034</u>
Plan fiduciary net position, beginning of year	<u>424,218</u>	<u>250,719</u>	<u>226,685</u>
Plan fiduciary net position, end of year	<u>445,005</u>	<u>424,218</u>	<u>250,719</u>
Facility's net OPEB liability (asset)	<u>\$ (81,328)</u>	<u>\$ 68,335</u>	<u>\$ 348,899</u>
Plan fiduciary net position as a percentage of total OPEB liability	122.4%	86.1%	41.8%
Covered payroll	\$ -	\$ -	\$ 23,604
Net OPEB liability as a percentage of covered payroll	0.00%	0.00%	1478.14%

See notes to required supplementary information.



Year Ended December 31,		
2020	2019	2018
\$ 15,065	\$ 11,873	\$ 9,047
20,776	19,095	14,823
63,035	60,422	-
-	-	-
(23,935)	(22,031)	-
<u>74,941</u>	<u>69,359</u>	<u>23,870</u>
<u>434,609</u>	<u>365,250</u>	<u>341,380</u>
<u>509,550</u>	<u>434,609</u>	<u>365,250</u>
69,935	168,131	-
23,918	11,178	-
(23,935)	(22,031)	-
(320)	(191)	-
<u>69,598</u>	<u>157,087</u>	<u>-</u>
<u>157,087</u>	<u>-</u>	<u>-</u>
<u>226,685</u>	<u>157,087</u>	<u>-</u>
<u>\$ 282,865</u>	<u>\$ 277,522</u>	<u>\$ 365,250</u>

44.5%	36.1%	0.0%
\$ 173,596	\$ 120,230	\$ 115,690
162.94%	230.83%	315.71%

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 Excess (Deficiency)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2018	\$ 45,572	\$ -	\$ 45,572	\$ 115,690	0.00%
2019	81,254	168,131	(86,877)	120,230	139.84%
2020	109,353	69,935	39,418	173,596	40.29%
2021	115,659	20,326	95,333	23,604	86.11%
2022	183,210	20,326	162,884	-	n/a
2023	71,622	16,151	55,471	-	n/a

See notes to required supplementary information.

LENAWEE COUNTY, MICHIGAN

Required Supplementary Information

Medical Care Facility Postemployment Healthcare Plan - Retiree Health
Schedule of Investment Returns

Fiscal Year Ending December 31,	Annual Return (1)
2018	0.00%
2019	13.51%
2020	13.46%
2021	10.60%
2022	-10.42%
2023	4.90%

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

See notes to required supplementary information.

LENAWEE COUNTY, MICHIGAN

Notes to Required Supplementary Information

Pension Information

Retirement Income Plan

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

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.

Assumption changes for 2019 include a change in the mortality tables.

Assumption changes for 2020 include a change in the mortality tables.

Assumption changes for 2022 were primarily due to a change in the discount rate from 7.0% to 6.75% and an update to the scale for mortality tables to MP-2021.

Assumption changes for 2023 include a change in the salary increases from 3.0% to 3.25%.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which contributions are reported. For fiscal year 2021, the County moved to a "one year forward approach" in coordination with the County's actuary and will use the January 1, 2021 valuation for contributions in both fiscal year 2021 and fiscal year 2022.

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	2.75%
Salary increases	3.0%
Investment rate of return	7.00%, net of investment and administrative expenses
Retirement age	Plan Normal Retirement Age
Mortality	PubG-2010 Mortality Table (General) with Scale MP-2020

LENAWEE COUNTY, MICHIGAN

Notes to Required Supplementary Information

Medical Care Facility - Salaried

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

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.

Assumption changes for 2015 include a change in the mortality tables.

Assumption changes for 2016 include 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 change in the mortality tables.

Assumption changes for 2019 include a change in the mortality tables.

Assumption changes for 2020 include a decrease in salary scale and a change in mortality tables.

Assumption changes for 2022 include a change in the mortality tables.

Assumption changes for 2023 include a change in the salary increases from 3.0% to 3.25%.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of January 1, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	15 years
Asset valuation method	5 year smoothing period
Inflation	2.75%
Salary increases	3.25%, including inflation
Investment rate of return	6.5%, net of investment and administrative expenses
Retirement age	65 and 8 years of service
Mortality	Pub-2010 Mortality Table (General) with Scale MP-2021

LENAWEE COUNTY, MICHIGAN

Notes to Required Supplementary Information

Medical Care Facility - Union

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

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.

Assumption changes for 2016 include 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 change in the mortality tables.

Assumption changes for 2019 include a change in the mortality tables.

Assumption changes for 2020 include a decrease in salary scale and a change in mortality tables.

Assumption changes for 2022 include a change in the mortality tables.

Assumption changes for 2023 include a change in the salary increases from 3.0% to 3.25%.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of January 1, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, open
Remaining amortization period	15 years
Asset valuation method	5 year smoothing period
Inflation	2.75%
Salary increases	3.25%, including inflation
Investment rate of return	6.5%, net of investment and administrative expenses
Retirement age	65 and 8 years of service
Mortality	Pub-2010 Mortality Table (General) with Scale MP-2021

LENAWEE COUNTY, MICHIGAN

Notes to Required Supplementary Information

OPEB Information

Medical Care Facility Postemployment Healthcare Plan - Retiree Health

Notes to the Schedule of Changes in Net OPEB Liability and Related Ratios

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

Assumption changes for 2021 include a decrease to the discount rate used.

Assumption changes for 2022 include a decrease to the discount rate used.

Notes to Schedule of Contributions

Valuation Date

December 31, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	1 year
Asset valuation method	Market value
Salary increases	N/A - applicants are retired
Investment rate of return	5.12%
Health care trend rates	4.5% for pre-65 and to 4.5% for post-65

This page intentionally left blank.

**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, 2023

(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Revenues					
Taxes:					
Current real property taxes	\$ 22,208,233	\$ 22,208,233	\$ 22,408,167	\$ 199,934	\$ 21,070,003
Trailer tax	11,224	11,224	12,130	906	11,705
Administration fees	190,500	190,500	233,804	43,304	210,742
Total taxes	<u>22,409,957</u>	<u>22,409,957</u>	<u>22,654,101</u>	<u>244,144</u>	<u>21,292,450</u>
Licenses and permits:					
Dog licenses	90,000	75,000	77,280	2,280	82,805
Clerk	43,800	43,800	49,555	5,755	56,185
Total licenses and permits	<u>133,800</u>	<u>118,800</u>	<u>126,835</u>	<u>8,035</u>	<u>138,990</u>
Fines and forfeits:					
Local ordinances	250,000	220,000	217,166	(2,834)	253,278
Clerk & district court	400	400	342	(58)	386
Total fines and forfeits	<u>250,400</u>	<u>220,400</u>	<u>217,508</u>	<u>(2,892)</u>	<u>253,664</u>
Investment earnings	<u>218,209</u>	<u>320,891</u>	<u>1,668,885</u>	<u>1,347,994</u>	<u>(286,123)</u>
Rental revenue	<u>29,735</u>	<u>29,735</u>	<u>29,521</u>	<u>(214)</u>	<u>29,521</u>
Intergovernmental:					
State revenue sharing	2,300,124	2,300,124	2,335,932	35,808	2,208,865
Probate judge salary	160,000	160,000	161,465	1,465	150,903
Probate court - other	203,200	173,200	197,428	24,228	86,087
Probate juvenile officer salary	62,000	62,000	40,046	(21,954)	71,406
District court	254,448	254,448	294,543	40,095	223,473
Public defender	-	-	98,898	98,898	-
Friend of the court:					
Title IV-D CRP - federal	800,000	800,000	900,890	100,890	870,011
Incentive payments - federal	135,000	135,000	141,218	6,218	132,577
Other	80,000	80,000	87,379	7,379	82,116
Circuit Court Fund	62,000	62,000	74,077	12,077	80,905
Prosecuting Attorney:					
Title IV-D CRP - federal	125,000	125,000	174,509	49,509	153,073
Victims' rights	145,068	145,068	143,385	(1,683)	138,705
Other	100,400	100,400	113,335	12,935	116,788
Judicial salary standard pay	91,448	91,448	114,310	22,862	68,586
Convention facilities liquor	306,127	406,127	460,296	54,169	368,617
Court costs for children	2,500	2,500	3,299	799	4,816
Emergency management - federal	24,200	24,200	29,570	5,370	37,911
OMNI grants	16,000	16,000	-	(16,000)	2,625
Local stabilization	1,350,000	2,000,000	2,325,968	325,968	2,041,692
ARPA - Federal	9,561,477	9,561,477	768,201	(8,793,276)	1,285,679
Board & care of prisoners	6,000	48,000	42,600	(5,400)	667
Veteran Affairs	-	-	569	569	-
Total intergovernmental	<u>15,784,992</u>	<u>16,546,992</u>	<u>8,507,918</u>	<u>(8,039,074)</u>	<u>8,125,502</u>

