

**County of Hillsdale, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**COUNTY OF HILLSDALE, MICHIGAN**

**BOARD OF COMMISSIONERS**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
County of Hillsdale, Michigan  
Courthouse, 29 N. Howell Street  
Hillsdale, Michigan 49242

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Hillsdale, Michigan, as of and for the year ending December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hillsdale County Road Commission, which represents 94 percent, 97 percent, and 93 percent, respectively, of the assets, net position, and revenue of the discretely presented component units; and the Hillsdale County Medical Care Facility, which represents 75 percent, 76 percent, and 94 percent, respectively, of the assets, net position, and revenue of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission and Medical Care Facility, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Hillsdale, Michigan, as of December 31, 2020, 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.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefits systems and budgetary comparison information on pages 4 through 7, page 46 through 47, and pages 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Hillsdale, Michigan's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021 on our consideration of the County of Hillsdale, 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 the County of Hillsdale, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Hillsdale, Michigan's internal control over financial reporting and compliance.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

June 29, 2021

## **Management's Discussion and Analysis**

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# COUNTY OF HILLSDALE, MICHIGAN

## Management's Discussion and Analysis

### Using this Annual Report

The following discussion and analysis of the financial performance for County of Hillsdale ("County") provides an overview of the County's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the County's financial statements which follow this section.

### Financial Highlights

- The general fund reported an increase in fund balance of \$318,570 from year end 2019 to 2020.
- General Fund Property tax revenue increased by \$143,246 in 2020 compared to 2019.
- The Medical Care Facility reported a decrease in net position of \$1,256,605.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Hillsdale's basic financial statements. These statements are comprised of five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, 5) other information.

**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 of Hillsdale's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, changes in net position may serve as a useful indicator of whether the financial position of the County of Hillsdale 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).

**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 of Hillsdale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the County's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides.

# COUNTY OF HILLSDALE, MICHIGAN

## Management's Discussion and Analysis

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 *government funds* and *governmental activities*.

**Proprietary funds.** Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate workers compensation costs internally among the County's various functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**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 of Hillsdale's own programs. The basis of 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.

### Government-Wide Financial Analysis

The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps explain the condition of the County. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In a condensed format, the table below shows a comparison of the net position of the County as of the end of the current and prior year.

	Hillsdale County Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets	\$ 11,860,491	\$ 10,330,545	\$ 19,855,622	\$ 14,475,113	\$ 31,716,113	\$ 24,805,658
Capital assets, net	7,628,352	7,905,579	9,371,728	9,689,927	17,000,080	17,595,506
<b>Total assets</b>	<b>19,488,843</b>	<b>18,236,124</b>	<b>29,227,350</b>	<b>24,165,040</b>	<b>48,716,193</b>	<b>42,401,164</b>
<b>Deferred outflows</b>						
Deferred Outflow From OPEB	432,571	-	-	-	432,571	-
Deferred Outflow from Pension	136,970	279,279	-	-	136,970	279,279
<b>Total Deferred Outflows</b>	<b>569,541</b>	<b>279,279</b>	<b>-</b>	<b>-</b>	<b>569,541</b>	<b>279,279</b>
<b>Liabilities</b>						
Long-term liabilities	11,932,023	11,965,531	6,101,705	3,100,000	18,033,728	15,065,531
Other liabilities	2,014,339	2,205,458	5,196,993	2,391,040	7,211,332	4,596,498
<b>Total liabilities</b>	<b>13,946,362</b>	<b>14,170,989</b>	<b>11,298,698</b>	<b>5,491,040</b>	<b>25,245,060</b>	<b>19,662,029</b>
<b>Deferred inflows</b>						
Deferred inflow from OPEB	204,861	-	-	-	204,861	-
Deferred inflow from Pension	225,455	219,514	-	-	225,455	219,514
Deferred inflow of resources	2,289,951	2,312,770	820,914	803,144	3,110,865	3,115,914
<b>Total Deferred Inflows</b>	<b>2,720,267</b>	<b>2,532,284</b>	<b>820,914</b>	<b>803,144</b>	<b>3,541,181</b>	<b>3,335,428</b>
<b>Net position:</b>						
Net investment in capital assets	1,302,119	1,375,188	9,333,759	9,689,927	10,635,878	11,065,115
Restricted	3,456,804	2,276,815	251,677	462,857	3,708,481	2,739,672
Unrestricted	(1,367,168)	(1,839,873)	7,522,302	7,718,072	6,155,134	5,878,199
<b>Total net position</b>	<b>\$ 3,391,755</b>	<b>\$ 1,812,130</b>	<b>\$ 17,107,738</b>	<b>\$ 17,870,856</b>	<b>\$ 20,499,493</b>	<b>\$ 19,682,986</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Management's Discussion and Analysis

The County's combined net position increased 4.1% from a year ago - increasing from \$19,682,986 to \$20,499,493. Governmental activities experienced an increase in net position of \$1,579,625. Business-type activities experienced a decrease of \$763,118 in net position.

The following table shows the changes in net position of the County during the current and prior year:

	Hillsdale County Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 2,721,571	\$ 2,693,692	\$ 16,941,938	\$ 19,013,113	\$ 19,663,509	\$ 21,706,805
Operating grants and contributions	4,631,270	4,130,526	5,001,809	3,841,418	9,633,079	7,971,944
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	10,962,593	9,817,780	-	-	10,962,593	9,817,780
State shared revenue	751,790	967,598	-	-	751,790	967,598
Personal Property Tax Reimbursement	170,752	139,265	-	-	170,752	139,265
Unrestricted investment earnings	71,162	58,924	-	-	71,162	58,924
Other Revenue	1,048,748	331,926	-	-	1,048,748	331,926
<b>Total revenues</b>	<b>20,357,886</b>	<b>18,139,711</b>	<b>21,943,747</b>	<b>22,854,531</b>	<b>42,301,633</b>	<b>40,994,242</b>
Expenses:						
Legislative	78,278	90,671	-	-	78,278	90,671
Judicial	1,772,231	1,773,997	-	-	1,772,231	1,773,997
General government	3,820,380	3,614,958	-	-	3,820,380	3,614,958
Public safety	4,412,349	4,913,012	-	-	4,412,349	4,913,012
Public works	25,876	25,852	-	-	25,876	25,852
Health and welfare	5,573,046	5,187,888	-	-	5,573,046	5,187,888
Recreation and cultural	60,841	69,469	-	-	60,841	69,469
Other governmental activities	3,789,192	2,479,622	-	-	3,789,192	2,479,622
Interest on long-term debt	49,951	56,359	-	-	49,951	56,359
Medical Care Facility	-	-	21,523,786	20,855,905	21,523,786	20,855,905
Delinquent tax collections/forfeitures	-	-	22,781	236,567	22,781	236,567
Building inspections	-	-	427,875	405,482	427,875	405,482
Geographic information services	-	-	8,534	13,385	8,534	13,385
Board of Public Works	-	-	-	-	-	-
<b>Total expenses</b>	<b>19,582,144</b>	<b>18,211,828</b>	<b>21,982,976</b>	<b>21,511,339</b>	<b>41,565,120</b>	<b>39,723,167</b>
Change in net position, before transfers	775,742	(72,117)	(39,229)	1,343,192	736,513	1,271,075
Transfers	723,889	715,267	(723,889)	(715,267)	-	-
Change in net position	1,499,631	643,150	(763,118)	627,925	736,513	1,271,075
Net position:						
Beginning of year, as restated	1,812,130	772,887	17,870,856	16,888,006	19,682,986	17,660,893
Prior Period Adjustment	79,994	396,093	-	354,925	79,994	751,018
<b>End of year</b>	<b>\$ 3,391,755</b>	<b>\$ 1,812,130</b>	<b>\$ 17,107,738</b>	<b>\$ 17,870,856</b>	<b>\$ 20,499,493</b>	<b>\$ 19,682,986</b>

### Governmental Activities

Total governmental revenues increased by \$2,218,175. The majority of this increase is from property tax revenue. The county had a new ambulance millage in 2020. Governmental expenses had an increase of 7.5%.

## Management's Discussion and Analysis

### Business-Type Activities

The county's business-type activities consist primarily of the Medical Care Facility fund. Medical Care Facility revenue decreased \$1,203,316 and expenses increased \$660,599. Medical Care overall net position decreased \$1,256,605. This reduction in revenue and net position is a direct cause of the Covid-19 pandemic.

### Financial Analysis of the County's Funds

The fund financial statements provide detailed information about the most significant funds, not the County as a whole. The County board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The County's major governmental funds for 2020 include the general fund, the senior citizens fund, and the senior center debt service fund.

The general fund pays for most of the county's governmental services. The most significant are public safety, general government, and judicial, which incurred expenditures of \$3,228,342, \$3,064,732, and \$1,745,841, respectively. Some of these services are partially supported by state and federal grants, with the remaining cost funded by general revenue sources of the general fund.

The senior citizens fund is used to account for the collection of property tax collections and disbursements for county-wide senior services pursuant to contractual arrangement.

The senior center debt service fund was used to account for principal and interest payments on the 2005 and 2015 senior center bond issues. Lease payments received from the senior center cover these bond payments.

Major proprietary funds for the year include the medical care facility fund, and the 2018 and 2019 delinquent tax revolving fund.

### Capital Asset and Debt Administration

At the end of the fiscal year 2020, the County had approximately \$17,000,080 (net of depreciation) invested in a broad range of capital assets, including land, buildings, vehicles, equipment, etc. Details of the County's capital assets are contained in the notes to the financial statements.

At December 31, 2020, debt related to capital assets of governmental activities totaled \$6,326,233. Debt related to business-type activities totaled \$6,101,705, this relates to delinquent tax notes for 2018 and 2019 as well as MCF PPP Loans.

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

The County's 2020 taxable value was a little higher than 2019 values, and due to continued construction within the county, the county should continue to see taxable value growth over the next few years. Additionally the county continues to recover from the Covid-19 pandemic, and with the introduction of the American Rescue Plan funds, the County should be able to implement some much needed updates to infrastructure and technology.

### Contacting the County's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the County Treasurer's office or the Finance office at 33 McCollum Street, Hillsdale MI.

# **Basic Financial Statements**

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# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Net Position

December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 3,447,795	\$ 14,250,162	\$ 17,697,957	\$ 4,494,929
Due from governmental	393,638	-	393,638	-
Receivables, net	7,749,459	5,260,316	13,009,775	2,367,777
Prepaid items and other assets	269,599	345,144	614,743	792,839
Capital assets not being depreciated	276,813	26,940	303,753	5,634,776
Capital assets being depreciated, net	7,351,539	9,344,788	16,696,327	23,307,915
<b>Total assets</b>	<b>19,488,843</b>	<b>29,227,350</b>	<b>48,716,193</b>	<b>36,598,236</b>
<b>Deferred outflow of resources</b>				
Deferred outflow from OPEB	432,571	-	432,571	-
Deferred outflow from Pension	136,970	-	136,970	433,935
<b>Total Deferred Outflows</b>	<b>569,541</b>	<b>-</b>	<b>569,541</b>	<b>433,935</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	2,012,159	4,621,993	6,634,152	1,101,796
Unearned revenue	2,180	575,000	577,180	-
Long-term liabilities:				
Due within one year	1,240,400	2,350,000	3,590,400	156,100
Due in more than one year	5,597,070	3,751,705	9,348,775	915,858
Net Pension Liability	3,090,328	-	3,090,328	3,486,499
Other post employment benefits	2,004,225	-	2,004,225	-
<b>Total liabilities</b>	<b>13,946,362</b>	<b>11,298,698</b>	<b>25,245,060</b>	<b>5,660,253</b>
<b>Deferred inflow of resources</b>				
Deferred inflow from OPEB	204,861	-	204,861	-
Deferred inflow from Pension	225,455	-	225,455	440,583
Deferred inflow from Taxes	2,289,951	820,914	3,110,865	-
<b>Total Deferred Inflows</b>	<b>2,720,267</b>	<b>820,914</b>	<b>3,541,181</b>	<b>440,583</b>
<b>Net position</b>				
Net investment in capital assets	1,302,119	9,333,759	10,635,878	28,942,691
Restricted for:				
Endowments and trusts	3,262	-	3,262	-
Other purposes	3,453,542	251,677	3,705,219	4,879,173
Unrestricted	(1,367,168)	7,522,302	6,155,134	(2,890,529)
<b>Total net position</b>	<b>\$ 3,391,755</b>	<b>\$ 17,107,738</b>	<b>\$ 20,499,493</b>	<b>\$ 30,931,335</b>

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

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 78,278	\$ -	\$ -	\$ -	\$ (78,278)
Judicial	1,772,231	647,158	1,154,666	-	29,593
General government	3,820,380	724,341	1,465,170	-	(1,630,869)
Public safety	4,412,349	1,147,609	845,967	-	(2,418,773)
Public works	25,876	-	-	-	(25,876)
Health and welfare	5,573,046	196,505	568,148	-	(4,808,393)
Recreation and cultural	60,841	-	38,360	-	(22,481)
Other governmental activities	3,789,192	5,958	558,959	-	(3,224,275)
Interest on long-term debt	49,951	-	-	-	(49,951)
<b>Total governmental activities</b>	<b>19,582,144</b>	<b>2,721,571</b>	<b>4,631,270</b>	<b>-</b>	<b>(12,229,303)</b>
Business-type activities:					
Medical Care Facility	21,523,786	15,346,025	5,001,804	-	(1,175,957)
Delinquent tax collections/forfeitures	22,781	864,806	5	-	842,030
Building inspections	427,875	725,202	-	-	297,327
Geographic information services	8,534	5,905	-	-	(2,629)
<b>Total business-type activities</b>	<b>21,982,976</b>	<b>16,941,938</b>	<b>5,001,809</b>	<b>-</b>	<b>(39,229)</b>
<b>Total primary government</b>	<b>\$ 41,565,120</b>	<b>\$ 19,663,509</b>	<b>\$ 9,633,079</b>	<b>\$ -</b>	<b>\$ (12,268,532)</b>
<b>Component units</b>					
County Drains	\$ 897,781	\$ 816,025	\$ 1,414	\$ -	\$ (80,342)
County Roads	8,698,352	1,011,803	9,319,445	-	1,632,896
<b>Total component units</b>	<b>\$ 9,596,133</b>	<b>\$ 1,827,828</b>	<b>\$ 9,320,859</b>	<b>\$ -</b>	<b>\$ 1,552,554</b>

continued...

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Activities (Continued)

Year Ended December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
Net (expense) revenue	\$ (12,229,303)	\$ (39,229)	\$ (12,268,532)	\$ 1,552,554
General revenues:				
Property taxes	10,962,593	-	10,962,593	-
State shared revenue	751,790	-	751,790	-
Personal Property Tax Reimbursement	170,752	-	170,752	-
Unrestricted investment earnings	71,162	-	71,162	20,130
Other revenue	1,048,748	-	1,048,748	127,290
Transfers - internal activities	723,889	(723,889)	-	-
<b>Total general revenues and transfers</b>	<b>13,728,934</b>	<b>(723,889)</b>	<b>13,005,045</b>	<b>147,420</b>
<b>Change in net position</b>	<b>1,499,631</b>	<b>(763,118)</b>	<b>736,513</b>	<b>1,699,974</b>
Net position, beginning of year	1,812,130	17,870,856	19,682,986	29,231,361
Prior Period Adjustment	79,994	-	79,994	-
<b>Net position, end of year</b>	<b>\$ 3,391,755</b>	<b>\$ 17,107,738</b>	<b>\$ 20,499,493</b>	<b>\$ 30,931,335</b>

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

# COUNTY OF HILLSDALE, MICHIGAN

## Balance Sheet - Governmental Funds

December 31, 2020

	General	Senior Citizen	Senior Center Debt Service	Nonmajor Funds	Totals
<b>Assets</b>					
Cash and investments	\$ 482,419	\$ 100,184	\$ 8,044	\$ 2,713,885	\$ 3,304,532
Taxes receivable	710,001	1,363,006	-	1,802,833	3,875,840
Accounts receivable	371,847	13,978	-	1,458,672	1,844,497
Leases receivable	-	-	1,240,000	-	1,240,000
Due from other governments	100,944	-	-	393,638	494,582
Prepaid expenditures	225,414	-	-	9,065	234,479
Advance to component unit	587,968	-	-	-	587,968
Interest receivable	-	-	-	210	210
<b>Total assets</b>	<b>\$ 2,478,593</b>	<b>\$ 1,477,168</b>	<b>\$ 1,248,044</b>	<b>\$ 6,378,303</b>	<b>\$ 11,582,108</b>
<b>Liabilities</b>					
Accounts payable	\$ 175,712	\$ 13,978	\$ 525,000	\$ 814,777	\$ 1,529,467
Unearned revenue	-	-	-	2,180	2,180
Accrued expenditures	160,929	-	-	47,888	208,817
<b>Total liabilities</b>	<b>336,641</b>	<b>13,978</b>	<b>525,000</b>	<b>864,845</b>	<b>1,740,464</b>
<b>Deferred inflows of resources</b>	<b>465,075</b>	<b>1,363,006</b>	<b>715,000</b>	<b>1,918,585</b>	<b>4,461,666</b>
<b>Fund balances</b>					
Nonspendable	804,928	-	-	12,327	817,255
Restricted	-	100,184	8,044	3,345,314	3,453,542
Assigned	-	-	-	237,232	237,232
Unassigned	871,949	-	-	-	871,949
<b>Total fund balances</b>	<b>1,676,877</b>	<b>100,184</b>	<b>8,044</b>	<b>3,594,873</b>	<b>5,379,978</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,478,593</b>	<b>\$ 1,477,168</b>	<b>\$ 1,248,044</b>	<b>\$ 6,378,303</b>	<b>\$ 11,582,108</b>

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

# COUNTY OF HILLSDALE, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
December 31, 2020

Fund balances - total governmental funds \$ 5,379,978

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

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Capital assets not being depreciated	276,813
Capital assets being depreciated, net	7,351,539

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.

Long-term receivables included in deferred inflows of resources	2,171,715
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual 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	66,337
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Bonds and leases payable	(6,326,233)
Net Pension Liability	(3,090,328)
Compensated absences	(511,237)
Deferred Outflow Pension Liability	136,970
Deferred Inflow Pension Liability	(225,455)
Deferred Outflow OPEB	432,571
Deferred Inflow OPEB	(204,861)
Other post employment benefits	(2,004,225)
Accrued interest on long-term liabilities	(61,829)

Net position of governmental activities \$ 3,391,755

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

# COUNTY OF HILLSDALE, MICHIGAN

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

Governmental Funds

Year Ended December 31, 2020

	General	Senior Citizen	Senior Center Debt Service	Nonmajor Funds	Totals
<b>Revenues</b>					
Taxes and special assessments	\$ 6,948,060	\$ 1,421,022	\$ -	\$ 2,593,511	\$ 10,962,593
Intergovernmental	2,940,628	37,891	-	1,083,940	4,062,459
Licenses and permits	147,073	-	-	-	147,073
Contributions	-	-	148,173	3,825	151,998
Fines and forfeits	235,054	-	-	18,255	253,309
Charges for services	1,043,976	-	-	1,080,689	2,124,665
Reimbursements and refunds	802,082	-	-	138,722	940,804
Interest and rentals	377,033	-	-	332	377,365
Other revenue	-	-	179,885	734,318	914,203
<b>Total revenues</b>	<b>12,493,906</b>	<b>1,458,913</b>	<b>328,058</b>	<b>5,653,592</b>	<b>19,934,469</b>
<b>Expenditures</b>					
Current:					
Legislative	78,278	-	-	-	78,278
Judicial	1,745,841	-	-	26,390	1,772,231
General government	3,064,732	-	-	423,010	3,487,742
Public safety	3,228,342	-	-	1,475,763	4,704,105
Public works	25,876	-	-	-	25,876
Health and welfare	761,499	1,371,924	-	3,498,914	5,632,337
Recreation and cultural	-	-	-	60,841	60,841
Other	2,475,926	-	-	-	2,475,926
Capital outlay	97,701	-	-	89,232	186,933
Debt service:					
Principal	-	-	295,000	630,000	925,000
Interest	-	-	33,058	134,952	168,010
<b>Total expenditures</b>	<b>11,478,195</b>	<b>1,371,924</b>	<b>328,058</b>	<b>6,339,102</b>	<b>19,517,279</b>
Revenue over (under) expenditures	1,015,711	86,989	-	(685,510)	417,190
<b>Other financing sources (uses)</b>					
Proceeds from issuance of debt	77,583	-	-	720,000	797,583
Transfers in	687,130	-	-	1,411,228	2,098,358
Transfers out	(1,461,854)	-	-	(242,139)	(1,703,993)
<b>Total other financing sources (uses)</b>	<b>(697,141)</b>	<b>-</b>	<b>-</b>	<b>1,889,089</b>	<b>1,191,948</b>
<b>Net change in fund balances</b>	<b>318,570</b>	<b>86,989</b>	<b>-</b>	<b>1,203,579</b>	<b>1,609,138</b>
Fund balances, beginning of year	1,278,313	13,195	8,044	2,391,294	3,690,846
Prior Period Adjustment	79,994	-	-	-	79,994
<b>Fund balances, end of year</b>	<b>\$ 1,676,877</b>	<b>\$ 100,184</b>	<b>\$ 8,044</b>	<b>\$ 3,594,873</b>	<b>\$ 5,379,978</b>

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

# COUNTY OF HILLSDALE, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
Year Ended December 31, 2020

**Net change in fund balances - total governmental funds** \$ 1,609,138

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.

Capital outlay	186,932
Depreciation expense	(464,159)

Bond proceeds provide current financial resources to governmental funds, but issuing debt 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.

Capital lease proceeds	(77,583)
Principal payments on debt	925,000
Long Term Debt Issued	(720,000)
Principal payments on capital leases	76,741

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

Change in the accrual of compensated absences	(37,021)
Change in the accrual of other post employment benefits	(319,042)
Change in Pension Obligation	185,413
Change in deferred Inflows from Pension	(5,941)
Change in deferred Outflows from Pension	(142,309)
Change in deferred Inflows from OPEB	432,571
Change in deferred Outflows from OPEB	(204,861)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities:

Net operating income from governmental activities accounted for in the internal service fund	(274,772)
Transfers received in governmental internal service funds	329,524

**Change in net position of governmental activities** \$ 1,499,631

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

COUNTY OF HILLSDALE, MICHIGAN

**Statement of Net Position**

Proprietary Funds  
December 31, 2020

	Business-type Activities - Enterprise Funds					Internal Service
	Medical Care Facility	2018 Delinquent Tax Revolving	2019 Delinquent Tax Revolving	Nonmajor Funds	Totals	Self Insurance
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 9,510,857	\$ 850,291	\$ 1,455,105	\$ 2,433,909	\$ 14,250,162	\$ 143,263
Taxes receivable	820,914	-	1,059,910	664,631	2,545,455	-
Accounts receivable	1,824,838	535,851	-	82,562	2,443,251	100,000
Interest receivable	-	-	-	271,610	271,610	-
Prepays	-	-	-	2,269	2,269	35,120
Other assets	342,875	-	-	-	342,875	-
<b>Total current assets</b>	<b>12,499,484</b>	<b>1,386,142</b>	<b>2,515,015</b>	<b>3,454,981</b>	<b>19,855,622</b>	<b>278,383</b>
Noncurrent assets:						
Capital assets not being depreciated	26,940	-	-	-	26,940	-
Capital assets being depreciated, net	9,314,608	-	-	30,180	9,344,788	-
<b>Total assets</b>	<b>21,841,032</b>	<b>1,386,142</b>	<b>2,515,015</b>	<b>3,485,161</b>	<b>29,227,350</b>	<b>278,383</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	966,773	1,530	-	2,158	970,461	212,046
Capital Lease Obligation 1 Year	9,530	-	-	-	9,530	-
Capital Lease Obligation	28,439	-	-	-	28,439	-
Accrued liabilities	3,606,930	-	-	3,781	3,610,711	-
Unearned CARES Act Revenue	575,000	-	-	-	575,000	-
Due to other governments	-	-	-	2,852	2,852	-
Current portion of long-term debt	735,145	850,000	1,300,000	-	2,885,145	-
<b>Total current liabilities</b>	<b>5,921,817</b>	<b>851,530</b>	<b>1,300,000</b>	<b>8,791</b>	<b>8,082,138</b>	<b>212,046</b>
Long-term liabilities:						
Due in more than one year	2,166,560	-	1,050,000	-	3,216,560	-
<b>Total liabilities</b>	<b>8,088,377</b>	<b>851,530</b>	<b>2,350,000</b>	<b>8,791</b>	<b>11,298,698</b>	<b>212,046</b>
<b>Deferred inflows of resources</b>						
Property taxes levied for the subsequent year	820,914	-	-	-	820,914	-
<b>Net position</b>						
Net investment in capital assets	9,303,579	-	-	30,180	9,333,759	-
Restricted by statute	-	-	-	251,677	251,677	-
Unrestricted	3,628,162	534,612	165,015	3,194,513	7,522,302	66,337
<b>Total net position</b>	<b>\$ 12,931,741</b>	<b>\$ 534,612</b>	<b>\$ 165,015</b>	<b>\$ 3,476,370</b>	<b>\$ 17,107,738</b>	<b>\$ 66,337</b>

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

COUNTY OF HILLSDALE, MICHIGAN

**Statement of Revenues, Expenses and Changes in Net Position**

Proprietary Funds

Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds					Internal Service
	Medical Care Facility	2018 Delinquent Tax Revolving	2019 Delinquent Tax Revolving	Nonmajor Funds	Totals	Self Insurance
<b>Operating revenues</b>						
Charges for services	\$ 15,346,025	\$ 135,933	\$ 95,669	\$ 888,542	\$ 16,466,169	\$ -
Other operating revenue	2,623,317	-	-	17,392	2,640,709	-
<b>Total operating revenues</b>	<b>17,969,342</b>	<b>135,933</b>	<b>95,669</b>	<b>905,934</b>	<b>19,106,878</b>	<b>-</b>
<b>Operating expenses</b>						
Depreciation expense	540,731	-	-	12,715	553,446	-
Cost of services	20,979,636	67,774	34,718	343,988	21,426,116	274,772
<b>Total operating expenses</b>	<b>21,520,367</b>	<b>67,774</b>	<b>34,718</b>	<b>356,703</b>	<b>21,979,562</b>	<b>274,772</b>
Operating income (loss)	(3,551,025)	68,159	60,951	549,231	(2,872,684)	(274,772)
<b>Nonoperating revenues (expenses)</b>						
Property tax revenue	803,144	-	-	-	803,144	-
Contributions	1,551,471	-	-	-	1,551,471	-
Interest and rentals	23,872	138,041	104,062	216,279	482,254	-
Interest expense	(3,419)	2	2	1	(3,414)	-
<b>Total nonoperating revenues</b>	<b>2,375,068</b>	<b>138,043</b>	<b>104,064</b>	<b>216,280</b>	<b>2,833,455</b>	<b>-</b>
Income (loss) before transfers	(1,175,957)	206,202	165,015	765,511	(39,229)	(274,772)
<b>Transfers in (out)</b>						
Transfers in	-	-	-	219	219	329,524
Transfers out	(80,648)	-	-	(643,460)	(724,108)	-
<b>Total transfers</b>	<b>(80,648)</b>	<b>-</b>	<b>-</b>	<b>(643,241)</b>	<b>(723,889)</b>	<b>329,524</b>
Change in Net Position - Total	(1,256,605)	206,202	165,015	122,270	(763,118)	54,752
Net position, beginning of year	14,188,346	328,410	-	3,354,100	17,870,856	11,585
<b>Net position, end of year</b>	<b>\$ 12,931,741</b>	<b>\$ 534,612</b>	<b>\$ 165,015</b>	<b>\$ 3,476,370</b>	<b>\$ 17,107,738</b>	<b>\$ 66,337</b>

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

COUNTY OF HILLSDALE, MICHIGAN

**Statement of Cash Flows**

Proprietary Funds

Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds					Internal Service
	Medical Care Facility	2018 Delinquent Tax Revolving	2019 Delinquent Tax Revolving	Nonmajor Funds	Totals	Self Insurance
<b>Cash flows from operating activities</b>						
Cash received from customers	\$ 17,677,750	\$ 908,829	\$ 95,669	\$ 1,334,785	\$ 20,017,033	\$ 220,000
Cash received from quality assurance supplement	2,188,904	-	-	-	2,188,904	-
Other operating receipts	434,413	-	-	-	434,413	-
Cash payments to suppliers and employees for goods and services	(20,729,231)	(66,244)	(1,094,628)	(357,669)	(22,247,772)	(445,099)
<b>Net cash provided by (used in) operating activities</b>	<b>(428,164)</b>	<b>842,585</b>	<b>(998,959)</b>	<b>977,116</b>	<b>392,578</b>	<b>(225,099)</b>
<b>Cash flows from noncapital financing activities</b>						
Property tax and other nonoperating revenue	5,239,221	-	-	-	5,239,221	-
Transfers in	-	-	-	-	-	329,524
Transfers out	(80,648)	-	-	(643,241)	(723,889)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>5,158,573</b>	<b>-</b>	<b>-</b>	<b>(643,241)</b>	<b>4,515,332</b>	<b>329,524</b>
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(250,953)	-	-	(8,220)	(259,173)	-
Interest payments	(3,419)	2	2	1	(3,414)	-
Principal payments	(8,801)	(1,500,000)	(350,000)	(750,000)	(2,608,801)	-
Proceeds from long-term debt	-	-	2,700,000	-	2,700,000	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(263,173)</b>	<b>(1,499,998)</b>	<b>2,350,002</b>	<b>(758,219)</b>	<b>(171,388)</b>	<b>-</b>
<b>Cash flows from investing activities</b>						
Interest and rental earnings	23,872	138,041	104,062	216,280	482,255	-
<b>Net cash provided by investing activities</b>	<b>23,872</b>	<b>138,041</b>	<b>104,062</b>	<b>216,280</b>	<b>482,255</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,491,108</b>	<b>(519,372)</b>	<b>1,455,105</b>	<b>(208,064)</b>	<b>5,218,777</b>	<b>104,425</b>
Cash equivalents, beginning of year	5,019,749	1,369,663		2,641,973	9,031,385	38,838
<b>Cash equivalents, end of year</b>	<b>\$ 9,510,857</b>	<b>\$ 850,291</b>	<b>\$ 1,455,105</b>	<b>\$ 2,433,909</b>	<b>\$ 14,250,162</b>	<b>\$ 143,263</b>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ (3,551,025)	\$ 68,159	\$ 60,951	\$ 549,231	\$ (2,872,684)	\$ (274,772)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	565,089	-	-	4,064	569,153	-
Changes in assets and liabilities:						
Taxes receivable	-	784,652	-	412,689	1,197,341	-
Accounts receivable	2,274,011	-	(1,059,910)	13,673	1,227,774	220,000
Advances to other funds	-	-	-	99	99	-
Lease receivable	57,714	-	-	-	57,714	-
Interest receivable	-	(11,756)	-	2,390	(9,366)	-
Prepays	(21,661)	-	-	1,266	(20,395)	(35,120)
Accounts payable	252,765	1,530	-	(6,296)	247,999	(135,207)
Accrued expenses	(5,057)	-	-	-	(5,057)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (428,164)</b>	<b>\$ 842,585</b>	<b>\$ (998,959)</b>	<b>\$ 977,116</b>	<b>\$ 392,578</b>	<b>\$ (225,099)</b>

**Non-cash transactions**

There were no non-cash transactions during the fiscal year.