LENAWEE COUNTY, MICHIGAN

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2023

(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Revenues					
Charges for services:					
Circuit Court	\$ 500	\$ 500	\$ 2,420	\$ 1,920	\$ 885
District Court	740,000	740,000	739,387	(613)	727,941
Civil Fees	-	-	5	5	25
Friend of the Court - service charges	86,000	86,000	73,608	(12,392)	71,765
Probate Court	47,195	47,195	56,068	8,873	68,303
Treasurer	64,620	64,620	59,265	(5,355)	62,672
County Clerk	249,350	249,350	260,253	10,903	249,524
Register of Deeds	975,825	850,825	856,049	5,224	1,120,406
Equalization - GIS	120,000	120,000	145,690	25,690	144,023
Sheriff - serving papers	3,500	3,500	4,883	1,383	4,865
Sheriff other	10,550	10,550	8,905	(1,645)	10,975
Medical Examiner	96,350	96,350	123,141	26,791	111,050
Total charges for services	2,393,890	2,268,890	2,329,674	60,784	2,572,434
Other:					
County Clerk refunds and rebates	5,000	5,000	267	(4,733)	687
Other refunds and rebates	935,074	835,074	995,203	160,129	889,386
Telephone, postage and other refunds	595,562	877,456	1,069,977	192,521	964,372
Total other	1,535,636	1,717,530	2,065,447	347,917	1,854,445
Total revenues	42,756,619	43,633,195	37,599,889	(6,033,306)	33,980,883
Other financing sources					
Proceeds from sale of capital assets	-	-	-	-	2,000
Issuance of bonds, notes and other long-term liabilities	-	-	67,112	67,112	-
Transfers in	523,729	45,000	78,720	33,720	9,000,000
Total other financing sources	523,729	45,000	145,832	100,832	9,002,000
Total revenue and other financing sources	43,280,348	43,678,195	37,745,721	(5,932,474)	42,982,883
Expenditures					
Legislative -					
Board of Commissioners	248,722	248,722	238,969	(9,753)	227,631
General government:					
Clerk	676,091	676,091	664,595	(11,496)	639,599
Elections	130,910	151,486	151,301	(185)	164,923
Jury Board	1,900	2,900	2,563	(337)	2,366
Treasurer	567,606	597,606	582,581	(15,025)	510,769
Register of Deeds	309,070	329,070	316,000	(13,070)	281,162
Prosecuting Attorney	2,330,227	2,427,727	2,319,757	(107,970)	2,079,896
Prosecuting Attorney - Cooperative Reimbursement	226,251	267,251	256,417	(10,834)	221,545

LENAWEE COUNTY, MICHIGAN

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2023

(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Expenditures					
General government (concluded):					
Public defender	\$ 365,226	\$ 425,226	\$ 425,203	\$ (23)	\$ 371,886
Surveyor	2,880	2,880	2,880	-	2,880
Plat Board	307	307	-	(307)	-
Equalization	450,619	400,619	331,356	(69,263)	330,474
Equalization - GIS	307,703	267,703	203,814	(63,889)	222,689
Administrator	1,983,501	2,289,612	2,125,148	(164,464)	1,450,324
Building and grounds	958,815	913,815	840,690	(73,125)	837,965
Building and grounds - county farm	4,500	5,500	4,597	(903)	4,371
Utilities	585,592	615,592	598,200	(17,392)	596,531
Printing / purchasing	465,866	465,866	467,417	1,551	450,772
Information technology	1,298,183	1,298,183	1,225,912	(72,271)	1,235,318
MSU Extension	253,746	256,746	253,696	(3,050)	250,555
Soil Conservation	41,500	41,500	40,500	(1,000)	41,266
ARPA projects	9,561,477	9,561,477	768,202	(8,793,275)	1,285,679
Total general government	20,521,970	20,997,157	11,580,829	(9,416,328)	10,980,970
Judicial:					
Circuit Court	794,824	822,324	805,305	(17,019)	718,547
District Court	1,739,730	1,724,730	1,645,499	(79,231)	1,620,768
Friend of the Court	1,570,901	1,530,901	1,458,723	(72,178)	1,360,249
Probate Court	725,382	725,382	703,117	(22,265)	651,629
Probate Court Juvenile	720,773	660,773	569,945	(90,828)	443,498
Circuit Court Probation	3,500	3,500	3,549	49	2,013
Total judicial	5,555,110	5,467,610	5,186,138	(281,472)	4,796,704
Public safety:					
Sheriff department	4,337,741	4,944,741	4,916,788	(27,953)	4,492,029
Sheriff security - jail	5,192,891	4,942,891	4,958,044	15,153	4,823,864
Animal control	131,613	126,613	113,966	(12,647)	104,840
Sheriff coalition compliance	5,112	-	-	-	-
Emergency management	162,931	187,931	180,320	(7,611)	105,035
Court bailiffs	366,362	397,362	393,694	(3,668)	355,556
Total public safety	10,196,650	10,599,538	10,562,812	(36,726)	9,881,324
Public works:					
Drain at Large	150,000	150,000	144,589	(5,411)	143,048
Transportation	55,000	70,000	70,000	-	55,000
Total public works	205,000	220,000	214,589	(5,411)	198,048
Health and welfare:					
Substance abuse	145,000	190,000	181,183	(8,817)	153,892
Medical examiner	633,805	603,805	597,608	(6,197)	631,381
Veterans affairs	468,534	468,534	457,050	(11,484)	445,551
Area Agency on Aging	6,300	6,300	6,300	-	6,300
Human services	22,000	22,000	12,097	(9,903)	6,469
Planning Commission	29,407	24,958	25,018	60	103,907
Total health and welfare	1,305,046	1,315,597	1,279,256	(36,341)	1,347,500

LENAWEE COUNTY, MICHIGAN

Detail Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2023

(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022	
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Actual
Expenditures					
Other:					
Human services rental contribution	\$ 34,409	\$ 34,409	\$ 33,103	\$ (1,306)	\$ 33,103
Insurance and miscellaneous bonds	467,000	467,000	443,890	(23,110)	433,999
Unallocated fringe benefits	695,181	-	-	-	-
Total other	<u>1,196,590</u>	<u>501,409</u>	<u>476,993</u>	<u>(24,416)</u>	<u>467,102</u>
Debt service:					
Principal	-	-	35,107	35,107	-
Interest and fiscal charges	-	-	1,400	1,400	-
Total debt service	<u>-</u>	<u>-</u>	<u>36,507</u>	<u>36,507</u>	<u>-</u>
Total expenditures	<u>39,229,088</u>	<u>39,350,033</u>	<u>29,576,093</u>	<u>(9,773,940)</u>	<u>27,899,279</u>
Other financing uses - transfers out					
Special revenue funds:					
Parks	30,000	30,000	30,000	-	30,000
County Health	300,000	300,000	300,000	-	300,000
Drain Commission	270,000	270,000	270,000	-	270,000
Indigent Defense	212,714	212,714	212,714	-	212,241
Law Library	23,400	23,400	23,400	-	23,400
Child Care - Maurice Spear Campus	1,822,548	1,822,548	1,822,548	-	1,721,548
Child Care - DHS	250,000	250,000	250,000	-	250,000
Others	99,598	136,500	136,237	(263)	957,660
Total special revenue funds	<u>3,008,260</u>	<u>3,045,162</u>	<u>3,044,899</u>	<u>(263)</u>	<u>3,764,849</u>
Capital project funds -					
Building and Site	1,000,000	1,000,000	1,000,000	-	10,000,000
Debt service funds -					
General debt service	-	240,000	240,000	-	-
Enterprise funds -					
Airport	43,000	43,000	43,000	-	43,000
Total other financing uses - transfers out	<u>4,051,260</u>	<u>4,328,162</u>	<u>4,327,899</u>	<u>(263)</u>	<u>13,807,849</u>
Total expenditures and other financing uses	<u>43,280,348</u>	<u>43,678,195</u>	<u>33,903,992</u>	<u>(9,774,203)</u>	<u>41,707,128</u>
Change in fund balance	-	-	3,841,729	3,841,729	1,275,755
Fund balance, beginning of year	14,056,704	14,056,704	14,056,704	-	12,780,949
Fund balance, end of year	<u>\$ 14,056,704</u>	<u>\$ 14,056,704</u>	<u>\$ 17,898,433</u>	<u>\$ 3,841,729</u>	<u>\$ 14,056,704</u>

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2023

	Special Revenue	301 General Debt Service	Total Nonmajor Governmental Funds
Assets			
Cash and equivalents	\$ 16,926,857	\$ 191,268	\$ 17,118,125
Taxes receivable	392,728	-	392,728
Accounts receivable, net	1,080,419	-	1,080,419
Due from other governments	1,001,511	-	1,001,511
Prepays	23,568	-	23,568
Total assets	<u>\$ 19,425,083</u>	<u>\$ 191,268</u>	<u>\$ 19,616,351</u>
Liabilities			
Accounts and contracts payable	\$ 857,242	\$ -	\$ 857,242
Accrued wages and benefits	458,032	-	458,032
Interfund payable	27,057	-	27,057
Unearned revenue	164,751	-	164,751
Other liabilities	18,700	-	18,700
Total liabilities	<u>1,525,782</u>	<u>-</u>	<u>1,525,782</u>
Deferred inflows of resources			
Unavailable revenue - opioid settlement	-	-	-
Unavailable revenue - other	250,734	-	250,734
Taxes levied for a subsequent period	415,789	-	415,789
Total deferred inflows of resources	<u>666,523</u>	<u>-</u>	<u>666,523</u>
Fund balance			
Nonspendable	23,568	-	23,568
Restricted	11,979,735	191,268	12,171,003
Committed	5,229,475	-	5,229,475
Total fund balances	<u>17,232,778</u>	<u>191,268</u>	<u>17,424,046</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,425,083</u>	<u>\$ 191,268</u>	<u>\$ 19,616,351</u>

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2023

	Special Revenue	301 General Debt Service	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 3,446,200	\$ -	\$ 3,446,200
Licenses and permits	3,032,289	-	3,032,289
Investment earnings	96,788	-	96,788
Intergovernmental	11,190,407	-	11,190,407
Charges for services	1,039,075	-	1,039,075
Other	996,687	-	996,687
Total revenues	<u>19,801,446</u>	<u>-</u>	<u>19,801,446</u>
Expenditures			
Current:			
General government	2,004,926	-	2,004,926
Judicial	1,101,839	-	1,101,839
Public safety	2,858,544	-	2,858,544
Health and welfare	12,555,991	-	12,555,991
Community enrichment and development	2,322,493	-	2,322,493
Debt service:			
Principal	657,833	995,000	1,652,833
Interest and fiscal charges	117,446	496,806	614,252
Total expenditures	<u>21,619,072</u>	<u>1,491,806</u>	<u>23,110,878</u>
Revenues under expenditures	<u>(1,817,626)</u>	<u>(1,491,806)</u>	<u>(3,309,432)</u>
Other financing sources (uses)			
Transfers in:			
County appropriation	2,986,662	1,492,341	4,479,003
Other	145,507	-	145,507
Transfers out	(214,394)	-	(214,394)
Total other financing sources (uses)	<u>2,917,775</u>	<u>1,492,341</u>	<u>4,410,116</u>
Net change in fund balances	1,100,149	535	1,100,684
Fund balances, beginning of year	<u>16,132,629</u>	<u>190,733</u>	<u>16,323,362</u>
Fund balances, end of year	<u>\$ 17,232,778</u>	<u>\$ 191,268</u>	<u>\$ 17,424,046</u>