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

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Fiduciary Net Position

December 31, 2020

	Agency Funds
<b>Assets</b>	
Cash and investments	\$ 1,012,504
<b>Liabilities</b>	
Due to other governments	\$ 677,492
Undistributed receipts	335,012
<b>Total liabilities</b>	\$ 1,012,504

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

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Changes In Fiduciary Net Position

December 31, 2020

	Agency Funds
<b>Additions</b>	
Taxes/Fees/Fines	<u>\$ 32,307,332</u>
<b>Deductions</b>	
Distributions	<u>32,307,332</u>
<b>Change in Net Position</b>	-
<b>Net Position, Beginning of Year</b>	<u>-</u>
<b>Net Position, End of Year</b>	<u><u>\$ -</u></u>

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

## **Component Units**

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# COUNTY OF HILLSDALE, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

December 31, 2020

	Drain Commission	Road Commission	Total
<b>Assets</b>			
Cash and investments	\$ 1,003,372	\$ 3,491,557	\$ 4,494,929
Special assessments receivable	576,111	-	576,111
Receivables, net	-	1,791,666	1,791,666
Prepaid items and other assets	-	792,839	792,839
Capital assets:			
Capital assets not being depreciated	-	5,634,776	5,634,776
Capital assets being depreciated, net	678,180	22,629,735	23,307,915
<b>Total assets</b>	<u>2,257,663</u>	<u>34,340,573</u>	<u>36,598,236</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension amounts	-	433,935	433,935
<b>Liabilities</b>			
Accounts payable and accrued expenses	81,666	207,797	289,463
Advances from primary government	587,968	224,365	812,333
Long-term liabilities:			
Due within one year	135,660	20,440	156,100
Due in more than one year	527,508	388,350	915,858
Net Pension Liability	-	3,486,499	3,486,499
<b>Total liabilities</b>	<u>1,332,802</u>	<u>4,327,451</u>	<u>5,660,253</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension amounts	-	440,583	440,583
<b>Net position</b>			
Net investment in capital assets	678,180	28,264,511	28,942,691
Restricted	-	4,879,173	4,879,173
Unrestricted	246,681	(3,137,210)	(2,890,529)
<b>Total net position</b>	<u>\$ 924,861</u>	<u>\$ 30,006,474</u>	<u>\$ 30,931,335</u>

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

# COUNTY OF HILLSDALE, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units  
Year Ended December 31, 2020

	Drain Commission	Road Commission	Total
<b>Expenses</b>			
County Drains	\$ 897,781	\$ -	\$ 897,781
County Roads	-	8,698,352	8,698,352
<b>Total expenses</b>	<u>897,781</u>	<u>8,698,352</u>	<u>9,596,133</u>
<b>Program revenues</b>			
Charges for services	816,025	1,011,803	1,827,828
Operating grants and contributions	1,414	9,319,445	9,320,859
<b>Total program revenues</b>	<u>817,439</u>	<u>10,331,248</u>	<u>11,148,687</u>
<b>Net revenue (expense)</b>	<u>(80,342)</u>	<u>1,632,896</u>	<u>1,552,554</u>
<b>General revenues and transfers out</b>			
Unrestricted investment earnings	-	20,130	20,130
Other revenue	-	127,290	127,290
<b>Total general revenues</b>	<u>-</u>	<u>147,420</u>	<u>147,420</u>
<b>Change in net position</b>	<u>(80,342)</u>	<u>1,780,316</u>	<u>1,699,974</u>
Net position, beginning of year	<u>1,005,203</u>	<u>28,226,158</u>	<u>29,231,361</u>
<b>Net position, end of year</b>	<u>\$ 924,861</u>	<u>\$ 30,006,474</u>	<u>\$ 30,931,335</u>

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

## **Notes to Financial Statements**

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hillsdale County, Michigan (the “County” or “government”) 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 U.S. 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 government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so 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 government-wide financial statements to emphasize that they are legally separate from the government.

#### Blended Component Unit

Hillsdale County Medical Care Facility - provides skilled long term care to residents of the County and is not considered legally separate from the County; therefore, it has been included in the County’s basic financial statements as an Enterprise Fund. The complete financial statements may be obtained by contacting:

Hillsdale County Medical Care Facility  
140 W. Mechanic Street  
Hillsdale, MI 49242  
(517) 439 9341

Hillsdale County Building Authority - is governed by a five-member board appointed by the Hillsdale County Board of Commissioners. Although it is legally separate from Hillsdale County, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County’s public buildings.

Hillsdale Department of Public Works - Pursuant to Act 185 of 1957 (MCL 123.732, as amended) the County entered into a program of water supply and sanitary sewer facility construction. The Department of Public Works is under the general control of the County Board of Commissioners and under the immediate control of a Board of Public Works which includes the County Drain Commissioner. The Board of Public Works is considered an agency of the County. The Board manages water supply and sanitary sewer system construction projects that are bonded by the County. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the County Board of Commissioners.

#### Discretely Presented Component Units

Hillsdale County Road Commission - is established pursuant to the County Road Law (MCL 224.1), is governed by an elected three member Board of County Road Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as a part of the County total tax levy as well as reported in the County Road Fund.

The Hillsdale County Road Commission has a separately issued audit report. Complete financial statements of the component unit can be obtained from its respective administrative offices or from the Clerk’s Office:

Hillsdale County Road Commission  
1919 Hudson Road  
Hillsdale, Michigan 49242  
(517) 437-4458

## Notes to Financial Statements

Hillsdale County Drain Commission - Each of the Drainage Districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The statutory drainage board of Chapter 20 (MCL 280.461 et seq.) Drain Commission consists of the drain commissioners, the chairperson of the county board of commissioners, and one other member of the board of commissioners. The statutory drainage board of Chapter 5 (MCL 280.101 et seq.) and Chapter 6 (MCL 280.121 et seq.) Drain Commission consists of the State Director of Agriculture and the drain commissioners of each county involved in the project. The county drain commissioner has sole responsibility to administer the drainage district established pursuant to Chapter 3 (MCL 280.51 et seq.) and Chapter 4 (MCL 280.71 et seq.) of the Drain Code. The drainage board or drain commissioners, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the county board of commissioners. The full faith and credit of the County may be given for the debt of the drainage district. There is created for each project petitioned for under the provisions of the Chapter 21 (MCL 280.511 et seq.) Drain Commission, an augmented drainage board to consist of the members of the drainage board together with the chairman of the board of commissioners and the chairman of the board of county auditors of each county involved. The statutory drainage board of Chapter 8 (MCL 280.191 et seq.) Drain Commission consists of the Drain Commissioner, the State Director of Agriculture, and the commissioners of each county involved.

### 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.

LifeWays - Hillsdale County and Jackson County entered into an agreement pursuant to Section 205 of Act 258 of 1974, as amended (MCL 330.1205), to create the Jackson Hillsdale Mental Health Authority, which later became known as "LifeWays". LifeWays is a legally separate organization established to provide mental health services to residents of the counties.

It is governed by a twelve (12) member board, including four (4) from Hillsdale County and eight (8) from Jackson County. The County's accountability does not extend beyond this representation and making these appointments. The board may borrow money and issue bonds pursuant to Section 205 of Act 258 of 1974, as amended (MCL 330.1205). LifeWays indemnifies and holds harmless the participating counties from all claims and liabilities. Hillsdale County's appropriation to LifeWays for the calendar year ended December 31, 2020, was \$274,000.

Branch Hillsdale St Joseph District I Health Department - Hillsdale County participates jointly with Branch and St. Joseph Counties in the operation of the Branch, Hillsdale, St. Joseph District I Health Department. All of the financial operations of the District Health Department are recorded in the records of Branch County. It is governed by a seven (7) member board, two (2) from Hillsdale County, two (2) from Branch County, and three (3) from St. Joseph County. The funding formula approved by the members of the county boards of commissioners is based pro rata on each county's population. The current funding formula approved by the District Health Board requires Hillsdale, Branch and St. Joseph Counties to provide 30.1, 29.6, and 40.3 percent, respectively. Hillsdale County's appropriation to the District Health Department for the calendar year ended December 31, 2020, was \$237,487.

### 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 non-fiduciary 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when 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, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

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

The *senior citizens special revenue fund* is used to account for the collection of property tax and disbursements for county-wide senior services pursuant to contractual services.

The *Senior Center debt service fund* is used to account for financial resources to refund the debt of the Senior Citizens Center.

The County reports the following major proprietary funds:

The medical care *facility fund* accounts for the operation of the County's long-term adult care facility.

The 2018 and 2019 *delinquent tax revolving fund* accounts for the annual purchase of delinquent real property taxes from each of the local taxing units within the county, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest.

Additionally, the County reports the following fund types:

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

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

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

*Permanent funds* are used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.

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

*Internal service funds* account for the insurance activity of the County provided to other departments and funds on a cost reimbursement basis.

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

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.

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 County's internal service fund 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.

### **Assets, Liabilities and Equity**

#### ***Cash and Investments***

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

Investments are stated at fair value and consist of commercial paper and certificates of deposit with original maturities of greater than 90 days.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

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

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables consist of accounts receivable related to charges for services and amounts due from governmental units for various financial assistance programs and State shared revenues. The County has established allowances for doubtful accounts to estimate uncollectible accounts receivable in the child care, health and rehabilitation services facility funds and district health department component unit. The County utilizes the direct write-off method for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

Advances between funds or component units are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

#### ***Inventories***

The cost of inventory items in the primary government for all funds is recorded as an expenditure at the time of purchase. Inventories of the health and rehabilitation services facility and jail commissary funds consist of medical supplies and miscellaneous hygiene and consumer products, respectively, which are stated at the lower of first-in, first-out (FIFO) or market.

#### ***Prepays***

Certain payments to vendors (particularly for insurance coverage) reflect costs that are applicable to a future period and are recorded as prepaid items.

Notes to Financial Statements

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Infrastructure for the Road Commission and Drain Commission component units has been capitalized back to 1980.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government and Drain Commission component unit are depreciated using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	10-50
Equipment	10-25
Vehicles	5-10
Infrastructure - drains	50

Capital assets of the Road Commission component unit are depreciated as follows:

	Years
Buildings and improvements	40
Equipment	4-8
Infrastructure	8-50

**Compensated Absences**

In accordance with County personnel policies and/or contracts negotiated with the various employee groups of the County, upon termination of employment, individual employees have vested rights to receive payment or unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. Vacation pay that has matured, such as due to employee resignations or retirements, is reported as an expenditure and a fund liability of the governmental fund that will pay it for employees retiring.

**Pensions**

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

**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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

## Notes to Financial Statements

### *Deferred outflows of resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has pension items that qualify for reporting in this category.

### *Deferred inflows of resources*

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for pension, OPEB, and property taxes levied during the year that were intended to finance future periods.

### *Fund Equity*

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

The County Commissioners can also give authority to management to assign fund balance but has not yet done so; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

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

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

## 2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end.

The Finance Committee receives the preliminary budget requests from departmental heads in September. A proposed operating budget for the fiscal year beginning the following January 1 is submitted to the Board of Commissioners in October. Public hearings are conducted to obtain taxpayer comments. The budget is formally adopted by resolution at the December Board of Commissioners' meeting. Any revisions to the budget must be approved by the Board of Commissioners. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgeted amounts are as originally adopted or as amended by the Board of Commissioners during the year.

The legal level of budgetary control is the activity level for the General Fund and the function level for the special revenue funds. The Board of Commissioners made several supplemental budgetary appropriations during the year which were not considered material.

Encumbrance accounting is not employed by the County because it is presently considered unnecessary to reasonably assure budgetary control.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 3. CASH AND INVESTMENTS

#### Summary of Deposit and Investment Balances

Following is a reconciliation of deposit and investment balances as of December 31, 2020:

	Primary Government	Component Units	Totals
<b>Financial statements</b>			
Statement of net assets -			
Cash and investments	\$ 17,697,957	\$ 4,494,929	\$ 22,192,886
Statement of fiduciary assets and liabilities -			
Cash and investments	1,012,504	-	1,012,504
<b>Total</b>	<b>\$ 18,710,461</b>	<b>\$ 4,494,929</b>	<b>\$ 23,205,390</b>
<b>Cash and investments</b>			
Bank deposits (checking accounts, savings accounts and certificates of deposits)			\$ 16,117,082
Investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			7,082,418
Cash on hand			5,890
<b>Total</b>			<b>\$ 23,205,390</b>

#### County's Cash and Investment Pool

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. 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. At year end, maturities of the County's debt securities were as follows:

	Total Fair	Investment Maturities (fair value by years)			
		Less than 1	1-5	6-10	More than 10
U.S. Agencies	290,135	-	290,135	-	-
Municipal bonds	4,033,800	685,798	3,348,002	-	-
<b>Total</b>	<b>4,323,935</b>	<b>685,798</b>	<b>3,638,137</b>	<b>-</b>	<b>-</b>

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk, that in the event of a bank failure, the County's deposits may not be returned to the government. As of December 31, 2020, \$3,160,306 of the County's total balance of \$23,190,246 is exposed to custodial credit risk as it was uninsured and uncollateralized.

The County's investment policy requires that only those banks or savings and loan institutions that are members of the FDIC or FSLIC will be considered for depository purposes, but recognizes that it is impractical to insure all bank deposits due to the limitations of depository insurance. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Custodial Credit Risk - Investments.* Following is a summary of the Treasurer's investment pool holdings as of December 31, 2020:

U.S. agencies	\$ 290,135
Michigan municipal bonds and notes	4,033,800
Certificates of Deposit	2,192,801
Money market funds	16,688,654
<b>Total</b>	<b>\$ 23,205,390</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

*Credit Risk.* As of December 31, 2020, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's (S&P). All of the County's investments in money market funds are rated AAA by S&P. The County's investment in Michigan municipal bonds and notes are rated in the top tier by at least one rating agency.

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

*Fair value measurement.* The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the measurements required judgement and considers factors specific to each asset or liability.

The County has the following fair value measurements as of December 31, 2020:

	Total	Level 1	Level 2	Level 3
Municipal Bonds	\$ 4,033,800	\$ 4,033,800	\$ -	\$ -

## 4. RECEIVABLES

Receivables as of December 31, 2020 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 3,875,840	\$ 2,545,455	\$ -
Accounts receivable	1,944,497	2,443,251	1,791,666
Special assessments	-	-	576,111
Due from other governments	494,582	-	-
Advances to component unit	587,968	-	-
Leases receivable	1,240,000	-	-
Interest receivable	210	271,610	-
	<u>\$ 8,143,097</u>	<u>\$ 5,260,316</u>	<u>\$ 2,367,777</u>

Of the amounts reported for receivables above, leases receivable in the amount of \$935,000 are not expected to be collected within one year.

## 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

For the year ended December 31, 2020, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 687,130	\$ 1,461,854
Nonmajor governmental funds	1,411,228	242,139
Internal service fund	329,524	-
Medical Care Facility	-	80,648
Nonmajor enterprise funds	219	643,460
	<u>\$ 2,428,101</u>	<u>\$ 2,428,101</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### 6. TAX ABATEMENTS

The County of Hillsdale entered into certain agreements during the year that involve tax abatements. The following table outlines the key information regarding the entities involved and the type and amounts of taxes abated during the year ending December 31, 2020.

Contracted Entity	Program	Tax Abated	Gross Amount Abated
NYLONCRAFT OF MICHIGAN INC	IFT	Prop. Tax	\$ 4,142
PRECISION GAGE, LLC	IFT	Prop. Tax	2,259
ROSS DESIGN	IFT	Prop. Tax	2,213
DOW/DUPONT	IFT	Prop. Tax	1,215
GENERAL AUTOMATIC MACHINE PRODUCTS	IFT	Prop. Tax	488
HORNET MANUFACTURING INC	IFT	Prop. Tax	443
FAIRWAY PRODUCTS	IFT	Prop. Tax	333
HILLSDALE TERMINAL & TOOLS	IFT	Prop. Tax	232
CENTRAL COAST DESIGNS INC	IFT	Prop. Tax	194
TI GROUP AUTOMOTIVE SYSTEMS LLC	IFT	Prop. Tax	88
FOUST ELECTRO MOLD INC	IFT	Prop. Tax	73
COBRA MOTORCYCLES INC	IFT	Prop. Tax	49
			<u>\$ 11,729</u>

### 7. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 191,285	\$ -	\$ -	\$ -	\$ 191,285
Construction in progress	60,150	25,378	-	-	85,528
Subtotal	251,435	25,378	-	-	276,813
Capital assets being depreciated:					
Buildings and improvements	11,698,892	53,974	-	-	11,752,866
Vehicles and equipment	3,877,177	107,582	-	(552,475)	3,432,284
Subtotal	15,576,069	161,556	-	(552,475)	15,185,150
Less accumulated depreciation for:					
Buildings and improvements	(5,033,483)	(238,843)	-	-	(5,272,326)
Vehicles and equipment	(2,888,442)	(225,318)	-	552,475	(2,561,285)
Subtotal	(7,921,925)	(464,161)	-	552,475	(7,833,611)
Total capital assets being depreciated, net	7,654,144	(302,605)	-	-	7,351,539
Capital assets, net	\$ 7,905,579	\$ (277,227)	\$ -	\$ -	\$ 7,628,352

Depreciation expense was charged to programs of the governmental activities as follows:

General Government	\$ 295,615
Public Safety	168,546
Total	<u>\$ 464,161</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated					
Construction in Progress	\$ -	\$ 26,940		\$ -	\$ 26,940
Capital assets being depreciated:					
Land improvements	29,524	-	-	-	29,524
Buildings and improvements	17,643,388	173,297	-	(31,827)	17,784,858
Vehicles and equipment	938,864	63,466	-	(92,614)	909,716
Subtotal	18,611,776	236,763	-	(124,441)	18,724,098
Less accumulated depreciation for:					
Land improvements	(29,524)	-	-	-	(29,524)
Buildings and improvements	(8,161,413)	(490,079)	-	31,827	(8,619,665)
Vehicles and equipment	(730,912)	(85,040)	-	85,831	(730,121)
Subtotal	(8,921,849)	(575,119)	-	117,658	(9,379,310)
Total capital assets being depreciated, net	9,689,927	(338,356)	-	(6,783)	9,344,788
Capital assets, net	\$ 9,689,927	\$ (338,356)	\$ -	\$ (6,783)	\$ 9,371,728

Depreciation expense was charged to programs of the business-type activities as follows:

Medical Care Facility	\$ 565,089
Building Inspection	10,030
Total	<u>\$ 575,119</u>

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
<b>Component unit - Road Commission</b>					
Capital assets not being depreciated:					
Land	\$ 64,634	\$ -	\$ -	\$ -	\$ 64,634
Land improvements	5,490,972	79,170	-	-	5,570,142
Subtotal	5,555,606	79,170	-	-	5,634,776
Capital assets being depreciated:					
Buildings and improvements	2,259,429	14,240	-	-	2,273,669
Equipment	10,214,650	914,069	-	(293,861)	10,834,858
Infrastructure	61,291,605	2,031,849	-	-	63,323,454
Depletable assets	54,700	-	-	-	54,700
Subtotal	73,820,384	2,960,158	-	(293,861)	76,486,681

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Less accumulated depreciation for:					
Buildings and improvements	(1,351,706)	(71,581)	-	-	(1,423,287)
Equipment	(7,823,230)	(900,143)	-	293,725	(8,429,648)
Infrastructure	(42,284,546)	(1,667,207)	-	-	(43,951,753)
Depletable assets	(52,243)	(15)	-	-	(52,258)
Subtotal	(51,511,725)	(2,638,946)	-	293,725	(53,856,946)
Total capital assets being depreciated, net	22,308,659	321,212	-	(136)	22,629,735
Capital assets, net	\$ 27,864,265	\$ 400,382	\$ -	\$ (136)	\$ 28,264,511

Depletion/depreciation expense was charged to programs of the Hillsdale County Road Commission as follows:

Total Depreciation Expense - Public Works \$ 2,638,946

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - Drainage District</b>				
Capital assets being depreciated:				
Buildings	\$ 135,000	\$ -	\$ -	\$ 135,000
Equipment	1,126,547	28,561	-	1,155,108
Infrastructure	628,693	-	-	628,693
Subtotal	1,890,240	28,561	-	1,918,801
Less accumulated depreciation for:				
Buildings	(108,012)	(10,788)	-	(118,800)
Equipment	(891,509)	(60,525)	-	(952,034)
Infrastructure	(157,215)	(12,572)	-	(169,787)
Subtotal	(1,156,736)	(83,885)	-	(1,240,621)
Capital assets, net	\$ 733,504	\$ (55,324)	\$ -	\$ 678,180

Depletion/depreciation expense was charged to programs of the Hillsdale County Road Commission as follows:

Total Depreciation Expense - Public Works \$ 83,885

## 8. PAYABLES

Accounts payable and accrued liabilities as of December 31, 2020 are summarized as follows:

	Governmental Activities	Business-type Activities	Components Units
Accounts payable	\$ 1,741,513	\$ 970,461	\$ 289,463
Capital Lease Obligation	-	37,969	-
Accrued liabilities	208,817	3,610,711	-
Due to other governments	-	2,852	-
Advances from primary government	-	-	812,333
Accrued interest payable	61,829	-	-
	<u>\$ 2,012,159</u>	<u>\$ 4,621,993</u>	<u>\$ 1,101,796</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 9. LONG-TERM DEBT

**General obligation bonds.** The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Governmental activities</b>				
2015 Cap. Impr. Sr Ctr. Refunding	.70%-2.70%	2025	\$ 2,140,000	\$ 715,000
2015 MCF Refunding	2.74%	2026	5,755,000	3,540,000
2016 County Office Building	2.10%	2028	500,000	500,000
2015 Senior Center Capital Debt	.75%-2.45%	2023	1,300,000	525,000
				<u>\$ 5,280,000</u>

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

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2021	\$ 880,000	\$ 134,947
2022	920,000	113,136
2023	955,000	89,761
2024	810,000	64,921
2025	850,000	43,210
2026-2028	<u>865,000</u>	<u>26,726</u>
	<u>\$ 5,280,000</u>	<u>\$ 472,701</u>

By statute, the government's legal debt limit is restricted to 10% of the equalized value of property in the County. At December 31, 2020, the County's legal debt limit was \$203,351,055

**Installment obligations.** The government has entered into several long-term installment payment agreements for the upgrade of its facilities and software. Installment obligations currently outstanding are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Governmental activities</b>				
2016 E-911 Central Dispatch	1.70%	2026	\$ 400,000	\$ 250,000
2020 Courthouse HVAC Debt	n/a	2024	720,000	720,000
				<u>\$ 970,000</u>

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

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2021	\$ 310,000	\$ 8,122
2022	220,000	6,865
2023	175,000	5,013
2024	175,000	3,347
2025	45,000	1,868
2026	<u>45,001</u>	<u>968</u>
	<u>\$ 970,001</u>	<u>\$ 26,183</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

**Capital lease.** The government has entered into several lease agreements for financing the acquisition of vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020 were as follows:

	Year Ending December 31,	Governmental Activities
	2021	\$ 50,400
	2022	<u>25,833</u>
Total minimum lease payments		76,233
Less amount representing interest		<u>(6,243)</u>
Present value of minimum lease payments		<u>\$ 69,990</u>

**Delinquent tax notes.** The government issues general obligation limited tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., delinquent tax revolving enterprise fund) as they are expected to be repaid from proprietary fund revenues. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed three years. Delinquent tax notes outstanding at December 31, 2020, are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Business-type activities</b>				
2018 Delinquent Tax Revolving Notes	2.0%-2.4%	2021	2,700,000	\$ 850,000
2019 Delinquent Tax Revolving Notes	0.95%	2022	2,350,000	<u>2,350,000</u>
				<u>\$ 3,200,000</u>

Annual debt service requirements to maturity for delinquent tax notes are as follows:

Year Ending December 31,	Business-type Activities	
	Principal	Interest
2021	\$ 2,350,000	\$ 33,638
2022	<u>850,000</u>	<u>6,250</u>
	<u>\$ 3,200,000</u>	<u>\$ 39,888</u>

**Drain Notes Payable.** The County Drain Office has entered into several long term notes Payable to assist in funding different drain projects. Drain Notes Payable currently outstanding are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Drain</b>				
Hacket #240	2.15%	2026	320,000	\$ 192,000
Boyd #118	2.15%	2023	235,000	100,715
Knapp	2.15%	2024	64,318	36,753
Luke #238	2.15%	2022	189,500	68,700
Boyd 2 #118	2.20%	2025	40,000	40,000
Lindsey #238	2.15%	2035	225,000	<u>225,000</u>
				<u>\$ 663,168</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

Annual debt service requirements to maturity for Drain Notes are as follows:

Year Ending December 31,	Component Unit - Drain Notes	
	Principal	Interest
2021	\$ 135,659	\$ 17,944
2022	128,560	14,709
2023	97,760	10,384
2024	128,189	10,426
2025	23,000	4,928
2026-2030	75,000	17,280
2031-2035	75,000	6,480
	<u>\$ 663,168</u>	<u>\$ 82,151</u>

### Road Commission Installment Purchase Agreements.

The road commission has no outstanding installment agreements.

*Changes in long-term debt.* Long-term debt activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 6,070,000	\$ -	\$ (790,000)	\$ 5,280,000	\$ 880,000
Capital leases	75,390	77,583	(76,741)	76,232	50,400
Installment contracts	385,001	720,000	(135,000)	970,001	310,000
Compensated absences	474,216	37,021	-	511,237	-
Net Pension Liability	3,275,741	-	(185,413)	3,090,328	-
	<u>\$ 10,280,348</u>	<u>\$ 834,604</u>	<u>\$ (1,187,154)</u>	<u>\$ 9,927,798</u>	<u>\$ 1,240,400</u>
<b>Business-type activities</b>					
Notes Payable	\$ 3,100,000	\$ 5,601,705	\$ (2,600,000)	\$ 6,101,705	\$ 2,350,000
	<u>\$ 3,100,000</u>	<u>\$ 5,601,705</u>	<u>\$ (2,600,000)</u>	<u>\$ 6,101,705</u>	<u>\$ 2,350,000</u>
<b>Component Units:</b>					
<b>Drains</b>					
Hacket #240	\$ 224,000	\$ -	\$ (32,000)	\$ 192,000	\$ 32,000
Boyd #118	134,287	-	(33,572)	100,715	33,572
Lindsey	225,000	-	-	225,000	15,000
Knapp	-	45,941	(9,188)	36,753	9,188
Luke #238	151,600	-	(82,900)	68,700	37,900
Boyd 2 #118	-	40,000	-	40,000	8,000
<b>Road Commission</b>					
Compensated absences	394,579	116,409	(102,198)	408,790	20,440
	<u>\$ 1,129,466</u>	<u>\$ 202,350</u>	<u>\$ (259,858)</u>	<u>\$ 1,071,958</u>	<u>\$ 156,100</u>

For the governmental activities, compensated absences, net pension benefit obligations and net other postemployment benefit obligations, if any, are generally liquidated by the general fund.

**Notes to Financial Statements**

**10. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS**

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The County has purchased commercial insurance for employee medical benefit claims, participates in the Michigan Municipal Risk Management Authority (risk pool) for claims relating to property loss, torts, errors and omissions, and personal injuries, and participates in a risk pool at Employer's Reinsurance Corporation for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (risk pool) program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, and the Authority uses the premiums to pay claims up to the retention limits, the ultimate liability for those claims remains with the County. As of December 31, 2020, the County estimates that its funds on deposit with the Authority are sufficient to cover any outstanding claims. Accordingly, no liability has been recorded.

*Workers' Compensation.* The government maintains a self insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Self Insurance fund). The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$350,000 subject to an annual aggregate limit of \$768,232. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims liabilities during the past two years are as follows:

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

	2020	2019
<b>Workers compensation</b>		
Estimated liability, January 1	\$ 336,040	\$ -
Estimated claims incurred, including changes in estimates	212,006	520,000
Claim payments	(336,000)	(183,960)
<b>Estimated liability, December 31</b>	<u>\$ 212,046</u>	<u>\$ 336,040</u>

*Road Commission.* The Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool ("Pool") established pursuant to the laws of the State of Michigan which authorizes contracts between municipal corporations (interlocal agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program available for Michigan County Road Commissions, which includes, but is not limited to, general liability coverages, auto liability coverages, property insurance coverages, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Hillsdale County Road Commission pays an annual premium to the Pool for property (buildings and grounds) coverage, automobile liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Worker's Compensation Fund.

In the past three years, there have been no reductions in coverages, nor have settlements exceeded coverages. Management of the Road Commission believes that losses, if any, in excess of Insurance Pool coverages would not be material to the financial position of the Road Commission.

The Road Commission continues to carry commercial insurance for employee health and accident insurance.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, 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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

LifeWays. The Michigan Department of Community Health (MDCH) has indicated that the County is partially responsible for \$3,299,285 owed to Lifeways, the mental health authority for Jackson and Hillsdale Counties. Hillsdale County has entered into agreement to pay \$80,000 per year for 10 years to account for their portion of the \$3,299,285 owed to Lifeways. The first payment was in the 2015 fiscal year.

### 12. 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.

For the ambulance, senior services and Medical Care Facility, the assessed and taxable value of real and personal property for the December 1, 2019 levy, for which revenue was recognized in fiscal 2020, was \$1,365,891,226. For the general fund, the assessed and taxable value of real and personal property for the July 1, 2020 levy, for which revenue was recognized in fiscal 2020, was \$1,411,505,455. The general operating tax rate for this levy was at the maximum rate of 4.9239 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of .9941 mills for ambulance services, .9904 mills for senior services, .5965 for Medical Care Facility operating, .4971 for Mental Health, and .4000 mills for the Medical Care Facility debt service.

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

### 13. DEFINED BENEFIT PENSION PLANS - Primary Government

Employees of the Sheriff Department, except the Sheriff and Under sheriff, are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48917, or by calling (800) 767-6377.

The County is required to contribute at an actuarially determined rate; the current rate for the County is 10% of annual covered payroll for each employee group. All participating employees are required to contribute 14.40% percent of their annual salary. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County. However, if the MERS funding requirement for the employer's portion exceeds the amount per the labor contracts then the employees are required to fund the difference.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 02- Sheriff Supervisory & Non-Supervisory: Open Division

	<u>2019 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 Years
Employee Contributions:	18.06%
Act 88:	No

*Employees Covered by Benefit Terms.* As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	22
Vested Former Employees	8
Active Employees	35
Pending Refunds	3
Total Employee	<u>68</u>

**Funding Policy:** The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate.

The contribution rate as a percentage of payroll at December 31, 2020 is as follows:

Sheriff Patrol	10.00%
Sheriff Sergeant	10.00%

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 Percent
Salary Increases	3.00 percent, average, including inflation
Investment rate of return	7.35 percent

Although no explicit price inflation assumption is used in this valuation, the long-term annual rate of price inflation implicit in the 3.00% base wage inflations is 2.5%.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2019.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	5.19%
Global Fixed Income	20.0%	0.75%
Private Investments	20.0%	1.81%

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability is 7.6%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<i>Changes in Net Pension Liability:</i>	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at December 31, 2019	\$ 8,900,773	\$ 5,625,032	\$ 3,275,741
Service Cost:	207,582	-	207,582
Interest:	663,894	-	663,894
Difference between expected and actual experience	(83,456)	-	(83,456)
Changes in assumptions	241,565	-	241,565
Benefit Changes	(62,048)	-	(62,048)
Employer Contributions	-	183,928	(183,928)
Employee Contributions	-	261,761	(261,761)
Net Investment Income	-	720,455	(720,455)
Benefit payments, including employee refunds	(538,258)	(538,258)	-
Administrative expense	-	(11,312)	11,312
Other Changes	1,881	(1)	1,882
Net Changes	431,160	616,573	(185,413)
Balances as of December 31, 2020	\$ 9,331,933	\$ 6,241,605	\$ 3,090,328

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Rate 7.60%	1% Increase 8.60%
Change in net pension liability	\$ 4,233,199	\$ 3,090,328	\$ 2,161,693

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

For the year ended December 31, 2020, the County recognized pension expense of \$146,764. At December 31, 2020, the County 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
Difference between expected and actual experience	\$ -	\$ 225,455
Changes in assumptions	356,726	-
Difference in expected and actual returns	(219,756)	-
Total	\$ 136,970	\$ 225,455

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

Year Ended December 31:	Outflows	Inflows
2021	\$ 143,409	\$ (121,471)
2022	92,535	(50,020)
2023	40,261	(140,112)
2024	40,261	(102,234)
2025	40,260	(31,374)
	<u>\$ 356,726</u>	<u>\$ (445,211)</u>

During the year ended December 31, 2020, the County's contributions totaling \$183,928 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2019. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 7.35 percent and annual salary increases of 3.0 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The

### 14. DEFINED BENEFIT PENSION PLANS - Road Commission

#### *General Information About the Plan*

*Plan Description.* The Road Commission participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits are calculated as final average compensation (based on a 5 year period) and multiplier of 2%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 55 with 25 years of service.