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2023

	208 Parks	211 Agriculture Committee	214 Sobriety Court	215 Friend of Court Duties
Assets				
Cash and investments	\$ 127,629	\$ 12,135	\$ 114,058	\$ 448,139
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	29,243	-
Prepays	-	-	-	-
Total assets	<u>\$ 127,629</u>	<u>\$ 12,135</u>	<u>\$ 143,301</u>	<u>\$ 448,139</u>
Liabilities				
Accounts and contracts payable	\$ 661	\$ -	\$ 3,309	\$ 1,153
Accrued wages and benefits	76	-	2,927	-
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>737</u>	<u>-</u>	<u>6,236</u>	<u>1,153</u>
Deferred inflows of resources				
Unavailable revenue - opioid settlement	-	-	-	-
Unavailable revenue - other	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	137,065	-
Committed	126,892	12,135	-	446,986
Total fund balances	<u>126,892</u>	<u>12,135</u>	<u>137,065</u>	<u>446,986</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 127,629</u>	<u>\$ 12,135</u>	<u>\$ 143,301</u>	<u>\$ 448,139</u>

216 Caseload Assistance	217 Enhanced Treatment Court	218 Drug Treatment Court	221 County Health	223 Lenawee Transportation	230 Drug Testing Facility
\$ 50,787	\$ 4,496	\$ 8,756	\$ 2,301,437	\$ 36,998	\$ 87,025
-	-	-	-	-	-
-	-	-	79,116	2	-
-	12,539	49,508	-	-	-
-	-	-	-	-	-
<u>\$ 50,787</u>	<u>\$ 17,035</u>	<u>\$ 58,264</u>	<u>\$ 2,380,553</u>	<u>\$ 37,000</u>	<u>\$ 87,025</u>
\$ -	\$ 1,276	\$ 3,788	\$ 509,356	\$ -	\$ 2,408
-	1,904	2,712	46,370	-	1,848
-	-	-	-	-	-
-	-	-	91,483	-	-
-	-	-	-	-	-
-	3,180	6,500	647,209	-	4,256
-	-	-	-	-	-
-	-	-	10,025	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10,025	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50,787	13,855	51,764	1,723,319	37,000	82,769
50,787	13,855	51,764	1,723,319	37,000	82,769
<u>\$ 50,787</u>	<u>\$ 17,035</u>	<u>\$ 58,264</u>	<u>\$ 2,380,553</u>	<u>\$ 37,000</u>	<u>\$ 87,025</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2023

	232 Solid Waste	234 Lenawee Local Emergency	236 Criminal Justice Community Allocation	246 Kiwanis Trail
Assets				
Cash and investments	\$ 26,939	\$ 7,899	\$ 61,932	\$ -
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 26,939	\$ 7,899	\$ 61,932	\$ -
Liabilities				
Accounts and contracts payable	\$ 8,060	\$ -	\$ 1,081	\$ -
Accrued wages and benefits	1,226	-	-	-
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	9,286	-	1,081	-
Deferred inflows of resources				
Unavailable revenue - opioid settlement	-	-	-	-
Unavailable revenue - other	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	60,851	-
Committed	17,653	7,899	-	-
Total fund balances	17,653	7,899	60,851	-
Total liabilities, deferred inflows of resources and fund balances	\$ 26,939	\$ 7,899	\$ 61,932	\$ -

251 Drain	253 Indigent Defense	254 Survey & Remonu- mentation	256 Register of Deeds Automation	257 Concealed Pistol Licensing	258 County Disaster	260 Mobile Data Terminal
\$ 374,725	\$ 569,549	\$ -	\$ 529,520	\$ 7,126	\$ 94,086	\$ 95,081
-	-	-	-	-	-	-
37,332	-	-	-	-	-	5,495
-	-	37,692	-	-	24,610	-
-	-	-	-	-	-	-
<u>\$ 412,057</u>	<u>\$ 569,549</u>	<u>\$ 37,692</u>	<u>\$ 529,520</u>	<u>\$ 7,126</u>	<u>\$ 118,696</u>	<u>\$ 100,576</u>
\$ 549	\$ 16,090	\$ 7,808	\$ -	\$ -	\$ -	\$ -
67,412	52,294	-	-	-	-	-
-	-	27,057	-	-	-	-
-	73,258	-	-	-	-	-
18,700	-	-	-	-	-	-
<u>86,661</u>	<u>141,642</u>	<u>34,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
325,396	427,907	2,827	529,520	7,126	-	-
-	-	-	-	-	118,696	100,576
<u>325,396</u>	<u>427,907</u>	<u>2,827</u>	<u>529,520</u>	<u>7,126</u>	<u>118,696</u>	<u>100,576</u>
<u>\$ 412,057</u>	<u>\$ 569,549</u>	<u>\$ 37,692</u>	<u>\$ 529,520</u>	<u>\$ 7,126</u>	<u>\$ 118,696</u>	<u>\$ 100,576</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2023

	261 Central Dispatcher	262 Hard Labor	263 Marine Law	264 Local Corrections Officer Training
Assets				
Cash and investments	\$ 3,478,953	\$ 54,728	\$ 396	\$ 82,994
Taxes receivable	-	-	-	-
Accounts receivable, net	717,645	120	-	-
Due from other governments	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 4,196,598	\$ 54,848	\$ 396	\$ 82,994
Liabilities				
Accounts and contracts payable	\$ 154,731	\$ -	\$ -	\$ 1,020
Accrued wages and benefits	67,989	-	-	155
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	222,720	-	-	1,175
Deferred inflows of resources				
Unavailable revenue - opioid settlement	-	-	-	-
Unavailable revenue - other	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	3,973,878	54,848	396	81,819
Committed	-	-	-	-
Total fund balances	3,973,878	54,848	396	81,819
Total liabilities, deferred inflows of resources and fund balances	\$ 4,196,598	\$ 54,848	\$ 396	\$ 82,994



265 Drug Law Enforcement	266 Law Enforcement	269 Law Library	273 Community Oriented Police Services	274 Homeland Security	280 Secondary Road Patrol
\$ 154,366	\$ 3,284	\$ 6,453	\$ 38,512	\$ 4,608	\$ 10,301
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	16,269	27,485
-	-	-	-	-	-
<u>\$ 154,366</u>	<u>\$ 3,284</u>	<u>\$ 6,453</u>	<u>\$ 38,512</u>	<u>\$ 20,877</u>	<u>\$ 37,786</u>
\$ -	\$ 200	\$ -	\$ -	\$ -	\$ 635
-	-	-	-	-	3,591
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	200	-	-	-	4,226
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
154,366	3,084	6,453	38,512	20,877	33,560
-	-	-	-	-	-
<u>154,366</u>	<u>3,084</u>	<u>6,453</u>	<u>38,512</u>	<u>20,877</u>	<u>33,560</u>
<u>\$ 154,366</u>	<u>\$ 3,284</u>	<u>\$ 6,453</u>	<u>\$ 38,512</u>	<u>\$ 20,877</u>	<u>\$ 37,786</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2023

	286 Veteran Services	287 Housing Rehabilitation	292 Child Care - Maurice Spear Campus	293 Veterans Relief
Assets				
Cash and investments	\$ 53,865	\$ 41,818	\$ 1,035,853	\$ 414,223
Taxes receivable	-	-	-	392,728
Accounts receivable, net	-	-	240,709	-
Due from other governments	-	-	597,421	-
Prepays	-	-	-	-
Total assets	\$ 53,865	\$ 41,818	\$ 1,873,983	\$ 806,951
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ 39,575	\$ -
Accrued wages and benefits	1,080	-	145,197	2,242
Interfund payable	-	-	-	-
Unearned revenue	-	-	10	-
Other liabilities	-	-	-	-
Total liabilities	1,080	-	184,782	2,242
Deferred inflows of resources				
Unavailable revenue - opioid settlement	-	-	-	-
Unavailable revenue - other	-	-	240,709	-
Taxes levied for a subsequent period	-	-	-	415,789
Total deferred inflows of resources	-	-	240,709	415,789
Fund balances				
Nonspendable	-	-	-	-
Restricted	52,785	41,818	-	388,920
Committed	-	-	1,448,492	-
Total fund balances	52,785	41,818	1,448,492	388,920
Total liabilities, deferred inflows of resources and fund balances	\$ 53,865	\$ 41,818	\$ 1,873,983	\$ 806,951

296 Department on Aging	297 DHS Child Care	298 Lilley	299 Special Projects	Total
\$ 5,578,272	\$ 973,419	\$ 27,466	\$ 9,029	\$ 16,926,857
-	-	-	-	392,728
-	-	-	-	1,080,419
197,379	9,365	-	-	1,001,511
23,568	-	-	-	23,568
<u>\$ 5,799,219</u>	<u>\$ 982,784</u>	<u>\$ 27,466</u>	<u>\$ 9,029</u>	<u>\$ 19,425,083</u>
\$ 104,381	\$ 1,161	\$ -	\$ -	\$ 857,242
61,009	-	-	-	458,032
-	-	-	-	27,057
-	-	-	-	164,751
-	-	-	-	18,700
<u>165,390</u>	<u>1,161</u>	<u>-</u>	<u>-</u>	<u>1,525,782</u>
-	-	-	-	-
-	-	-	-	250,734
-	-	-	-	415,789
-	-	-	-	666,523
23,568	-	-	-	23,568
5,610,261	-	27,466	-	11,979,735
-	981,623	-	9,029	5,229,475
<u>5,633,829</u>	<u>981,623</u>	<u>27,466</u>	<u>9,029</u>	<u>17,232,778</u>
<u>\$ 5,799,219</u>	<u>\$ 982,784</u>	<u>\$ 27,466</u>	<u>\$ 9,029</u>	<u>\$ 19,425,083</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, 2023