*Employees Covered by Benefit Terms.* At December 31, 2020, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>44</u>
<b>Total membership</b>	<u><u>93</u></u>

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

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - General	\$16,490/Month	5.3%	Open
10 - Non Union	\$19,911/Month	9.9%	Open

*Net Pension Liability.* The Road Commission's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment expense and including inflation

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% male, 50% female blend of RP-2014 Disabled Retiree Mortality Tables

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money- Weighted Rate of Return
Global equity	60.00%	5.25%	3.15%
Global fixed income	20.00%	1.25%	0.25%
Private Investments	20.00%	7.25%	1.45%
	100.00%		
Inflation			2.50%
Administrative expenses netted above			0.25%
<b>Investment rate of return</b>			<b>7.60%</b>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2020 was 7.60% (down from 8.0% at December 31, 2019). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# COUNTY OF HILLSDALE, 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, 2019	\$ 11,922,506	\$ 8,369,001	\$ 3,553,505
Changes for the year:			
Service cost	235,222	-	235,222
Interest	886,134	-	886,134
Differences between expected and actual experience	225,515	-	225,515
Changes in assumptions	353,065	-	353,065
Employer contributions	-	553,588	(553,588)
Employee contributions	-	149,209	(149,209)
Net investment income	-	1,083,874	(1,083,874)
Benefit payments, including refunds of employee contributions	(760,924)	(760,924)	-
Administrative expense	-	(16,915)	16,915
Other changes	2,814	-	2,814
Net changes	941,826	1,008,832	(67,006)
<b>Balances at December 31, 2020</b>	<b>\$ 12,864,332</b>	<b>\$ 9,377,833</b>	<b>\$ 3,486,499</b>

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

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the Road Commission, calculated using the discount rate of 7.60%, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Road Commission's net pension liability	\$ 4,784,968	\$ 3,486,499	\$ 2,371,279

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

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

For the year ended December 31, 2020 the Road Commission recognized pension expense of \$230,850. The Road Commission 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	\$ 169,136	\$ 126,130	\$ 43,006
Changes in assumptions	264,799	-	264,799
Net difference between projected and actual earnings on pension plan investments	-	314,453	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	<b>\$ 433,935</b>	<b>\$ 440,583</b>	<b>\$ (6,648)</b>

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

December 31,	Amount
2021	\$ (41,363)
2022	153,100
2023	(28,247)
2024	<u>(90,138)</u>
<b>Total</b>	<b>\$ <u>(6,648)</u></b>

*Payable to the Pension Plan.* At December 31, 2020, the Road Commission had no amounts payable for contributions to the pension plan.

### 15. DEFINED CONTRIBUTION PENSION PLAN - PRIMARY GOVERNMENT

The County provides pension benefits to all of its full time employees (except for the Sheriff's Department) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Hillsdale County Retirement Fund, the County contributes 6.5 percent for all the general County employees' gross earnings and 4 percent for all Medical Care Facility employees. Employees contribute 2-10 percent of earnings. In accordance with these requirements, the County contributed \$319,635 for the year ended December 31, 2020 and employees contributed \$234,145.

The Hillsdale County Board of Commissioners established both plans and may amend them and the related contribution requirements, subject to the County's various collective bargaining agreements. The plans are administered and the assets are in the custody of third-party insurance companies

### 16. POSTEMPLOYMENT HEALTH CARE BENEFITS - PRIMARY GOVERNMENT

*Plan Description.* The Hillsdale County Sheriff's Department participates in a defined benefit postretirement plan sponsored by Hillsdale County that provides postretirement medical benefits to retirees. Substantially all employees may become eligible for the benefits if they reach normal retirement age while working at the Sheriff's department. The County is required to pay 50% of the postretirement obligation to be paid from the County's General Fund, until the retiree reaches the age of 65, at which point the retiree is eligible for Medicare, and the county's obligation ends.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

Funding Policy. The County has no obligation to make contributions in advance until the premiums are due for payment (in other words, this may be financed on a pay as you go basis). Covered members are required to contribute 50% of their health insurance cost.

### Employees Covered by Benefit Terms.

As of Actuarial date 12/31/2020

Inactive Plan Members	2
Active Plan Members	38
Total Members	40

### Total OPEB Liability and Net OPEB Liability.

The County's total OPEB liability of \$2,004,225 was measured as of December 31, 2020.

The County has contributed zero funds towards funding this liability as the County has used a pay-as-you-go approach to their OPEB costs. That is, benefit payments will be made from general operating funds.

### Actuarial Methods

Cost Method	Entry Age Normal (level percentage of compensation)
Asset Valuation Method	Not Applicable; plan is not pre-funded

### Actuarial assumptions and other inputs.

Inflation	None; the plan is not pre-funded
Salary Increases	3% (for purpose of allocating liability)
Investment rate of return	None; Plan is not pre-funded
Utilization	60% of eligible employees will elect coverage at retirement.
20-year Aa Municipal bond rate	1.93% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted
Improvement Scale	MP-2020

### Discount Rate

The discount rate used to measure the total OPEB liability was 1.93%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members, therefore, benefit payments are discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. As of December 31, 2020 the discount rate used to value OPEB liabilities was 3.26%

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2019	\$ 1,685,183	\$ -	\$ 1,685,183
Changes during the Year			
Service Cost	45,449	-	45,449
Interest	56,183	-	56,183
Experience (Gains)/Losses	(12,656)	-	(12,656)
Change in plan terms	-	-	-
Change in Actuarial assumptions	244,540	-	244,540
Contributions to OPEB Trust	-	-	-
Benefits paid from Operating Funds	-	14,474	(14,474)
Net Investment Income	-	-	-
Benefit Payments	(14,474)	(14,474)	-
Administrative Expenses	-	-	-
Other Changes	-	-	-
Total Changes	319,042	-	319,042
Balance at December 31, 2020	\$ 2,004,225	\$ -	\$ 2,004,225

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the net OPEB liability (NOL) of the County, calculated using trend and discount rates 1% higher and lower than base assumptions:

<u>Discount</u>	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	2,209,322	2,004,225	1,817,683

  

<u>Trend</u>	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	1,752,847	2,004,225	2,302,561

For the year ended December 31, 2020, the County recognized an OPEB expense as follows:

Service Cost	\$ 45,449
Interest on Total OPEB Liability	56,183
Experience (Gains)/Losses	(29,251)
Changes of Assumptions	58,618
<b>Total OPEB Expense</b>	<b>\$ 130,999</b>

Deferred Inflows and Outflows of Resources Related to OPEB Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 204,861
Changes of Assumptions	432,571	-
<b>Total</b>	<b>\$ 432,571</b>	<b>\$ 204,861</b>

## 17. NET INVESTMENT IN CAPITAL ASSETS

	Governmental activities	Business-type activities
Capital assets not being depreciated	\$ 276,813	\$ 26,940
Capital assets being depreciated, net	7,351,539	9,344,788
Total capital assets	7,628,352	9,371,728
Capital related bonds	(5,280,000)	-
Installment contracts	(970,001)	-
PPP Loan	-	(2,901,705)
Capital leases	(76,232)	-
Total net investment in capital assets	\$ 1,302,119	\$ 6,470,023
		<b>(2,863,736)</b>

## 18. PRIOR PERIOD ADJUSTMENTS

The adjustment of the beginning net position/fund balance was made to the following fund for the following reason.

General Fund

\$ 79,994 Correction of prior year investments to reflect fair market value

## **Required Supplementary Information**

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# COUNTY OF HILLSDALE, MICHIGAN

## Required Supplementary Information

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

	2016	2017	2018	2019	2020
Total Pension Liability					
Service Cost	\$ 198,793	\$ 196,805	\$ 203,621	\$ 211,620	\$ 207,582
Interest	595,086	618,638	653,908	682,800	663,894
Benefit payments, including refund of member contributions	(315,192)	(448,312)	(514,830)	(455,089)	(538,258)
Other Changes	17,024	91,178	(15,421)	(195,292)	97,942
Net Change in Total Pension Liability	495,711	458,309	327,278	244,039	431,160
Total Pension Liability - Beginning	7,375,436	7,871,147	8,329,456	8,656,734	8,900,773
Total Pension Liability - Ending	<u>\$ 7,871,147</u>	<u>\$ 8,329,456</u>	<u>\$ 8,656,734</u>	<u>\$ 8,900,773</u>	<u>\$ 9,331,933</u>
Plan fiduciary net position					
Contributions - employer	\$ 137,998	\$ 144,608	\$ 314,432	\$ 184,549	\$ 183,928
Contributions - employee	218,671	252,676	254,856	263,244	261,761
Net investment income	469,826	605,974	(199,104)	676,479	720,455
Benefit payments, including refunds of member contributions	(315,192)	(448,312)	(514,830)	(455,089)	(538,258)
Administrative expense	(9,261)	(9,587)	(9,846)	(11,662)	(11,312)
Other Changes	(551,627)	-	-	1	(1)
Net Change in plan fiduciary net position	(49,585)	545,359	(154,492)	657,522	616,573
Total plan fiduciary net position - Beginning	4,626,228	4,576,643	5,122,002	4,967,510	5,625,032
Total plan fiduciary net position - Ending	<u>\$ 4,576,643</u>	<u>\$ 5,122,002</u>	<u>\$ 4,967,510</u>	<u>\$ 5,625,032</u>	<u>\$ 6,241,605</u>
County's net pension liability - Ending	<u>\$ 3,294,504</u>	<u>\$ 3,207,454</u>	<u>\$ 3,689,224</u>	<u>\$ 3,275,741</u>	<u>\$ 3,090,328</u>
Plan fiduciary net position as a percentage of the total pension liability	58%	61%	57%	63%	67%
Covered - Employee Payroll	1,799,823	1,753,157	1,770,578	1,770,578	1,770,578
County's net pension liability as a percentage of covered-employee payroll	183%	183%	208%	185%	175%
Annual money-weighted rate of return, net investment expense	4%	4%	4%	4%	4%
Actuarially determined contribution	137,998	144,608	164,432	184,549	183,928
Contributions in relation to the actuarially determined	(137,998)	(144,608)	(314,432)	(184,549)	(183,928)
Contribution deficiency (excess)	-	-	(150,000)	-	-
Covered - employee payroll	1,799,823	1,753,157	1,770,578	1,770,578	1,770,578
Contributions as a percentage of covered-employee payroll	-8%	-8%	-18%	-10%	-10%

# COUNTY OF HILLSDALE, MICHIGAN

## Required Supplementary Information Retiree Health Care Plan - Primary government

	2018	2019	2020
Total OPEB Liability - Beginning of Year	\$ 952,190	\$ 1,581,723	\$ 1,685,183
Service Cost	35,316	33,342	45,449
Interest	34,315	56,431	56,183
Experience (Gains)/Losses	9,801	(249,277)	(12,656)
Change in Actuarial Assumptions	569,855	277,635	244,540
Benefit Payments	(19,754)	(14,671)	(14,474)
Total OPEB Liability - End of Year	<u>\$ 1,581,723</u>	<u>\$ 1,685,183</u>	<u>\$ 2,004,225</u>
Plan fiduciary net Position			
Contributions - employer	19,754	14,671	\$ 14,474
Net Investment Income	-	-	-
Benefit Payments	(19,754)	(14,671)	(14,474)
Administrative Expense	-	-	-
Net Change in Plan fiduciary net Position	-	-	-
Plan fiduciary net Position - Beginning of Year	-	-	-
Plan fiduciary net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - End of Year	\$ 1,581,723	\$ 1,685,183	\$ 2,004,225
Plan fiduciary net Position as a percentage of total OPEB Liability	0.00%	0.00%	0.00%
Covered Payroll	Not Avail.	1,664,488	1,795,430
Net OPEB liability as a percentage of covered payroll	Not Avail.	101.2%	111.6%
Schedule of Employer Contributions			
Service Cost	35,316	33,342	45,449
Amortization of unfunded liability		176,208	189,136
Actuarially determined employer contribution	151,426	216,905	242,233
Employer contribution (benefit payments)	(19,754)	(14,671)	(14,474)
Contribution deficiency/(excess)	131,672	202,234	227,759
Covered Payroll	Not Avail.	1,664,488	1,795,430
ADC as a percentage of payroll	Not Avail.	13.0%	13.5%
Key Assumptions:			
Inflation	Implicit in expected payroll increases		
Salary	1.00%		
Investment rate of return	N/A; Plan is not pre-funded		
Utilization	60% of eligible employees will elect coverage at retirement.		
20-year Aa Municipal bond rate	3.51%		
Mortality	As set forth in IRS Regulations for 2018 (1.430(h)(3)) for Non-annuitants, separately for males and females as well as annuitants and Non-annuitants. Based on RP-2000 Tables with Scale AA		

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - General Fund  
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 6,922,972	\$ 6,922,972	\$ 6,948,060	\$ 25,088
Intergovernmental:				
State revenue sharing	988,000	988,000	751,790	(236,210)
Personal Property Tax Reimbursement	130,000	130,000	170,752	40,752
Juvenile Officer's Grant	27,300	27,300	13,659	(13,641)
Judges Salaries Grant	239,805	239,805	243,649	3,844
Juror Compensation Grant	3,275	3,275	4,966	1,691
Liquor Tax	120,031	120,031	113,551	(6,480)
Secondary Road Patrol Grant	90,000	90,000	83,258	(6,742)
Marine Safety Grant	10,000	10,000	8,683	(1,317)
Emergency Management Grant	8,000	8,000	10,110	2,110
Drunk Driving Grant	7,000	7,000	6,188	(812)
Prosecutor - Cooperative Reimbursement Program	78,200	78,200	76,143	(2,057)
FOC - Cooperative Reimbursement Program	270,000	270,000	304,284	34,284
FOC - Other	109,500	109,500	100,276	(9,224)
Survey and Remonumentation Grant	50,000	50,000	45,000	(5,000)
State court equity funding	192,635	192,635	179,884	(12,751)
Elections	100,000	100,000	96,821	(3,179)
Other intergovernmental revenue	100	609,850	731,614	121,764
Total intergovernmental	2,423,846	3,033,596	2,940,628	(92,968)
Licenses and permits:				
Dog licenses	46,000	46,000	36,978	(9,022)
Other licenses and permits	17,500	17,500	110,095	92,595
Total licenses and permits	63,500	63,500	147,073	83,573
Fines and forfeits:				
Ordinance fines and costs	202,000	202,000	172,941	(29,059)
Bond forfeitures	44,500	44,500	62,113	17,613
Total fines and forfeits	246,500	246,500	235,054	(11,446)
Charges for services:				
Circuit Court	36,750	36,750	32,240	(4,510)
District Court	79,964	79,964	81,000	1,036
Friend of the Court	82,084	82,084	85,204	3,120
Probate/Family Court	147,600	147,600	131,743	(15,857)
Clerk	68,000	68,000	61,289	(6,711)
Register of deeds	385,000	385,000	436,619	51,619
Sheriff	76,154	76,154	64,888	(11,266)
Equalization	70,000	70,000	61,564	(8,436)
Other charges for services	94,267	94,267	89,429	(4,838)
Total charges for services	1,039,819	1,039,819	1,043,976	4,157
Interest and rentals:				
Interest revenue	70,000	70,000	71,075	1,075
Rents	275,425	275,425	305,958	30,533
Total interest and rentals	345,425	345,425	377,033	31,608
Other revenue/reimbursements - Reimbursements and refunds	770,811	770,811	802,082	31,271
<b>Total revenues</b>	<b>11,812,873</b>	<b>12,422,623</b>	<b>12,493,906</b>	<b>71,283</b>

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - General Fund  
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Expenditures</b>				
Legislative -				
Board of Commissioners	69,176	78,376	78,278	(98)
Judicial:				
Circuit Court	164,896	169,896	169,726	(170)
District Court	480,003	480,003	464,117	(15,886)
Friend of the Court	440,348	440,348	421,683	(18,665)
Jury Commission	2,509	2,509	2,449	(60)
Probate Court	552,321	552,321	548,366	(3,955)
Family/Juvenile Court	136,500	140,000	139,500	(500)
Total judicial	1,776,577	1,785,077	1,745,841	(39,236)
General government:				
Elections	191,538	191,538	171,085	(20,453)
Clerk	265,099	265,099	255,458	(9,641)
Register of deeds	150,540	150,540	149,777	(763)
Planning	9,890	9,890	7,849	(2,041)
Equalization	263,349	263,349	258,346	(5,003)
Information technology	345,448	345,448	342,522	(2,926)
Prosecutor	485,040	495,040	491,285	(3,755)
Survey & Remonumentation	50,000	50,000	47,578	(2,422)
Treasurer	238,004	238,004	220,613	(17,391)
Finance	72,578	73,078	73,076	(2)
MSU Extension	188,304	190,304	190,206	(98)
Courthouse and grounds	415,615	430,115	428,623	(1,492)
FOC Building	27,576	27,576	19,405	(8,171)
DHS Building	145,572	145,572	136,501	(9,071)
Drain Commissioner	241,630	241,630	220,504	(21,126)
Bus Garage	18,100	18,100	16,039	(2,061)
Office building	35,205	37,205	35,865	(1,340)
Total general government	3,143,488	3,172,488	3,064,732	(107,756)
Public safety:				
Sheriff's Department	1,983,160	1,983,160	1,959,365	(23,795)
Secondary Road Patrol Grant	90,796	125,796	112,529	(13,267)
Marine Patrol	13,500	13,500	9,768	(3,732)
Jail Operation	1,017,675	1,041,175	1,038,193	(2,982)
Emergency Preparedness	55,659	55,659	49,773	(5,886)
Animal control	57,061	58,861	58,714	(147)
Total public safety	3,217,851	3,278,151	3,228,342	(49,809)
Public works -				
Board of Public Works	26,146	26,641	25,876	(765)

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - General Fund  
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Expenditures (continued)</b>				
Health and welfare:				
Health Department	105,590	105,590	79,713	(25,877)
Medical Examiner	100,000	120,000	117,312	(2,688)
Veteran's Burial	10,000	10,000	8,927	(1,073)
Veteran's Affairs Office	48,617	65,000	44,060	(20,940)
District Health Department	235,000	235,000	237,487	2,487
Mental Health Authority	274,000	274,000	274,000	-
Total health and welfare	<u>773,207</u>	<u>809,590</u>	<u>761,499</u>	<u>(48,091)</u>
Other:				
Employee Benefits	1,746,335	1,738,335	1,698,580	(39,755)
Property/Liability Insurance	272,750	318,750	312,763	(5,987)
Other	289,211	305,466	341,677	36,211
Appropriations	101,399	166,399	122,906	(43,493)
Total other	<u>2,409,695</u>	<u>2,528,950</u>	<u>2,475,926</u>	<u>(53,024)</u>
Capital outlay	<u>88,000</u>	<u>88,000</u>	<u>97,701</u>	<u>9,701</u>
<b>Total expenditures</b>	<u>11,504,140</u>	<u>11,767,273</u>	<u>11,478,195</u>	<u>(289,078)</u>
Revenues over (under) expenditures	<u>308,733</u>	<u>655,350</u>	<u>1,015,711</u>	<u>360,361</u>
<b>Other financing sources (uses)</b>				
Proceeds from capital lease	50,000	50,000	77,583	27,583
Transfers in	760,130	760,130	687,130	(73,000)
Transfers out	<u>(1,126,864)</u>	<u>(1,481,864)</u>	<u>(1,461,854)</u>	<u>(20,010)</u>
<b>Total other financing sources (uses)</b>	<u>(316,734)</u>	<u>(671,734)</u>	<u>(697,141)</u>	<u>(25,407)</u>
<b>Net change in fund balances</b>	<u>(8,001)</u>	<u>(16,384)</u>	<u>318,570</u>	<u>334,954</u>
Fund balances, beginning of year	1,278,313	1,278,313	1,278,313	-
Prior Period Adjustment	-	-	79,994	79,994
<b>Fund balances, end of year</b>	<u>\$ 1,270,312</u>	<u>\$ 1,261,929</u>	<u>\$ 1,676,877</u>	<u>\$ 334,954</u>

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - Senior Citizen Special Revenue Fund

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Revenues</b>				
Property tax revenue	\$ 1,375,000	\$ 1,375,000	\$ 1,421,022	\$ 46,022
Intergovernmental	-	-	37,891	37,891
<b>Total Revenues</b>	<b>1,375,000</b>	<b>1,375,000</b>	<b>1,458,913</b>	<b>83,913</b>
<b>Expenditures</b>				
Health and welfare	1,370,500	1,370,500	1,371,924	1,424
Revenues over expenditures	4,500	4,500	86,989	82,489
Fund balances, beginning of year	13,195	13,195	13,195	-
<b>Fund balances, end of year</b>	<b>\$ 17,695</b>	<b>\$ 17,695</b>	<b>\$ 100,184</b>	<b>\$ 82,489</b>

## **Other Information**

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COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2020

	Special Revenues									
	Parks	Ambulance	Tobacco and Alcohol Diversion	Pros. Atty. Offender Diversion	E-911 Emergency	Concealed Pistols Permit	Friend of the Court	Register of Deeds Automation	Drug Forfeiture	Law Enforcement Training
<b>Assets</b>										
Cash and investments	\$ 24,512	\$ 99,048	\$ 8,275	\$ 4,372	\$ 543,266	\$ 101,955	\$ 232,968	\$ 224,648	\$ 15,446	\$ 3,575
Taxes receivable	-	1,295,129	-	-	-	-	-	-	-	-
Accounts receivable	-	34,429	-	-	143,850	316	3,731	170	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	4,610	-	-	2,380	-	-
Interest receivable	210	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 24,722</u>	<u>\$ 1,428,606</u>	<u>\$ 8,275</u>	<u>\$ 4,372</u>	<u>\$ 691,726</u>	<u>\$ 102,271</u>	<u>\$ 236,699</u>	<u>\$ 227,198</u>	<u>\$ 15,446</u>	<u>\$ 3,575</u>
<b>Liabilities</b>										
Accounts payable	\$ 639	\$ 34,429	\$ -	\$ -	\$ 2,835	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	2,180	-	-	-	-	-	-	-	-	-
Accrued liabilities	5,384	-	-	-	20,796	-	-	-	-	-
<b>Total liabilities</b>	<u>8,203</u>	<u>34,429</u>	<u>-</u>	<u>-</u>	<u>23,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>										
Taxes levied for subsequent periods	-	1,368,098	-	-	-	-	-	-	-	-
<b>Fund balances</b>										
Nonspendable	-	-	-	-	4,610	-	-	2,380	-	-
Restricted	-	26,079	-	-	663,485	102,271	236,699	224,818	15,446	3,575
Assigned	16,519	-	8,275	4,372	-	-	-	-	-	-
<b>Total fund balances</b>	<u>16,519</u>	<u>26,079</u>	<u>8,275</u>	<u>4,372</u>	<u>668,095</u>	<u>102,271</u>	<u>236,699</u>	<u>227,198</u>	<u>15,446</u>	<u>3,575</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 24,722</u>	<u>\$ 1,428,606</u>	<u>\$ 8,275</u>	<u>\$ 4,372</u>	<u>\$ 691,726</u>	<u>\$ 102,271</u>	<u>\$ 236,699</u>	<u>\$ 227,198</u>	<u>\$ 15,446</u>	<u>\$ 3,575</u>

COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2020

	Special Revenues									
	County Law Library	County House Arrest	Restoration Fund	Byrne Jag Grant	Child Abuse	Department of Human Services	Department of Human Services Child Care	Probate Child Care	Soldiers' and Sailors' Relief	Veterans' Trust
<b>Assets</b>										
Cash and investments	\$ 18,701	\$ 3,310	\$ -	\$ 1	\$ 81,815	\$ 12,479	\$ 16,861	\$ 305,799	\$ 36,167	\$ -
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	8,127	-	9,322	106,309	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	1,301	-	774	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 18,701</u>	<u>\$ 3,310</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 89,942</u>	<u>\$ 13,780</u>	<u>\$ 26,183</u>	<u>\$ 412,882</u>	<u>\$ 36,167</u>	<u>\$ -</u>
<b>Liabilities</b>										
Accounts payable	\$ 1,104	\$ 2,693	\$ -	\$ -	\$ 117	\$ -	\$ 758	\$ 44,335	\$ 8,404	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	21,708	-	-
<b>Total liabilities</b>	<u>1,104</u>	<u>2,693</u>	<u>-</u>	<u>-</u>	<u>117</u>	<u>-</u>	<u>758</u>	<u>66,043</u>	<u>8,404</u>	<u>-</u>
<b>Deferred inflows of resources</b>										
Taxes levied for subsequent periods	-	-	-	-	-	-	-	-	-	-
<b>Fund balances</b>										
Nonspendable	-	-	-	-	-	1,301	-	774	-	-
Restricted	17,597	617	-	1	89,825	12,479	25,425	346,065	27,763	-
Assigned	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<u>17,597</u>	<u>617</u>	<u>-</u>	<u>1</u>	<u>89,825</u>	<u>13,780</u>	<u>25,425</u>	<u>346,839</u>	<u>27,763</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 18,701</u>	<u>\$ 3,310</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 89,942</u>	<u>\$ 13,780</u>	<u>\$ 26,183</u>	<u>\$ 412,882</u>	<u>\$ 36,167</u>	<u>\$ -</u>

COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2020

	Special Revenues									
	Veterans' Service Grant	Veterans' Incentive Grant	Veterans' Respite Care	Homeland Security	GIS/Mapping Technology	Indigent Defense	Family Drug Court	District Drug Court	Coronavirus Emergency Supplemental Funding	Community Mental Health
<b>Assets</b>										
Cash and investments	\$ 41,884	\$ 6,254	\$ 4,478	\$ (1,649)	\$ 4,071	\$ (22,111)	\$ 64,332	\$ 21,198	\$ (15,774)	\$ 50,253
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	6,000	-	146,834	15,234	168,686	23,812	700,808
Due from other governments	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 41,884</u>	<u>\$ 6,254</u>	<u>\$ 4,478</u>	<u>\$ 4,351</u>	<u>\$ 4,071</u>	<u>\$ 124,723</u>	<u>\$ 79,566</u>	<u>\$ 189,884</u>	<u>\$ 8,038</u>	<u>\$ 751,061</u>
<b>Liabilities</b>										
Accounts payable	\$ -	\$ 331	\$ -	\$ -	\$ -	\$ -	\$ 2,448	\$ 7,633	\$ 8,038	\$ 700,808
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,448</u>	<u>7,633</u>	<u>8,038</u>	<u>700,808</u>
<b>Deferred inflows of resources</b>										
Taxes levied for subsequent periods	-	-	-	-	-	-	-	-	-	-
<b>Fund balances</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	41,884	5,923	4,478	4,351	-	-	77,118	182,251	-	50,253
Assigned	-	-	-	-	4,071	124,723	-	-	-	-
<b>Total fund balances</b>	<u>41,884</u>	<u>5,923</u>	<u>4,478</u>	<u>4,351</u>	<u>4,071</u>	<u>124,723</u>	<u>77,118</u>	<u>182,251</u>	<u>-</u>	<u>50,253</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 41,884</u>	<u>\$ 6,254</u>	<u>\$ 4,478</u>	<u>\$ 4,351</u>	<u>\$ 4,071</u>	<u>\$ 124,723</u>	<u>\$ 79,566</u>	<u>\$ 189,884</u>	<u>\$ 8,038</u>	<u>\$ 751,061</u>

COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2020

	Special Revenue	Debt Service						Capital Projects		
	Veterans' Scholarship	Court House	Court House Annex	Medical Care Facility Debt Service	Medical Care Facility Small House	County Office Building	E911 Debt Service	Improvement	Medical Care Facility	CH Building Authority
<b>Assets</b>										
Cash and investments	\$ 2,566	\$ 25	\$ -	\$ 44,577	\$ 720	\$ 2,183	\$ -	\$ 60,846	\$ 985	\$ -
Taxes receivable	-	-	-	507,704	-	-	-	-	-	-
Accounts receivable	-	-	-	73,398	-	-	-	17,646	-	-
Due from other governments	-	-	-	393,638	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 2,566</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 1,019,317</u>	<u>\$ 720</u>	<u>\$ 2,183</u>	<u>\$ -</u>	<u>\$ 78,492</u>	<u>\$ 985</u>	<u>\$ -</u>
<b>Liabilities</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>										
Taxes levied for subsequent periods	-	-	-	550,487	-	-	-	-	-	-
<b>Fund balances</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	2,566	25	-	468,830	720	2,183	-	-	-	-
Assigned	-	-	-	-	-	-	-	78,287	985	-
<b>Total fund balances</b>	<u>2,566</u>	<u>25</u>	<u>-</u>	<u>468,830</u>	<u>720</u>	<u>2,183</u>	<u>-</u>	<u>78,287</u>	<u>985</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,566</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 1,019,317</u>	<u>\$ 720</u>	<u>\$ 2,183</u>	<u>\$ -</u>	<u>\$ 78,492</u>	<u>\$ 985</u>	<u>\$ -</u>

COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2020

	Capital Project	Permanent	
	Courthouse HVAC	MCF Endowment	Total
<b>Assets</b>			
Cash and investments	\$ 712,587	\$ 3,262	\$ 2,713,885
Taxes receivable	-	-	1,802,833
Accounts receivable	-	-	1,458,672
Due from other governments	-	-	393,638
Prepaid expenditures	-	-	9,065
Interest receivable	-	-	210
<b>Total assets</b>	<u>\$ 712,587</u>	<u>\$ 3,262</u>	<u>\$ 6,378,303</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 814,777
Unearned revenue	-	-	2,180
Accrued liabilities	-	-	47,888
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>864,845</u>
<b>Deferred inflows of resources</b>			
Taxes levied for subsequent periods	-	-	1,918,585
<b>Fund balances</b>			
Nonspendable	-	3,262	12,327
Restricted	712,587	-	3,345,314
Assigned	-	-	237,232
<b>Total fund balances</b>	<u>712,587</u>	<u>3,262</u>	<u>3,594,873</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 712,587</u>	<u>\$ 3,262</u>	<u>\$ 6,378,303</u>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2020