	208 Parks	211 Agriculture Committee	214 Sobriety Court	215 Friend of Court Duties
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	-	-	139,492	-
Charges for services	-	-	-	-
Other	29,000	-	18,459	69,262
Total revenues	<u>29,000</u>	<u>-</u>	<u>157,951</u>	<u>69,262</u>
Expenditures				
General government	-	-	-	-
Judicial	-	-	144,585	9,873
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community enrichment and development	33,901	5	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>33,901</u>	<u>5</u>	<u>144,585</u>	<u>9,873</u>
Revenues over (under) expenditures	<u>(4,901)</u>	<u>(5)</u>	<u>13,366</u>	<u>59,389</u>
Other financing sources (uses)				
Transfers in:				
County appropriation	30,000	-	-	-
Other	-	-	-	-
Transfers out	(2,000)	-	-	(78,720)
Total other financing sources (uses)	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>(78,720)</u>
Net change in fund balances	23,099	(5)	13,366	(19,331)
Fund balance, beginning of year	<u>103,793</u>	<u>12,140</u>	<u>123,699</u>	<u>466,317</u>
Fund balance, end of year	<u>\$ 126,892</u>	<u>\$ 12,135</u>	<u>\$ 137,065</u>	<u>\$ 446,986</u>

216 Caseload Assistance	217 Enhanced Treatment Court	218 Drug Treatment Court	221 County Health	223 Lenawee Transportation	230 Drug Testing Facility
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
10,778	58,644	222,391	1,907,332	-	-
-	-	-	693,453	-	-
-	400	297	31,853	-	117,800
<u>10,778</u>	<u>59,044</u>	<u>222,688</u>	<u>2,632,638</u>	<u>-</u>	<u>117,800</u>
-	-	-	-	-	-
2,964	59,780	209,885	-	-	84,044
-	-	-	-	-	-
-	-	-	3,534,617	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,964</u>	<u>59,780</u>	<u>209,885</u>	<u>3,534,617</u>	<u>-</u>	<u>84,044</u>
<u>7,814</u>	<u>(736)</u>	<u>12,803</u>	<u>(901,979)</u>	<u>-</u>	<u>33,756</u>
-	-	-	300,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
7,814	(736)	12,803	(601,979)	-	33,756
<u>42,973</u>	<u>14,591</u>	<u>38,961</u>	<u>2,325,298</u>	<u>37,000</u>	<u>49,013</u>
<u>\$ 50,787</u>	<u>\$ 13,855</u>	<u>\$ 51,764</u>	<u>\$ 1,723,319</u>	<u>\$ 37,000</u>	<u>\$ 82,769</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, 2023

	232 Solid Waste	234 Lenawee Local Emergency	236 Criminal Justice Community Allocation	246 Kiwanis Trail
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	3,214	-	8,061	876
Charges for services	1,000	-	1,003	-
Other	3,419	7,334	66,757	61,577
Total revenues	<u>7,633</u>	<u>7,334</u>	<u>75,821</u>	<u>62,453</u>
Expenditures				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	90	44,666	-
Health and welfare	-	-	-	-
Community enrichment and development	96,041	-	-	5,402
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>96,041</u>	<u>90</u>	<u>44,666</u>	<u>5,402</u>
Revenues over (under) expenditures	<u>(88,408)</u>	<u>7,244</u>	<u>31,155</u>	<u>57,051</u>
Other financing sources (uses)				
Transfers in:				
County appropriation	60,000	-	-	-
Other	40,000	-	-	-
Transfers out	-	-	-	(57,051)
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(57,051)</u>
Net change in fund balances	11,592	7,244	31,155	-
Fund balance, beginning of year	6,061	655	29,696	-
Fund balance, end of year	<u>\$ 17,653</u>	<u>\$ 7,899</u>	<u>\$ 60,851</u>	<u>\$ -</u>

251 Drain	253 Indigent Defense	254 Survey & Remonu- mentation	256 Register of Deeds Automation	257 Concealed Pistol Licensing	258 County Disaster	260 Mobile Data Terminal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	59,010	-	-
-	-	-	4,548	21	-	-
1,776,266	1,665,294	69,244	70,280	-	82,453	-
71,114	-	-	-	-	-	69,308
18,702	-	-	-	193	-	-
<u>1,866,082</u>	<u>1,665,294</u>	<u>69,244</u>	<u>74,828</u>	<u>59,224</u>	<u>82,453</u>	<u>69,308</u>
-	1,881,792	-	36,883	86,251	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	20,107
-	-	-	-	-	-	-
2,106,455	-	70,766	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,106,455</u>	<u>1,881,792</u>	<u>70,766</u>	<u>36,883</u>	<u>86,251</u>	<u>-</u>	<u>20,107</u>
<u>(240,373)</u>	<u>(216,498)</u>	<u>(1,522)</u>	<u>37,945</u>	<u>(27,027)</u>	<u>82,453</u>	<u>49,201</u>
270,000	212,714	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(76,623)	-
<u>270,000</u>	<u>212,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,623)</u>	<u>-</u>
29,627	(3,784)	(1,522)	37,945	(27,027)	5,830	49,201
<u>295,769</u>	<u>431,691</u>	<u>4,349</u>	<u>491,575</u>	<u>34,153</u>	<u>112,866</u>	<u>51,375</u>
<u>\$ 325,396</u>	<u>\$ 427,907</u>	<u>\$ 2,827</u>	<u>\$ 529,520</u>	<u>\$ 7,126</u>	<u>\$ 118,696</u>	<u>\$ 100,576</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, 2023

	261 Central Dispatcher	262 Hard Labor	263 Marine Law	264 Local Corrections Officer Training
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	2,973,279	-	-	-
Investment earnings	90,027	-	-	-
Intergovernmental	281,081	-	16,925	-
Charges for services	-	2,610	-	14,722
Other	23,704	105	392	90
Total revenues	<u>3,368,091</u>	<u>2,715</u>	<u>17,317</u>	<u>14,812</u>
Expenditures				
General government	-	-	-	-
Judicial	-	3,711	-	-
Public safety	2,482,338	-	16,922	50,444
Health and welfare	-	-	-	-
Community enrichment and development	-	-	-	-
Debt service:				
Principal	657,833	-	-	-
Interest and fiscal charges	117,446	-	-	-
Total expenditures	<u>3,257,617</u>	<u>3,711</u>	<u>16,922</u>	<u>50,444</u>
Revenues over (under) expenditures	<u>110,474</u>	<u>(996)</u>	<u>395</u>	<u>(35,632)</u>
Other financing sources (uses)				
Transfers in:				
County appropriation	-	-	-	-
Other	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	110,474	(996)	395	(35,632)
Fund balance, beginning of year	<u>3,863,404</u>	<u>55,844</u>	<u>1</u>	<u>117,451</u>
Fund balance, end of year	<u>\$ 3,973,878</u>	<u>\$ 54,848</u>	<u>\$ 396</u>	<u>\$ 81,819</u>

265 Drug Law Enforcement	266 Law Enforcement	269 Law Library	273 Community Oriented Police Services	274 Homeland Security	280 Secondary Road Patrol
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
908	-	-	-	-	-
-	13,025	6,500	-	81,846	94,787
-	-	-	-	-	-
62,528	13,392	-	-	2,552	979
<u>63,436</u>	<u>26,417</u>	<u>6,500</u>	<u>-</u>	<u>84,398</u>	<u>95,766</u>
-	-	-	-	-	-
-	-	40,618	-	-	-
278	44,751	-	-	80,041	96,400
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>278</u>	<u>44,751</u>	<u>40,618</u>	<u>-</u>	<u>80,041</u>	<u>96,400</u>
<u>63,158</u>	<u>(18,334)</u>	<u>(34,118)</u>	<u>-</u>	<u>4,357</u>	<u>(634)</u>
-	-	23,400	-	-	-
-	18,237	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>18,237</u>	<u>23,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
63,158	(97)	(10,718)	-	4,357	(634)
<u>91,208</u>	<u>3,181</u>	<u>17,171</u>	<u>38,512</u>	<u>16,520</u>	<u>34,194</u>
<u>\$ 154,366</u>	<u>\$ 3,084</u>	<u>\$ 6,453</u>	<u>\$ 38,512</u>	<u>\$ 20,877</u>	<u>\$ 33,560</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, 2023

	286 Veteran Services	287 Housing Rehabilitation	292 Child Care - Maurice Spear Campus	293 Veterans Relief
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 372,056
Licenses and permits	-	-	-	-
Investment earnings	-	212	-	-
Intergovernmental	61,366	-	3,185,077	-
Charges for services	-	-	13,764	-
Other	-	41,150	46,262	191
Total revenues	<u>61,366</u>	<u>41,362</u>	<u>3,245,103</u>	<u>372,247</u>
Expenditures				
General government	-	-	-	-
Judicial	-	-	546,379	-
Public safety	-	-	-	-
Health and welfare	67,053	-	4,340,174	99,185
Community enrichment and development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>67,053</u>	<u>-</u>	<u>4,886,553</u>	<u>99,185</u>
Revenues over (under) expenditures	<u>(5,687)</u>	<u>41,362</u>	<u>(1,641,450)</u>	<u>273,062</u>
Other financing sources (uses)				
Transfers in:				
County appropriation	-	-	1,822,548	-
Other	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,822,548</u>	<u>-</u>
Net change in fund balances	(5,687)	41,362	181,098	273,062
Fund balance, beginning of year	<u>58,472</u>	<u>456</u>	<u>1,267,394</u>	<u>115,858</u>
Fund balance, end of year	<u>\$ 52,785</u>	<u>\$ 41,818</u>	<u>\$ 1,448,492</u>	<u>\$ 388,920</u>