	Special Revenues									
	Parks	Ambulance	Tobacco and Alcohol Diversion	Pros. Atty. Offender Diversion	E-911 Emergency	Concealed Pistols Permit	Friend of the Court	Register of Deeds Automation	Drug Forfeiture	Law Enforcement Training
<b>Revenues</b>										
Property taxes	\$ -	\$ 1,351,319	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	40,946	-	-	76,775	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	1,640	375	-	-	16,240	-	-	-
Charges for services	-	-	-	-	1,049,121	31,568	-	-	-	-
Refunds and reimbursements	-	-	-	-	34,637	-	-	-	-	-
Interest and rentals	112	-	-	-	17	-	-	-	-	-
Other revenue	35,113	-	-	-	25,480	-	16,590	47,930	1,387	2,812
<b>Total revenues</b>	<b>35,225</b>	<b>1,392,265</b>	<b>1,640</b>	<b>375</b>	<b>1,186,030</b>	<b>31,568</b>	<b>32,830</b>	<b>47,930</b>	<b>1,387</b>	<b>2,812</b>
<b>Expenditures</b>										
Current:										
Judicial	-	-	-	-	-	-	432	-	-	-
General government	-	-	-	-	-	-	-	24,230	-	-
Public safety	-	-	-	5,375	1,006,646	9,826	-	-	1,814	2,037
Health and welfare	-	1,365,397	-	-	-	-	-	-	-	-
Recreation and culture	60,052	789	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>60,052</b>	<b>1,366,186</b>	<b>-</b>	<b>5,375</b>	<b>1,006,646</b>	<b>9,826</b>	<b>432</b>	<b>24,230</b>	<b>1,814</b>	<b>2,037</b>
Revenues over (under) expenditures	(24,827)	26,079	1,640	(5,000)	179,384	21,742	32,398	23,700	(427)	775
<b>Other financing sources (uses)</b>										
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	25,000	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(44,968)	-	(58,000)	(7,165)	-	-
<b>Total other financing sources (uses)</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(44,968)</b>	<b>-</b>	<b>(58,000)</b>	<b>(7,165)</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>173</b>	<b>26,079</b>	<b>1,640</b>	<b>(5,000)</b>	<b>134,416</b>	<b>21,742</b>	<b>(25,602)</b>	<b>16,535</b>	<b>(427)</b>	<b>775</b>
Fund balances, beginning of year	16,346	-	6,635	9,372	533,679	80,529	262,301	210,663	15,873	2,800
<b>Fund balances, end of year</b>	<b>\$ 16,519</b>	<b>\$ 26,079</b>	<b>\$ 8,275</b>	<b>\$ 4,372</b>	<b>\$ 668,095</b>	<b>\$ 102,271</b>	<b>\$ 236,699</b>	<b>\$ 227,198</b>	<b>\$ 15,446</b>	<b>\$ 3,575</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2020

	Special Revenues									
	County Law Library	Inmate House Arrest	Restoration Fund	Byrne Jag Grant	Child Abuse	Department of Human Services	Department of Human Services Child Care	Probate Child Care	Soldiers' and Sailors' Relief	Veterans' Trust
<b>Revenues</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	21,832	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-	-	96,496	-	-	-
Interest and rentals	-	-	-	-	-	-	90	-	-	-
Other revenue	10,500	15,913	760	-	-	-	21,208	475,216	10	-
<b>Total revenues</b>	<b>10,500</b>	<b>15,913</b>	<b>760</b>	<b>-</b>	<b>21,832</b>	<b>-</b>	<b>21,208</b>	<b>571,802</b>	<b>10</b>	<b>-</b>
<b>Expenditures</b>										
Current:										
Judicial	9,389	16,153	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	8,000	-	298	-	-	-	-	-
Health and welfare	-	-	-	-	-	27,294	17,269	1,206,924	119,425	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>9,389</b>	<b>16,153</b>	<b>8,000</b>	<b>-</b>	<b>298</b>	<b>27,294</b>	<b>17,269</b>	<b>1,206,924</b>	<b>119,425</b>	<b>-</b>
Revenues over (under) expenditures	1,111	(240)	(7,240)	-	21,534	(27,294)	3,939	(635,122)	(119,415)	-
<b>Other financing sources (uses)</b>										
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	25,000	-	800,000	128,362	-
Transfers out	-	-	-	-	-	-	(100,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>(100,000)</b>	<b>800,000</b>	<b>128,362</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>1,111</b>	<b>(240)</b>	<b>(7,240)</b>	<b>-</b>	<b>21,534</b>	<b>(2,294)</b>	<b>(96,061)</b>	<b>164,878</b>	<b>8,947</b>	<b>-</b>
Fund balances, beginning of year	16,486	857	7,240	1	68,291	16,074	121,486	181,961	18,816	-
<b>Fund balances, end of year</b>	<b>\$ 17,597</b>	<b>\$ 617</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 89,825</b>	<b>\$ 13,780</b>	<b>\$ 25,425</b>	<b>\$ 346,839</b>	<b>\$ 27,763</b>	<b>\$ -</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2020

	Special Revenue									
	Veterans' Service Grant	Veterans' Incentive Grant	Veterans' Respite Care	Homeland Security	GIS/Mapping Technology	Indigent Defense	Family Drug Court	District Drug Court	Coronavirus Emergency Supplemental Funding	Community Mental Health
<b>Revenues</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,453
Intergovernmental	100,000	-	-	6,590	-	433,003	37,723	324,241	23,812	19,018
Contributions	-	-	\$ 690	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-	2,544	3,823	1,222	-	-
Interest and rentals	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	1,299	-	25,950	16,418	-	37,732
<b>Total revenues</b>	<b>100,000</b>	<b>-</b>	<b>690</b>	<b>6,590</b>	<b>1,299</b>	<b>435,547</b>	<b>67,496</b>	<b>341,881</b>	<b>23,812</b>	<b>732,203</b>
<b>Expenditures</b>										
Current:										
Judicial	-	-	-	-	-	-	-	-	-	416
General government	-	-	-	-	1,800	392,685	-	-	-	-
Public safety	-	-	-	6,000	-	(2)	126,250	285,707	23,812	-
Health and welfare	58,116	4,077	2,568	-	-	-	-	-	-	689,844
Recreation and culture	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	39,439	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>58,116</b>	<b>4,077</b>	<b>2,568</b>	<b>6,000</b>	<b>1,800</b>	<b>432,122</b>	<b>126,250</b>	<b>285,707</b>	<b>23,812</b>	<b>690,260</b>
Revenues over (under) expenditures	41,884	(4,077)	(1,878)	590	(501)	3,425	(58,754)	56,174	-	41,943
<b>Other financing sources (uses)</b>										
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	113,800	13,955	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,800</b>	<b>13,955</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>41,884</b>	<b>(4,077)</b>	<b>(1,878)</b>	<b>590</b>	<b>(501)</b>	<b>117,225</b>	<b>(44,799)</b>	<b>56,174</b>	<b>-</b>	<b>41,943</b>
Fund balances, beginning of year	-	10,000	6,356	3,761	4,572	7,498	121,917	126,077	-	8,310
<b>Fund balances, end of year</b>	<b>\$ 41,884</b>	<b>\$ 5,923</b>	<b>\$ 4,478</b>	<b>\$ 4,351</b>	<b>\$ 4,071</b>	<b>\$ 124,723</b>	<b>\$ 77,118</b>	<b>\$ 182,251</b>	<b>\$ -</b>	<b>\$ 50,253</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2020

	Special Revenue	Debt Service					Capital Projects			
	Veterans' Scholarship	Court House	Court House Annex	Medical Care Facility Debt Service	Medical Care Facility Small House	County Office Building	E911 Debt Service	Improvement	Medical Care Facility	CH Building Authority
<b>Revenues</b>										
Property taxes	\$ -	\$ -	\$ -	\$ 566,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Contributions	3,135	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-	-	-	-	-	-
Interest and rentals	-	-	-	3	-	-	-	-	-	2
Other revenue	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,135</b>	<b>-</b>	<b>-</b>	<b>566,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Expenditures</b>										
Current:										
Judicial	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	4,295	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Health and welfare	8,000	-	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	49,793	-	-
Debt service										
Principal	-	-	95,000	495,000	-	-	40,000	-	-	-
Interest	-	-	1,425	110,559	-	10,500	4,968	-	-	-
<b>Total expenditures</b>	<b>8,000</b>	<b>-</b>	<b>96,425</b>	<b>605,559</b>	<b>-</b>	<b>10,500</b>	<b>44,968</b>	<b>54,088</b>	<b>-</b>	<b>-</b>
Revenues over (under) expenditures	(4,865)	-	(96,425)	(38,817)	-	(10,500)	(44,968)	(54,088)	-	2
<b>Other financing sources (uses)</b>										
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	96,425	80,649	-	11,000	44,968	72,069	-	-
Transfers out	-	-	-	-	-	-	-	(25,575)	-	(6,431)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>96,425</b>	<b>80,649</b>	<b>-</b>	<b>11,000</b>	<b>44,968</b>	<b>46,494</b>	<b>-</b>	<b>(6,431)</b>
<b>Net changes in fund balances</b>	<b>(4,865)</b>	<b>-</b>	<b>-</b>	<b>41,832</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>(7,594)</b>	<b>-</b>	<b>(6,429)</b>
Fund balances, beginning of year	7,431	25	-	426,998	720	1,683	-	85,881	985	6,429
<b>Fund balances, end of year</b>	<b>\$ 2,566</b>	<b>\$ 25</b>	<b>\$ -</b>	<b>\$ 468,830</b>	<b>\$ 720</b>	<b>\$ 2,183</b>	<b>\$ -</b>	<b>\$ 78,287</b>	<b>\$ 985</b>	<b>\$ -</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2020

	Capital Project	Permanent	
	Courthouse HVAC	MCF Endowment	Total
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ 2,593,511
Intergovernmental	-	-	1,083,940
Contributions	-	-	3,825
Fines and forfeits	-	-	18,255
Charges for services	-	-	1,080,689
Refunds and reimbursements	-	-	138,722
Interest and rentals	87	21	332
Other revenue	-	-	734,318
<b>Total revenues</b>	<b>87</b>	<b>21</b>	<b>5,653,592</b>
<b>Expenditures</b>			
Current:			
Judicial	-	-	26,390
General government	-	-	423,010
Public safety	-	-	1,475,763
Health and welfare	-	-	3,498,914
Recreation and culture	-	-	60,841
Capital outlay	-	-	89,232
Debt service			
Principal	-	-	630,000
Interest	7,500	-	134,952
<b>Total expenditures</b>	<b>7,500</b>	<b>-</b>	<b>6,339,102</b>
Revenues over (under) expenditures	(7,413)	21	(685,510)
<b>Other financing sources (uses)</b>			
Proceeds from debt issuance	720,000	-	720,000
Transfers in	-	-	1,411,228
Transfers out	-	-	(242,139)
<b>Total other financing sources (uses)</b>	<b>720,000</b>	<b>-</b>	<b>1,889,089</b>
<b>Net changes in fund balances</b>	<b>712,587</b>	<b>21</b>	<b>1,203,579</b>
Fund balances, beginning of year	-	3,241	2,391,294
<b>Fund balances, end of year</b>	<b>\$ 712,587</b>	<b>\$ 3,262</b>	<b>\$ 3,594,873</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2020

	2005 Delinquent Tax Revolving	2006 Delinquent Tax Revolving	2007 Delinquent Tax Revolving	2008 Delinquent Tax Revolving	2009 Delinquent Tax Revolving	2010 Delinquent Tax Revolving	2011 Delinquent Tax Revolving	2012 Delinquent Tax Revolving
<b>Assets</b>								
Current assets:								
Cash and investments	\$ 449	\$ 453	\$ 921	\$ 503	\$ 956	\$ 6,694	\$ 439	\$ 1,290
Taxes receivable	-	827	1,293	1,391	2,402	5,382	6,941	10,672
Accounts receivable	-	-	-	820	2,260	1,223	2,900	1,640
Interest receivable	5,599	13,746	15,208	17,237	22,297	37,994	39,220	39,211
Prepays	-	-	-	-	-	1,500	-	368
Total current assets	6,048	15,026	17,422	19,951	27,915	52,793	49,500	53,181
Noncurrent assets:								
Capital assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>6,048</b>	<b>15,026</b>	<b>17,422</b>	<b>19,951</b>	<b>27,915</b>	<b>52,793</b>	<b>49,500</b>	<b>53,181</b>
<b>Liabilities</b>								
Accounts payable	-	-	610	-	-	-	-	-
Accrued liabilities	-	350	-	-	-	-	-	-
Due to other governments	40	-	410	790	760	(2,150)	1,667	174
Total current liabilities	40	350	1,020	790	760	(2,150)	1,667	174
<b>Total liabilities</b>	<b>40</b>	<b>350</b>	<b>1,020</b>	<b>790</b>	<b>760</b>	<b>(2,150)</b>	<b>1,667</b>	<b>174</b>
<b>Net position</b>								
Net investment in capital assets	-	-	-	-	-	-	-	-
Restricted by statute	-	-	-	-	-	-	-	-
Unrestricted (deficit)	6,008	14,676	16,402	19,161	27,155	54,943	47,833	53,007
<b>Total net position</b>	<b>\$ 6,008</b>	<b>\$ 14,676</b>	<b>\$ 16,402</b>	<b>\$ 19,161</b>	<b>\$ 27,155</b>	<b>\$ 54,943</b>	<b>\$ 47,833</b>	<b>\$ 53,007</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2020

	2013 Delinquent Tax Revolving	2014 Delinquent Tax Revolving	2015 Delinquent Tax Revolving	2016 Delinquent Tax Revolving	2016 Delinquent Tax Revolving	Building Inspection	Geographic Information Systems	Total
<b>Assets</b>								
Current assets:								
Cash and investments	\$ 21,684	\$ 97,249	\$ 140,452	\$ 222,047	\$ 392,897	\$ 1,547,875	\$ -	\$ 2,433,909
Taxes receivable	18,587	13,632	31,288	340,278	231,938	-	-	664,631
Accounts receivable	1,390	(5,842)	65,343	4,740	4,081	4,007	-	82,562
Interest receivable	44,392	36,706	-	-	-	-	-	271,610
Prepays	-	-	-	-	-	401	-	2,269
Total current assets	86,053	141,745	237,083	567,065	628,916	1,552,283	-	3,454,981
Noncurrent assets:								
Capital assets	-	-	-	-	-	30,180	-	30,180
<b>Total assets</b>	<b>86,053</b>	<b>141,745</b>	<b>237,083</b>	<b>567,065</b>	<b>628,916</b>	<b>1,582,463</b>	<b>-</b>	<b>3,485,161</b>
<b>Liabilities</b>								
Accounts payable	-	-	-	990	(550)	1,108	-	2,158
Accrued liabilities	-	-	-	-	-	3,431	-	3,781
Due to other governments	(679)	1,300	540	-	-	-	-	2,852
Total current liabilities	(679)	1,300	540	990	(550)	4,539	-	8,791
<b>Total liabilities</b>	<b>(679)</b>	<b>1,300</b>	<b>540</b>	<b>990</b>	<b>(550)</b>	<b>4,539</b>	<b>-</b>	<b>8,791</b>
<b>Net position</b>								
Net investment in capital assets	-	-	-	-	-	30,180	-	30,180
Restricted by statute	19,932	88,000	143,745	-	-	-	-	251,677
Unrestricted (deficit)	66,800	52,445	92,798	566,075	629,466	1,547,744	-	3,194,513
<b>Total net position</b>	<b>\$ 86,732</b>	<b>\$ 140,445</b>	<b>\$ 236,543</b>	<b>\$ 566,075</b>	<b>\$ 629,466</b>	<b>\$ 1,577,924</b>	<b>\$ -</b>	<b>\$ 3,476,370</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