296 Department on Aging	297 DHS Child Care	298 Lilley	299 Special Projects	Total
\$ 3,074,144	\$ -	\$ -	\$ -	\$ 3,446,200
-	-	-	-	3,032,289
-	-	1,072	-	96,788
1,435,475	-	-	-	11,190,407
172,101	-	-	-	1,039,075
339,842	36,532	-	3,915	996,687
<u>5,021,562</u>	<u>36,532</u>	<u>1,072</u>	<u>3,915</u>	<u>19,801,446</u>
-	-	-	-	2,004,926
-	-	-	-	1,101,839
-	-	-	22,507	2,858,544
4,390,213	124,749	-	-	12,555,991
-	-	9,923	-	2,322,493
-	-	-	-	657,833
-	-	-	-	117,446
<u>4,390,213</u>	<u>124,749</u>	<u>9,923</u>	<u>22,507</u>	<u>21,619,072</u>
<u>631,349</u>	<u>(88,217)</u>	<u>(8,851)</u>	<u>(18,592)</u>	<u>(1,817,626)</u>
-	250,000	-	18,000	2,986,662
87,270	-	-	-	145,507
-	-	-	-	(214,394)
<u>87,270</u>	<u>250,000</u>	<u>-</u>	<u>18,000</u>	<u>2,917,775</u>
718,619	161,783	(8,851)	(592)	1,100,149
<u>4,915,210</u>	<u>819,840</u>	<u>36,317</u>	<u>9,621</u>	<u>16,132,629</u>
<u>\$ 5,633,829</u>	<u>\$ 981,623</u>	<u>\$ 27,466</u>	<u>\$ 9,029</u>	<u>\$ 17,232,778</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2023

	595 Jail Commissary	503 Summer Tax Collection	547 Equalization Revolving	597 Business Loan Revolving	Total
Assets					
Current assets:					
Cash and investments	\$ 557,616	\$ 12,943	\$ 955,531	\$ -	\$ 1,526,090
Accounts receivable	-	-	43,390	-	43,390
Total assets	557,616	12,943	998,921	-	1,569,480
Deferred outflows of resources					
Deferred pension amounts	-	-	1,192	-	1,192
Liabilities					
Current liabilities:					
Accounts payable	12,414	-	208	-	12,622
Unearned revenue	-	-	43,390	-	43,390
Total current liabilities	12,414	-	43,598	-	56,012
Noncurrent liabilities -					
Net pension liability	-	-	3,956	-	3,956
Total liabilities	12,414	-	47,554	-	59,968
Deferred inflows of resources					
Deferred pension amounts	-	-	175	-	175
Net position - unrestricted	\$ 545,202	\$ 12,943	\$ 952,384	\$ -	\$ 1,510,529

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended December 31, 2023

	595 Jail Commissary	503 Summer Tax Collection	547 Equalization Revolving	597 Business Loan Revolving	Total
Operating revenues					
Charges for services	\$ 425,617	\$ -	\$ 165,319	\$ -	\$ 590,936
Other	-	-	36,154	-	36,154
Total operating revenues	<u>425,617</u>	<u>-</u>	<u>201,473</u>	<u>-</u>	<u>627,090</u>
Operating expenses					
Personnel services costs	-	-	8,974	-	8,974
Supplies and other operating expenses	200,374	-	70,249	259	270,882
Total operating expenses	<u>200,374</u>	<u>-</u>	<u>79,223</u>	<u>259</u>	<u>279,856</u>
Change in net position	225,243	-	122,250	(259)	347,234
Net position, beginning of year	<u>319,959</u>	<u>12,943</u>	<u>830,134</u>	<u>259</u>	<u>1,163,295</u>
Net position, end of year	<u>\$ 545,202</u>	<u>\$ 12,943</u>	<u>\$ 952,384</u>	<u>\$ -</u>	<u>\$ 1,510,529</u>

LENAWEE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2023

	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	\$ 425,617	\$ -	\$ 178,967	\$ -	\$ 604,584
Other operating receipts	-	-	36,154	-	36,154
Cash paid to employees	-	-	(28,878)	-	(28,878)
Cash paid to suppliers	(199,482)	-	(83,833)	(259)	(283,574)
Net cash provided by (used in) operating activities	226,135	-	102,410	(259)	328,286
Cash and investments, beginning of year	331,481	12,943	853,121	259	1,197,804
Cash and investments, end of year	\$ 557,616	\$ 12,943	\$ 955,531	\$ -	\$ 1,526,090
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 225,243	\$ -	\$ 122,250	\$ (259)	\$ 347,234
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Change in:					
Accounts receivable	-	-	13,648	-	13,648
Accounts payable	892	-	64	-	956
Accrued wages and benefits	-	-	(1,432)	-	(1,432)
Unearned revenue	-	-	(13,648)	-	(13,648)
Net pension liability	-	-	(34,481)	-	(34,481)
Deferred outflows related to the net pension liability	-	-	15,976	-	15,976
Deferred inflows related to the net pension liability	-	-	33	-	33
Net cash provided by (used in) operating activities	\$ 226,135	\$ -	\$ 102,410	\$ (259)	\$ 328,286

LENAWEE COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds
December 31, 2023

	701 General Custodial	702 Undistributed Tax	703 Summer Tax Collection	721 Library Penal	764 Inmates' Custodial	Total
Assets						
Cash and investments	\$ 465,524	\$ 520,656	\$ 73,859	\$ 79,189	\$ 51,576	\$ 1,190,804
Liabilities						
Undistributed fees, taxes and other collections	<u>465,524</u>	<u>520,656</u>	<u>73,859</u>	<u>79,189</u>	<u>-</u>	<u>1,139,228</u>
Net position						
Restricted for individuals, organizations, and other governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,576</u>	<u>\$ 51,576</u>

LENAWEE COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2023

	701 General Custodial	702 Undistributed Tax	703 Summer Tax Collection	721 Library Penal	764 Inmates' Custodial	Total
Additions						
Court collections	\$ 1,202,654	\$ -	\$ -	\$ -	\$ -	\$ 1,202,654
County clerk collections	254,618	-	-	-	-	254,618
Treasurer/register of deeds collections	3,298,103	-	-	-	-	3,298,103
Taxes collected for other governments	-	6,701,459	59,616,723	-	-	66,318,182
Inmate trust collections	-	-	-	-	418,739	418,739
Library collections	-	-	-	176,250	-	176,250
Other additions	13,429	-	-	-	-	13,429
Total additions	4,768,804	6,701,459	59,616,723	176,250	418,739	71,681,975
Deductions						
Court distributions	1,202,654	-	-	-	-	1,202,654
County clerk	254,618	-	-	-	-	254,618
Treasurer distributions/register of deeds distributions	3,298,103	-	-	-	-	3,298,103
Payments of property taxes to other governments	-	6,701,459	59,616,723	-	-	66,318,182
Inmate trust distributions	-	-	-	-	419,912	419,912
Library distributions	-	-	-	176,250	-	176,250
Other distributions	13,429	-	-	-	-	13,429
Total deductions	4,768,804	6,701,459	59,616,723	176,250	419,912	71,683,148
Change in net position	-	-	-	-	(1,173)	(1,173)
Net position, beginning of year	-	-	-	-	52,749	52,749
Net position, end of year	\$ -	\$ -	\$ -	\$ -	\$ 51,576	\$ 51,576

LENAWEE COUNTY, MICHIGAN

Statement of Net Position

Drain Commission Component Unit
For the Year Ended December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 2,588,129	\$ 1,998,618	\$ 4,586,747
Receivables	3,362,581	-	3,362,581
Due from other governments	9,272,654	-	9,272,654
Inventory	31,337	-	31,337
Capital assets not being depreciated	52,041	-	52,041
Capital assets being depreciated, net	8,764,608	-	8,764,608
Total assets	<u>24,071,350</u>	<u>1,998,618</u>	<u>26,069,968</u>
Liabilities			
Accounts payable and accrued liabilities	1,191,187	842,174	2,033,361
Interest payable	65,407	-	65,407
Advance from primary government	1,089,000	-	1,089,000
Long-term debt:			
Due within one year	1,457,735	-	1,457,735
Due in more than one year	9,975,629	-	9,975,629
Total liabilities	<u>13,778,958</u>	<u>842,174</u>	<u>14,621,132</u>
Net position			
Net investment in capital assets	5,823,774	-	5,823,774
Restricted for other municipalities	-	1,156,444	1,156,444
Unrestricted	4,468,618	-	4,468,618
Total net position	<u>\$ 10,292,392</u>	<u>\$ 1,156,444</u>	<u>\$ 11,448,836</u>

LENAWEE COUNTY, MICHIGAN

Statement of Activities

Drain Commission Component Unit
For the Year Ended December 31, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenues
		Charges for Services	Capital Grants and Contributions	
Governmental activities - Public works	\$ 6,568,230	\$ 8,440,489	\$ 1,731,467	\$ 3,603,726
Business-type activities - Municipal water and sewer projects	3,198,351	3,206,609	-	8,258
Total drain commission	<u>\$ 9,766,581</u>	<u>\$ 11,647,098</u>	<u>\$ 1,731,467</u>	<u>\$ 3,611,984</u>

continued...

LENAWEE COUNTY, MICHIGAN

Statement of Activities

Drain Commission Component Unit
For the Year Ended December 31, 2023

	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net (expense) revenues	\$ 3,603,726	\$ 8,258	\$ 3,611,984
General revenues -			
Unrestricted investment earnings	40,695	14,796	55,491
Change in net position	3,644,421	23,054	3,667,475
Net position, beginning of year	6,647,971	1,133,390	7,781,361
Net position, end of year	<u>\$ 10,292,392</u>	<u>\$ 1,156,444</u>	<u>\$ 11,448,836</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Combining Balance Sheet

Drain Commission Component Unit - Governmental Funds

December 31, 2023

	Capital Projects Funds		
	801 Drain Capital Projects	802 Drain Revolving	804 Drain Maintenance Revolving
Assets			
Cash and investments	\$ 1,682,408	\$ 108,779	\$ 90,674
Due from other funds	-	638,311	769,545
Due from other governments	-	-	-
Special assessments receivable	3,271,039	-	-
Accounts receivable	7,105	260	-
Notes receivable	-	-	-
Inventory	-	31,337	-
Total assets	<u>\$ 4,960,552</u>	<u>\$ 778,687</u>	<u>\$ 860,219</u>
Liabilities			
Accounts payable	\$ -	\$ 31,009	\$ -
Due to other funds	1,388,355	-	-
Advance from primary government	-	750,000	-
Total liabilities	<u>1,388,355</u>	<u>781,009</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenue - special assessments	3,271,039	-	-
Unavailable revenue - notes receivable	-	-	-
Total deferred inflows of resources	<u>3,271,039</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	-	31,337	-
Committed	-	-	860,219
Unassigned (deficit)	301,158	(33,659)	-
Total fund balances (deficits)	<u>301,158</u>	<u>(2,322)</u>	<u>860,219</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,960,552</u>	<u>\$ 778,687</u>	<u>\$ 860,219</u>



Capital Projects Funds			
823 Chapter 20	824 Chapter 20	841 Lake Level	Total Capital Projects Funds
\$ 51,040	\$ 290,525	\$ 227,986	\$ 2,451,412
-	-	-	1,407,856
-	832,165	-	832,165
-	-	83,398	3,354,437
-	-	-	7,365
-	8,440,489	-	8,440,489
-	-	-	31,337
<u>\$ 51,040</u>	<u>\$ 9,563,179</u>	<u>\$ 311,384</u>	<u>\$ 16,525,061</u>
\$ -	\$ 1,152,202	\$ -	\$ 1,183,211
-	-	19,501	1,407,856
-	295,000	44,000	1,089,000
-	1,447,202	63,501	3,680,067
-	-	83,398	3,354,437
-	8,440,489	-	8,440,489
-	8,440,489	83,398	11,794,926
-	-	-	31,337
51,040	-	-	911,259
-	(324,512)	164,485	107,472
<u>51,040</u>	<u>(324,512)</u>	<u>164,485</u>	<u>1,050,068</u>
<u>\$ 51,040</u>	<u>\$ 9,563,179</u>	<u>\$ 311,384</u>	<u>\$ 16,525,061</u>

concluded.

This page intentionally left blank.

LENAWEE COUNTY, MICHIGAN

Reconciliation

Drain Commission Component Unit
Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2023

Fund balance - total governmental funds	\$ 1,050,068
Amounts reported for <i>governmental activities</i> in the statement of net position differ because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	
Capital assets, net of accumulated depreciation	8,816,649
Less capital assets accounted for in the internal service funds	(272,915)
Other long-term assets are not available to pay current year expenditures and, therefore, are not recorded in the funds.	
Deferred inflows on long-term special assessments and notes receivable	11,794,926
An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in the internal service fund	392,026
Certain liabilities, such as bonds and notes payable, are not due and payable in the current period, and therefore, are not reported in the funds.	
Bonds payable	(9,581,669)
Drain notes payable and line of credit	(1,841,286)
Accrued interest	(65,407)
Net position of governmental activities	<u><u>\$ 10,292,392</u></u>

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Drain Commission Component Unit - Governmental Funds
For the Year Ended December 31, 2023

	Capital Projects Funds		
	801 Drain Capital Projects	802 Drain Revolving	804 Drain Maintenance Revolving
Revenues			
Special assessments	\$ 1,588,824	\$ -	\$ -
Investment earnings	23,426	504	12,568
Total revenues	<u>1,612,250</u>	<u>504</u>	<u>12,568</u>
Expenditures			
Current -			
Public works	937,873	-	343,789
Debt service:			
Principal	572,826	-	-
Interest and fiscal charges	69,407	-	86,265
Total expenditures	<u>1,580,106</u>	<u>-</u>	<u>430,054</u>
Revenues over (under) expenditures	<u>32,144</u>	<u>504</u>	<u>(417,486)</u>
Other financing sources (uses)			
Issuance of long-term debt	441,312	-	-
Transfers in	-	-	434,032
Transfers out	(371,192)	-	-
Total other financing sources (uses)	<u>70,120</u>	<u>-</u>	<u>434,032</u>
Net changes in fund balances	102,264	504	16,546
Fund balances (deficits), beginning of year	<u>198,894</u>	<u>(2,826)</u>	<u>843,673</u>
Fund balances (deficits), end of year	<u>\$ 301,158</u>	<u>\$ (2,322)</u>	<u>\$ 860,219</u>



Capital Projects Funds			
823 Chapter 20	824 Chapter 20	841 Lake Level	Total Capital Projects Funds
\$ -	\$ 735	\$ 61,032	\$ 1,650,591
76	3,972	149	40,695
<u>76</u>	<u>4,707</u>	<u>61,181</u>	<u>1,691,286</u>
-	5,234,673	24,131	6,540,466
-	-	25,000	597,826
-	-	1,313	156,985
<u>-</u>	<u>5,234,673</u>	<u>50,444</u>	<u>7,295,277</u>
<u>76</u>	<u>(5,229,966)</u>	<u>10,737</u>	<u>(5,603,991)</u>
-	5,011,885	300,000	5,753,197
-	-	-	434,032
-	-	(62,840)	(434,032)
<u>-</u>	<u>5,011,885</u>	<u>237,160</u>	<u>5,753,197</u>
76	(218,081)	247,897	149,206
<u>50,964</u>	<u>(106,431)</u>	<u>(83,412)</u>	<u>900,862</u>
<u>\$ 51,040</u>	<u>\$ (324,512)</u>	<u>\$ 164,485</u>	<u>\$ 1,050,068</u>

concluded.

This page intentionally left blank.

LENAWEE COUNTY, MICHIGAN

Reconciliation

Drain Commission Component Unit
 Net Changes in Fund Balances of Governmental Funds
 to Change in Net Position of Governmental Activities
 For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ 149,206
Amounts reported for <i>governmental activities</i> in the statement of activities differ because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	422,475
Depreciation expense	(218,959)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on bonds and notes payable	597,826
Issuance of bonds and notes payable	(5,753,197)
An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.	
Net operating income from governmental activities in internal service fund	(53,761)
Interest expense from governmental internal service fund	(2,603)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Change in accrued interest payable	(17,931)
Change in deferred long-term receivables	80,876
Change in deferred long-term notes receivable	8,440,489
Change in net position of governmental activities	<u><u>\$ 3,644,421</u></u>

LENAWEE COUNTY, MICHIGAN

Combining Statement of Net Position

Drain Commission Component Unit - Proprietary Funds

December 31, 2023

	Enterprise Funds		
	Central Lenawee Sewer	Rollin- Woodstock Sewer	Riga Township Water
Assets			
Current assets:			
Cash and investments	\$ 232,277	\$ 800,224	\$ 216,460
Noncurrent assets			
Capital assets, net	-	-	-
Total assets	<u>232,277</u>	<u>800,224</u>	<u>216,460</u>
Liabilities			
Current liabilities:			
Accounts payable	23,516	12,086	51,920
Due to other governments	9,976	468,003	-
Interest payable	-	-	-
Installment purchase agreement - current	-	-	-
Total liabilities	<u>33,492</u>	<u>480,089</u>	<u>51,920</u>
Net position			
Net investment in capital assets	-	-	-
Restricted for other municipalities	198,785	320,135	164,540
Unrestricted	-	-	-
Total net position	<u>\$ 198,785</u>	<u>\$ 320,135</u>	<u>\$ 164,540</u>



Enterprise Funds					
Wampler's Lake Sewer	South Shore	Posey Lake	Lake Arrowhead Estates Water	Township of Adrian	Mannor Farms
\$ 74,905	\$ 24,601	\$ 9,305	\$ 1,052	\$ 12,256	\$ 1,055
-	-	-	-	-	-
<u>74,905</u>	<u>24,601</u>	<u>9,305</u>	<u>1,052</u>	<u>12,256</u>	<u>1,055</u>
4,807	80	930	30	11,346	857
1,053	5,807	-	-	12,006	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,860</u>	<u>5,887</u>	<u>930</u>	<u>30</u>	<u>23,352</u>	<u>857</u>
-	-	-	-	-	-
69,045	18,714	8,375	1,022	(11,096)	198
-	-	-	-	-	-
<u>\$ 69,045</u>	<u>\$ 18,714</u>	<u>\$ 8,375</u>	<u>\$ 1,022</u>	<u>\$ (11,096)</u>	<u>\$ 198</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Statement of Net Position

Drain Commission Component Unit - Proprietary Funds

December 31, 2023

	Enterprise Funds		
	Clayton Sewer	Cambridge/ Franklin Sewer	Fairfield Sewer
Assets			
Current assets:			
Cash and investments	\$ 6,237	\$ 108,551	\$ 1,928
Noncurrent assets			
Capital assets, net	-	-	-
Total assets	<u>6,237</u>	<u>108,551</u>	<u>1,928</u>
Liabilities			
Current liabilities:			
Accounts payable	-	-	9,626
Due to other governments	-	108,551	-
Interest payable	-	-	-
Installment purchase agreement - current	-	-	-
Total liabilities	<u>-</u>	<u>108,551</u>	<u>9,626</u>
Net Position			
Net investment in capital assets	-	-	-
Restricted for other municipalities	6,237	-	(7,698)
Unrestricted	-	-	-
Total net position	<u>\$ 6,237</u>	<u>\$ -</u>	<u>\$ (7,698)</u>



Enterprise Funds			Governmental Activities
Loch Erin Sewer	Hayes State Park Sewer	Total Business-type Activities	Drain Equipment Revolving
\$ 419,239	\$ 90,528	\$ 1,998,618	\$ 136,717
-	-	-	272,915
<u>419,239</u>	<u>90,528</u>	<u>1,998,618</u>	<u>410,411</u>
1,004	-	116,202	7,961
120,576	-	725,972	-
-	-	-	15
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,409</u>
<u>121,580</u>	<u>-</u>	<u>842,174</u>	<u>18,385</u>
-	-	-	272,915
297,659	90,528	1,156,444	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>119,111</u>
<u>\$ 297,659</u>	<u>\$ 90,528</u>	<u>\$ 1,156,444</u>	<u>\$ 392,026</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Net Position

Drain Commission Component Unit - Proprietary Funds

For the Year Ended December 31, 2023

	Enterprise Funds				
	Central Lenawee Sewer	Rollin- Woodstock Sewer	Riga Township Water	Wampler's Lake Sewer	South Shore
Operating revenues					
Intergovernmental revenue	\$ 419,311	\$ 64,509	\$ -	\$ 422,922	\$ 51,437
Charges for services	-	-	-	-	-
Other revenue	-	782,969	758,919	-	-
Total operating revenues	<u>419,311</u>	<u>847,478</u>	<u>758,919</u>	<u>422,922</u>	<u>51,437</u>
Operating expenses					
Other expense	411,111	747,290	707,217	493,896	50,489
Depreciation expense	-	-	-	-	-
Total operating expenses	<u>411,111</u>	<u>747,290</u>	<u>707,217</u>	<u>493,896</u>	<u>50,489</u>
Operating income (loss)	<u>8,200</u>	<u>100,188</u>	<u>51,702</u>	<u>(70,974)</u>	<u>948</u>
Nonoperating revenues (expenses)					
Investment earnings	2,121	7,078	1,948	1,893	174
Interest and fiscal charges	(3,393)	(68,572)	-	-	-
Total nonoperating revenues (expenses)	<u>(1,272)</u>	<u>(61,494)</u>	<u>1,948</u>	<u>1,893</u>	<u>174</u>
Change in net position	<u>6,928</u>	<u>38,694</u>	<u>53,650</u>	<u>(69,081)</u>	<u>1,122</u>
Net position, beginning of year	<u>191,857</u>	<u>281,441</u>	<u>110,890</u>	<u>138,126</u>	<u>17,592</u>
Net position (deficit), end of year	<u>\$ 198,785</u>	<u>\$ 320,135</u>	<u>\$ 164,540</u>	<u>\$ 69,045</u>	<u>\$ 18,714</u>



Enterprise Funds			
Posey Lake	Lake Arrowhead Estates Water	Township of Adrian	Mannor Farms
\$ 112,972	\$ 42,471	\$ 202,549	\$ 26,153
-	-	-	-
-	-	-	-
112,972	42,471	202,549	26,153
108,451	44,274	215,047	28,327
-	-	-	-
108,451	44,274	215,047	28,327
4,521	(1,803)	(12,498)	(2,174)
225	33	218	34
-	-	-	-
225	33	218	34
4,746	(1,770)	(12,280)	(2,140)
3,629	2,792	1,184	2,338
\$ 8,375	\$ 1,022	\$ (11,096)	\$ 198

continued...

LENAWEE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Net Position

Drain Commission Component Unit - Proprietary Funds

For the Year Ended December 31, 2023

	Enterprise Funds				
	Clayton Sewer	Cambridge/ Franklin Sewer	Fairfield Sewer	Loch Erin Sewer	Hayes State Park Sewer
Operating revenues					
Intergovernmental revenue	\$ 41,722	\$ -	\$ 45,748	\$ 234,927	\$ -
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total operating revenues	<u>41,722</u>	<u>-</u>	<u>45,748</u>	<u>234,927</u>	<u>-</u>
Operating expenses					
Other expense	39,529	-	55,595	222,918	2,242
Depreciation expense	-	-	-	-	-
Total operating expenses	<u>39,529</u>	<u>-</u>	<u>55,595</u>	<u>222,918</u>	<u>2,242</u>
Operating income	<u>2,193</u>	<u>-</u>	<u>(9,847)</u>	<u>12,009</u>	<u>(2,242)</u>
Nonoperating revenues (expenses)					
Investment earnings	78	-	39	955	-
Interest and fiscal charges	-	-	-	-	-
Total nonoperating revenues (expense)	<u>78</u>	<u>-</u>	<u>39</u>	<u>955</u>	<u>-</u>
Change in net position	<u>2,271</u>	<u>-</u>	<u>(9,808)</u>	<u>12,964</u>	<u>(2,242)</u>
Net position, beginning of year	<u>3,966</u>	<u>-</u>	<u>2,110</u>	<u>284,695</u>	<u>92,770</u>
Net position (deficit), end of year	<u>\$ 6,237</u>	<u>\$ -</u>	<u>\$ (7,698)</u>	<u>\$ 297,659</u>	<u>\$ 90,528</u>



	Governmental Activities
Total Business-type Activities	Drain Equipment Revolving
\$ 1,664,721	\$ -
-	303,395
<u>1,541,888</u>	<u>-</u>
<u>3,206,609</u>	<u>303,395</u>
3,126,386	233,085
-	124,071
<u>3,126,386</u>	<u>357,156</u>
<u>80,223</u>	<u>(53,761)</u>
14,796	-
<u>(71,965)</u>	<u>(2,603)</u>
<u>(57,169)</u>	<u>(2,603)</u>
23,054	(56,364)
<u>1,133,390</u>	<u>448,390</u>
<u>\$ 1,156,444</u>	<u>\$ 392,026</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Drain Commission Component Unit - Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	Central Lenawee Sewer	Rollin- Woodstock Sewer	Riga Township Water
Cash flows from operating activities			
Cash received from municipalities	\$ 419,311	\$ 64,509	\$ -
Other operating receipts	-	782,969	758,919
Cash paid to employees and suppliers	(381,396)	(717,532)	(705,763)
Receipts for interfund services provided	-	-	-
Net cash provided by (used in) operating activities	<u>37,915</u>	<u>129,946</u>	<u>53,156</u>
Cash flows from capital and related financing activities			
Principal payments	(388,561)	-	-
Interest payments	(9,553)	(68,572)	-
Amounts collected on leases receivable	382,780	-	-
Net cash used in capital and related financing activities	<u>(15,334)</u>	<u>(68,572)</u>	<u>-</u>
Cash flows from investing activities			
Interest earnings on investments	2,121	7,078	1,948
Net change in cash and investments	<u>24,702</u>	<u>68,452</u>	<u>55,104</u>
Cash and investments, beginning of year	<u>207,575</u>	<u>731,772</u>	<u>161,356</u>
Cash and investments, end of year	<u>\$ 232,277</u>	<u>\$ 800,224</u>	<u>\$ 216,460</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 8,200	\$ 100,188	\$ 51,702
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	-
Change in:			
Accounts receivable	-	-	-
Accounts payable	19,739	(14,909)	1,454
Due to other governments	9,976	44,667	-
Net cash provided by (used in) operating activities	<u>\$ 37,915</u>	<u>\$ 129,946</u>	<u>\$ 53,156</u>



Business-type Activities - Enterprise Funds						
Wampler's Lake Sewer	South Shore	Posey Lake	Lake Arrowhead Estates Water	Township of Adrian	Mannor Farms	Clayton Sewer
\$ 422,922	\$ 51,437	\$ 112,972	\$ 42,471	\$ 202,549	\$ 26,153	\$ 41,722
-	-	-	-	-	-	-
(494,133)	(50,357)	(107,821)	(44,244)	(211,126)	(27,662)	(39,529)
-	-	-	-	-	-	-
(71,211)	1,080	5,151	(1,773)	(8,577)	(1,509)	2,193
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,893	174	225	33	218	34	78
(69,318)	1,254	5,376	(1,740)	(8,359)	(1,475)	2,271
144,223	23,347	3,929	2,792	20,615	2,530	3,966
<u>\$ 74,905</u>	<u>\$ 24,601</u>	<u>\$ 9,305</u>	<u>\$ 1,052</u>	<u>\$ 12,256</u>	<u>\$ 1,055</u>	<u>\$ 6,237</u>
\$ (70,974)	\$ 948	\$ 4,521	\$ (1,803)	\$ (12,498)	\$ (2,174)	\$ 2,193
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(247)	80	630	30	7,311	665	-
10	52	-	-	(3,390)	-	-
<u>\$ (71,211)</u>	<u>\$ 1,080</u>	<u>\$ 5,151</u>	<u>\$ (1,773)</u>	<u>\$ (8,577)</u>	<u>\$ (1,509)</u>	<u>\$ 2,193</u>

continued...

LENAWEE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Drain Commission Component Unit - Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Cambridge/ Franklin Sewer	Fairfield Sewer	Loch Erin Sewer	Hayes State Park Sewer
Cash flows from operating activities				
Cash received from municipalities	\$ 38	\$ 45,748	\$ 234,927	\$ -
Other operating receipts	-	-	-	-
Cash paid to employees and suppliers	5,456	(49,438)	(233,146)	(2,242)
Receipts for interfund services provided	-	-	-	-
Net cash provided by (used in) operating activities	<u>5,494</u>	<u>(3,690)</u>	<u>1,781</u>	<u>(2,242)</u>
Cash flows from capital and related financing activities				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Amounts collected on leases receivable	-	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest earnings on investments	-	39	955	-
Net change in cash and investments	<u>5,494</u>	<u>(3,651)</u>	<u>2,736</u>	<u>(2,242)</u>
Cash and investments, beginning of year	<u>103,057</u>	<u>5,579</u>	<u>416,503</u>	<u>92,770</u>
Cash and investments, end of year	<u>\$ 108,551</u>	<u>\$ 1,928</u>	<u>\$ 419,239</u>	<u>\$ 90,528</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ -	\$ (9,847)	\$ 12,009	\$ (2,242)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	-
Change in:				
Accounts receivable	-	-	-	-
Accounts payable	-	6,157	(5,369)	-
Due to other governments	5,494	-	(4,859)	-
Net cash provided by (used in) operating activities	<u>\$ 5,494</u>	<u>\$ (3,690)</u>	<u>\$ 1,781</u>	<u>\$ (2,242)</u>



Business-type Activities Enterprise Funds	Governmental Activities
Total	Drain Equipment Revolving
\$ 1,664,759	\$ -
1,541,888	-
(3,058,933)	(246,689)
-	303,395
<hr/>	<hr/>
147,714	56,706
(388,561)	(52,811)
(78,125)	(3,218)
382,780	-
<hr/>	<hr/>
(83,906)	(56,029)
14,796	-
<hr/>	<hr/>
78,604	677
1,920,014	136,040
<hr/>	<hr/>
\$ 1,998,618	\$ 136,717
<hr/>	<hr/>
\$ 80,223	\$ (53,761)
-	124,071
-	(779)
15,541	(12,825)
51,950	-
<hr/>	<hr/>
\$ 147,714	\$ 56,706
<hr/>	<hr/>

concluded

This page intentionally left blank.

SINGLE AUDIT ACT COMPLIANCE

This page intentionally left blank.

LENAWEE COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster:				
School Breakfast Program	10.553	MDE	46-000-8003	\$ 25,655
National School Lunch Program	10.555	MDE	46-000-8003	43,779
Special Snack Program	10.555	MDE	46-000-8003	11,465
SupplyChain Grant	10.555	MDE	46-000-8003	5,573
CNP School Breakfast Expansion	10.579	MDE	46-000-8003	9,936
				<u>70,753</u>
Entitlement commodities (non-cash assistance)	10.555	MDE	n/a	4,421
Total Child Nutrition Cluster				<u>100,829</u>
Total U.S. Department of Agriculture				<u>100,829</u>
U.S. Department of the Interior				
Outdoor Recreation, Acquisition, Development and Planning	15.916	MDNR	TF17-0140	<u>876</u>
U.S. Department of Justice				
Bullet Proof Vest Partnership	16.607	Direct	n/a	<u>8,061</u>
Byrne Justice Assistance Grant:				
Adult Drug Court Discretionary Grant Program	16.585	SCAO	2019-DC-BS-0015	33,053
Adult Drug Court Discretionary Grant Program CC	16.585	Direct	2020-DC-BX-0017	160,741
Byrne Adult Drug Court Discretionary Grant Program CC	16.738	SCAO	U10062	54,816
				<u>248,610</u>
Total U.S. Department of Justice				<u>256,671</u>
U.S. Department of Transportation				
2020 Cares Act Operational Grant Funding (Airport)	20.106	MDOT	n/a	30,000
Airport Environmental Impact	20.106	MDOT	B-26-0001-5422	30,659
Airport Improvement Grant	20.106	MDOT	G-26-0001-5321	27,322
Hazardous Materials Emergency Preparedness Planning	20.703	MSP	693JK31940022HEMP	<u>1,500</u>
Total U.S. Department of Transportation				<u>89,481</u>
U.S. Department of Treasury				
COVID-19 - Coronavirus Relief Fund:				
Direct Care Worker Hazard Pay	21.019	MDT	n/a	<u>82,453</u>
COVID-19 - State and Local Fiscal Recovery Fund	21.027	Direct	n/a	<u>768,201</u>
Total U.S. Department of Treasury				<u>850,654</u>

continued...

LENAWEE COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
Environmental Protection Agency				
Clean Water State Revolving Fund Cluster -				
Capitalization Grants for Clean Water State Revolving Funds:				
Clean Water Revolving Fund	66.458	EGL	5728-01	\$ 1,209,083
Drinking Water State Revolving Fund Cluster -				
Capitalization Grants for Drinking Water State Revolving Funds:				
* Operator Assistance	66.468	EGL		219
* Capacity Development	66.468	EGL	n/a	1,650
Total Drinking Water State Revolving Fund Cluster				1,869
Total Environmental Protection Agency				<u>1,210,952</u>
U.S. Department of Health and Human Services				
Aging Cluster:				
Special Programs for the Aging Title III, Part B -				
Grants for Supportive Services and Senior Centers:				
* Senior Center Operation	93.044	Well Wise	n/a	12,345
* 3-B Volunteer Transportation	93.044	Well Wise	n/a	5,362
* 3-B Chore	93.044	Well Wise	n/a	2,045
				<u>19,752</u>
Special Programs for the Aging Title III, Part C -				
Nutrition Services:				
Consolidated Appropriations Act -				
* COVID-19 2022 Supplemental Nutrition	93.045	Well Wise	n/a	28,394
* Welfare ARP - Home Delivered Meals	93.045	Well Wise	n/a	156,601
* Welfare ARP - Congregate Meals	93.045	Well Wise	n/a	67,100
* C-1 Nutrition Congregate	93.045	Well Wise	n/a	149,551
* C-2 Home Delivered Meals	93.045	Well Wise	n/a	101,938
				<u>503,584</u>
* NSIP - Nutrition Congregate	93.053	Well Wise	n/a	21,040
* NISP - Home Delivered Meals	93.053	Well Wise	n/a	135,445
				<u>156,485</u>
Total Aging Cluster				<u>679,821</u>
National Family Caregiver Support:				
* 3-B Caregiver Education	93.052	Well Wise	n/a	4,260
* 3-E Caregiver Supplement	93.052	Well Wise	n/a	5,841
* 3-E Vol Transport	93.052	Well Wise	n/a	3,550
				<u>13,651</u>
* Public Health Emergency Preparedness	93.069	MDHHS	20180079	30,759
* Tuberculosis Control	93.116	MDHHS	20180079	23
* Family Planning Services	93.217	MDHHS	20180079	73,396

continued...

LENAWEE COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (concluded)				
Immunization Cooperative Agreements:				
* Immunization - IAP	93.268	MDHHS	20180079	\$ 46,331
* Immunization - IAP Fixed	93.268	MDHHS	20180079	1,900
* CSHCS Vaccine Initiative	93.268	MDHHS	20180079	4,958
* COVID Immunizations	93.268	MDHHS	20180079	176,844
* Immunization Free Federal Vaccines	93.268	MDHHS	20180079	117,939
				<u>347,972</u>
* ELC COVID-19 Infection Prevention	93.323	MDHHS	20180079	<u>231,610</u>
* COVID Workforce Development	93.354	MDHHS	20180079	<u>61,018</u>
* Wisewoman Coordination	93.436	MDHHS	20180079	<u>5,000</u>
Child Support Enforcement:				
Title IV-D - CRP Friend of the Court	93.563	MDHHS	CSFOC17-46001	900,890
Title IV-D - CRP Prosecuting Attorney	93.563	MDHHS	CSPA17-46002	174,509
Performance Incentive Payment	93.563	MDHHS	n/a	141,218
				<u>1,216,617</u>
Medicaid Cluster:				
* CSHCS Medicaid Title XIX	93.778	MDHHS	20180079	23,530
* Medicaid Title XIX Outreach	93.778	MDHHS	20180079	27,033
* CSHCS Care Coordination Plan of Care	93.778	MDHHS	20180079	10,500
* CSHCS Care Coordination	93.778	MDHHS	20180079	660
* CSHCS Outreach and Advocacy	93.778	MDHHS	20180079	41,320
				<u>103,043</u>
Child and Parent Legal Representation	93.658	MDHHS	2201MIFOST	<u>59,339</u>
* Public Health Emergency Preparedness	93.889	MDHHS	20180079	<u>106,479</u>
Cancer Prevention and Control Programs -				
* BCCP Coordination	93.898	MDHHS	20180079	<u>12,775</u>
Maternal & Child Health Services Block Grants to the States:				
* Childhood Lead Poisoning	93.994	MDHHS	20180079	20,000
* CSHCS Care Coordination	93.994	MDHHS	20180079	990
* CSHCS Care Coordination Plan of Care	93.994	MDHHS	20180079	3,300
* Public Health Function & Infrastructure - MCH	93.994	MDHHS	20180079	8,393
* Direct Services-Children/MCH	93.994	MDHHS	20180079	20,874
* Family Planning Services	93.994	MDHHS	20180079	21,574
				<u>75,131</u>
Total U.S. Department of Health and Human Services				<u>3,016,634</u>

continued...

LENAWEE COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
Department of Natural Resources				
Marine Safety Program	97.012	MDNR	70Z02323MO0000516	\$ 16,925
U.S. Department of Homeland Security				
Emergency Management Performance Grant	97.042	MSP	EMC-2023-EP-00005	20,921
Emergency Management Performance Grant	97.042	MSP	EMC-2021-EP-00006	8,649
Homeland Security Grant Program	97.067	MSP	EMW-2020-SS-00021	79,664
Total U.S. Department of Homeland Security				<u>109,234</u>
Total Expenditures of Federal Awards				<u>\$ 5,652,256</u>

concluded.

LENAWEE COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lenawee County, Michigan (the "County") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's basic financial statements. The County's financial statements include the operations of the Medical Care Facility fund, a proprietary fund of the county, as well as the Lenawee County Road Commission and Lenawee Public Transportation Authority, discretely-presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2023, as these entities were separately audited.

Expenditures reported on the Schedule are reported on the modified accrual or full accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. FISCAL REPORTING

Certain departments report on a different fiscal year than the County. Grants accounted for and reported on year-ends other than December 31, 2023 are denoted as such in the Schedule with an asterisk (*) for September 30 year ends.

LENAWEE COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
EGLE	Michigan Department of Energy, Great Lakes, and Environment
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MDOT	Michigan Department of Transportation
MDT	Michigan Department of Treasury
MSP	Michigan State Police
WellWise	WellWise Services Area Agency on Aging
SCAO	State Court Administrative Office



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

Management and the Board of Commissioners
Lenawee County
Adrian, MI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lenawee County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lenawee County's basic financial statements, and have issued our report thereon dated June 28, 2024. Our report includes a reference to other auditors who audited the financial statements of Lenawee Public Transportation Authority, Lenawee County Road Commission, and Lenawee County Medical Care Facility as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lenawee County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Yeo & Yeo, P.C.

Auburn Hills, MI
June 28, 2024

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Management and the Board of Commissioners
Lenawee County
Adrian, MI

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lenawee County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lenawee County's major federal programs for the year ended December 31, 2023. Lenawee County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Lenawee Public Transportation Authority, Lenawee County Road Commission, and Lenawee County Medical Care Facility which received \$662,118, \$2,628,807, and an unknown amount, respectively, in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2023. Our audit, described below, did not include the operations of the Lenawee Public Transportation Authority, Lenawee County Road Commission, and Lenawee County Medical Care Facility because Lenawee Public Transportation Authority, Lenawee County Road Commission, and Lenawee County Medical Care Facility engaged other auditors to perform audits of compliance.

In our opinion, Lenawee County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lenawee County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lenawee County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to Lenawee County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lenawee County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lenawee County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lenawee County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lenawee County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lenawee County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lenawee County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lenawee County's basic financial statements. We issued our report thereon dated June 28, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Auburn Hills, MI
June 28, 2024

Lenawee County, Michigan
Schedule of Findings and Questioned Costs
December 31, 2023

Section II – *Government Auditing Standards* Findings

There were no *Government Auditing Standards* findings for the year ended December 31, 2023.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended December 31, 2023.

Lenawee County, Michigan
Summary Schedule of Prior Audit Findings
December 31, 2023

Section IV – Prior Audit Findings

Government Auditing Standards Findings

There were no *Government Auditing Standards* findings for the year ended December 31, 2022.

Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended December 31, 2022.