Year Ended December 31, 2020

	2005 Delinquent Tax Revolving	2006 Delinquent Tax Revolving	2007 Delinquent Tax Revolving	2008 Delinquent Tax Revolving	2009 Delinquent Tax Revolving	2010 Delinquent Tax Revolving	2011 Delinquent Tax Revolving	2012 Delinquent Tax Revolving
<b>Operating revenues</b>								
Charges for services	\$ 95	\$ 367	\$ -	\$ -	\$ -	\$ 4,498	\$ 1,300	\$ 2,128
Other operating revenue	-	-	(142)	(300)	(96)	15	-	10,422
<b>Total operating revenues</b>	<u>95</u>	<u>367</u>	<u>(142)</u>	<u>(300)</u>	<u>(96)</u>	<u>4,513</u>	<u>1,300</u>	<u>12,550</u>
<b>Operating expenses</b>								
Depreciation	-	-	-	-	-	-	-	-
Cost of services	-	(60)	(434)	(500)	(644)	-	(60)	-
<b>Total operating expenses</b>	<u>-</u>	<u>(60)</u>	<u>(434)</u>	<u>(500)</u>	<u>(644)</u>	<u>-</u>	<u>(60)</u>	<u>-</u>
<b>Operating income (loss)</b>	<u>95</u>	<u>427</u>	<u>292</u>	<u>200</u>	<u>548</u>	<u>4,513</u>	<u>1,360</u>	<u>12,550</u>
<b>Non-operating revenues (expenses)</b>								
Interest revenue	6,114	10,597	10,186	10,963	9,824	10,420	8,310	-
Interest expense	-	-	-	-	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<u>6,114</u>	<u>10,597</u>	<u>10,186</u>	<u>10,963</u>	<u>9,824</u>	<u>10,420</u>	<u>8,310</u>	<u>-</u>
Income (loss) before transfers	6,209	11,024	10,478	11,163	10,372	14,933	9,670	12,550
<b>Transfers</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(8,130)	(15,000)	(15,000)	(18,000)	(18,000)	(19,000)	(16,000)	(23,000)
<b>Change in net position</b>	<u>(1,921)</u>	<u>(3,976)</u>	<u>(4,522)</u>	<u>(6,837)</u>	<u>(7,628)</u>	<u>(4,067)</u>	<u>(6,330)</u>	<u>(10,450)</u>
Net position, beginning of year	7,929	18,652	20,924	25,998	34,783	59,010	54,163	63,457
<b>Net position, end of year</b>	<u>\$ 6,008</u>	<u>\$ 14,676</u>	<u>\$ 16,402</u>	<u>\$ 19,161</u>	<u>\$ 27,155</u>	<u>\$ 54,943</u>	<u>\$ 47,833</u>	<u>\$ 53,007</u>

# COUNTY OF HILLSDALE, MICHIGAN

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

Nonmajor Enterprise Funds

Year Ended December 31, 2020

	2013 Delinquent Tax Revolving	2014 Delinquent Tax Revolving	2015 Delinquent Tax Revolving	2016 Delinquent Tax Revolving	2017 Delinquent Tax Revolving	Building Inspection	Geographic Information Systems	Total
<b>Operating revenues</b>								
Charges for services	\$ 463	\$ 6,903	\$ 5,258	\$ 14,980	\$ 126,120	\$ 720,525	\$ 5,905	\$ 888,542
Other operating revenue	2,824	(8)	-	-	-	4,677	-	17,392
<b>Total operating revenues</b>	<b>3,287</b>	<b>6,895</b>	<b>5,258</b>	<b>14,980</b>	<b>126,120</b>	<b>725,202</b>	<b>5,905</b>	<b>905,934</b>
<b>Operating expenses</b>								
Depreciation	-	-	-	-	-	12,715	-	12,715
Cost of services	-	-	4,401	1,014	(83,423)	415,160	8,534	343,988
<b>Total operating expenses</b>	<b>-</b>	<b>-</b>	<b>4,401</b>	<b>1,014</b>	<b>(83,423)</b>	<b>427,875</b>	<b>8,534</b>	<b>356,703</b>
<b>Operating income (loss)</b>	<b>3,287</b>	<b>6,895</b>	<b>857</b>	<b>13,966</b>	<b>209,543</b>	<b>297,327</b>	<b>(2,629)</b>	<b>549,231</b>
<b>Non-operating revenues (expenses)</b>								
Interest revenue	12,872	11,461	7,959	15,206	102,367	-	-	216,279
Interest expense	-	1	(1)	-	1	-	-	1
<b>Total non-operating revenues (expenses)</b>	<b>12,872</b>	<b>11,462</b>	<b>7,958</b>	<b>15,206</b>	<b>102,368</b>	<b>-</b>	<b>-</b>	<b>216,280</b>
Income (loss) before transfers	16,159	18,357	8,815	29,172	311,911	297,327	(2,629)	765,511
<b>Transfers</b>								
Transfers in	-	-	-	-	-	-	219	219
Transfers out	(47,000)	(26,000)	-	(256,000)	(175,165)	(7,165)	-	(643,460)
<b>Change in net position</b>	<b>(30,841)</b>	<b>(7,643)</b>	<b>8,815</b>	<b>(226,828)</b>	<b>136,746</b>	<b>290,162</b>	<b>(2,410)</b>	<b>122,270</b>
Net position, beginning of year	117,573	148,088	227,728	792,903	492,720	1,287,762	2,410	3,354,100
<b>Net position, end of year</b>	<b>\$ 86,732</b>	<b>\$ 140,445</b>	<b>\$ 236,543</b>	<b>\$ 566,075</b>	<b>\$ 629,466</b>	<b>\$ 1,577,924</b>	<b>\$ -</b>	<b>\$ 3,476,370</b>

COUNTY OF HILLSDALE, MICHIGAN

**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 Year Ended December 31, 2020

	2005 Delinquent Tax Revolving	2006 Delinquent Tax Revolving	2007 Delinquent Tax Revolving	2008 Delinquent Tax Revolving	2009 Delinquent Tax Revolving	2010 Delinquent Tax Revolving	2011 Delinquent Tax Revolving	2012 Delinquent Tax Revolving
<b>Cash flows from operating activities</b>								
Cash received from customers	\$ 2,465	\$ 4,786	\$ 5,113	\$ 6,377	\$ 8,112	\$ 13,748	\$ 7,974	\$ 23,569
Cash payments to suppliers for goods and services	-	70	444	500	614	(30)	30	(150)
<b>Net cash provided by (used in) operating activities</b>	<u>2,465</u>	<u>4,856</u>	<u>5,557</u>	<u>6,877</u>	<u>8,726</u>	<u>13,718</u>	<u>8,004</u>	<u>23,419</u>
<b>Cash flows from non-capital financing activities</b>								
Transfers out	(8,130)	(15,000)	(15,000)	(18,000)	(18,000)	(19,000)	(16,000)	(23,000)
<b>Cash flows from capital and related financing activities</b>								
Purchase of capital assets	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-	-	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>-</u>							
<b>Cash flows from investing activities</b>								
Interest received	6,114	10,597	10,186	10,963	9,824	10,420	8,310	-
<b>Total cash provided by (used in) investing activities</b>	<u>6,114</u>	<u>10,597</u>	<u>10,186</u>	<u>10,963</u>	<u>9,824</u>	<u>10,420</u>	<u>8,310</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	<u>449</u>	<u>453</u>	<u>743</u>	<u>(160)</u>	<u>550</u>	<u>5,138</u>	<u>314</u>	<u>419</u>
Cash and cash equivalents, beginning of year	-	-	178	663	406	1,556	125	871
<b>Cash and cash equivalents, end of year</b>	<u>\$ 449</u>	<u>\$ 453</u>	<u>\$ 921</u>	<u>\$ 503</u>	<u>\$ 956</u>	<u>\$ 6,694</u>	<u>\$ 439</u>	<u>\$ 1,290</u>
<b>Cash flows from operating activities</b>								
Operating income (loss)	\$ 95	\$ 427	\$ 292	\$ 200	\$ 548	\$ 4,513	\$ 1,360	\$ 12,550
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	-	-	-	-	-	-	-
(Increase) decrease in:								
Taxes receivable	-	4,419	5,255	6,657	8,188	9,225	6,624	10,939
Accounts receivable	-	-	-	-	20	10	50	80
Advances to other funds	-	-	-	-	-	-	-	-
Interest receivable	2,370	-	-	20	-	-	-	-
Prepays	-	-	-	-	-	-	-	-
Accounts payable	-	10	10	-	(30)	(30)	(30)	(150)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 2,465</u>	<u>\$ 4,856</u>	<u>\$ 5,557</u>	<u>\$ 6,877</u>	<u>\$ 8,726</u>	<u>\$ 13,718</u>	<u>\$ 8,004</u>	<u>\$ 23,419</u>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 Year Ended December 31, 2020

	2013 Delinquent Tax Revolving	2014 Delinquent Tax Revolving	2015 Delinquent Tax Revolving	2016 Delinquent Tax Revolving	2017 Delinquent Tax Revolving	Building Inspection	Geographic Information Systems	Total
<b>Cash flows from operating activities</b>								
Cash received from customers	\$ 17,309	\$ 23,184	\$ 18,014	\$ 49,831	\$ 419,189	\$ 729,209	\$ 5,905	\$ 1,334,785
Cash payments to suppliers for goods and services	(60)	-	(4,552)	(504)	77,776	(423,273)	(8,534)	(357,669)
<b>Net cash provided by (used in) operating activities</b>	<u>17,249</u>	<u>23,184</u>	<u>13,462</u>	<u>49,327</u>	<u>496,965</u>	<u>305,936</u>	<u>(2,629)</u>	<u>977,116</u>
<b>Cash flows from non-capital financing activities</b>								
Transfers out	(47,000)	(26,000)	-	(256,000)	(175,165)	(7,165)	219	(643,241)
<b>Cash flows from capital and related financing activities</b>								
Purchase of capital assets	-	-	-	-	-	(8,220)	-	(8,220)
Interest payments	-	1	-	-	-	-	-	1
Principal payments	-	-	-	-	(750,000)	-	-	(750,000)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>(750,000)</u>	<u>(8,220)</u>	<u>-</u>	<u>(758,219)</u>
<b>Cash flows from investing activities</b>								
Interest received	12,872	11,461	7,959	15,206	102,368	-	-	216,280
<b>Total cash provided by (used in) investing activities</b>	<u>12,872</u>	<u>11,461</u>	<u>7,959</u>	<u>15,206</u>	<u>102,368</u>	<u>-</u>	<u>-</u>	<u>216,280</u>
<b>Net change in cash and cash equivalents</b>	<u>(16,879)</u>	<u>8,646</u>	<u>21,421</u>	<u>(191,467)</u>	<u>(325,832)</u>	<u>290,551</u>	<u>(2,410)</u>	<u>(208,064)</u>
Cash and cash equivalents, beginning of year	38,563	88,603	119,031	413,514	718,729	1,257,324	2,410	2,641,973
<b>Cash and cash equivalents, end of year</b>	<u>\$ 21,684</u>	<u>\$ 97,249</u>	<u>\$ 140,452</u>	<u>\$ 222,047</u>	<u>\$ 392,897</u>	<u>\$ 1,547,875</u>	<u>\$ -</u>	<u>\$ 2,433,909</u>
<b>Cash flows from operating activities</b>								
Operating income (loss)	\$ 3,287	\$ 6,895	\$ 857	\$ 13,966	\$ 209,543	\$ 297,327	\$ (2,629)	\$ 549,231
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	-	-	-	-	4,064	-	4,064
(Increase) decrease in:								
Taxes receivable	13,922	16,190	12,419	34,281	284,570	-	-	412,689
Accounts receivable	100	-	337	570	8,499	4,007	-	13,673
Advances to other funds	-	99	-	-	-	-	-	99
Interest receivable	-	-	-	-	-	-	-	2,390
Prepays	-	-	-	1,000	-	266	-	1,266
Accounts payable	(60)	-	(151)	(490)	(5,647)	272	-	(6,296)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 17,249</u>	<u>\$ 23,184</u>	<u>\$ 13,462</u>	<u>\$ 49,327</u>	<u>\$ 496,965</u>	<u>\$ 305,936</u>	<u>\$ (2,629)</u>	<u>\$ 977,116</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2020

	Trust & Agency	Library Penal Fines	Employee Benefit Trust	Sheriff Department Retirement	District Court	Inmate Trust	Community Development Block Grant	Total
<b>Assets</b>								
Cash and investments	\$ 734,312	\$ 51,398	\$ 363	\$ 36,547	\$ 101,877	\$ 81,393	\$ 6,614	\$ 1,012,504
<b>Liabilities</b>								
Due to other governments	\$ 677,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 677,492
Undistributed receipts	56,820	51,398	363	36,547	101,877	81,393	6,614	335,012
<b>Total liabilities</b>	<b>\$ 734,312</b>	<b>\$ 51,398</b>	<b>\$ 363</b>	<b>\$ 36,547</b>	<b>\$ 101,877</b>	<b>\$ 81,393</b>	<b>\$ 6,614</b>	<b>\$ 1,012,504</b>

COUNTY OF HILLSDALE, MICHIGAN

Statement of Net Position / Governmental Funds Balance Sheet

Drain Commission Component Unit

December 31, 2020

	Debt Service	Capital Projects				Capital Projects	Total	Internal Service	Adjustments	Statement of Net Position
	Drain Construction Debt	Drain Special Assessment	Drain Revolving	Lake Level Special Assessment	Lake Level Revolving	Drain Construction		Drain Equipment Revolving		
<b>Assets</b>										
Cash and investments	\$ 318	\$ 621,459	\$ 100,393	\$ 67,499	\$ 6,353	\$ 41,931	\$ 837,953	\$ 165,419	\$ -	\$ 1,003,372
Special assessments receivable	-	524,250	-	51,861	-	-	576,111	-	-	576,111
Due from other funds	-	-	431,921	(10,769)	42,127	-	463,279	-	(463,279)	-
Capital assets, net	-	-	-	-	-	-	-	678,180	-	678,180
<b>Total assets</b>	<u>\$ 318</u>	<u>\$ 1,145,709</u>	<u>\$ 532,314</u>	<u>\$ 108,591</u>	<u>\$ 48,480</u>	<u>\$ 41,931</u>	<u>\$ 1,877,343</u>	<u>\$ 843,599</u>	<u>(463,279)</u>	<u>2,257,663</u>
<b>Liabilities</b>										
Accounts payable	\$ (1)	\$ 22,497	\$ 17,794	\$ 12,068	\$ 29,515	\$ -	\$ 81,873	\$ (207)	\$ -	81,666
Due to other funds	-	335,077	-	-	-	-	335,077	128,202	(463,279)	-
Long Term Liabilities	-	-	-	-	-	-	-	-	663,168	663,168
Advance to Primary Government	-	-	539,488	-	48,480	-	587,968	-	-	587,968
<b>Total liabilities</b>	<u>(1)</u>	<u>357,574</u>	<u>557,282</u>	<u>12,068</u>	<u>77,995</u>	<u>-</u>	<u>1,004,918</u>	<u>127,995</u>	<u>199,889</u>	<u>1,332,802</u>
<b>Deferred inflows of resources</b>										
Unavailable revenue - special assessments	-	524,250	-	51,861	-	-	576,111	-	(576,111)	-
<b>Fund balances</b>										
Unassigned	319	263,885	(24,968)	44,662	(29,515)	41,931	296,314	715,604	(1,011,918)	-
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 318</u>	<u>\$ 1,145,709</u>	<u>\$ 532,314</u>	<u>\$ 108,591</u>	<u>\$ 48,480</u>	<u>\$ 41,931</u>	<u>\$ 1,877,343</u>	<u>\$ 843,599</u>		
<b>Net position</b>										
Net investment in capital assets									678,180	678,180
Unrestricted									\$ 246,681	246,681
<b>Total net position</b>									<u>\$ 924,861</u>	<u>\$ 924,861</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
To Net Position of Governmental Activities  
Drain Commission Component Unit  
December 31, 2020

<b>Fund balances - governmental funds</b>	\$ 296,314
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Long-term liability used in governmental activities are not financial resources and therefore are not reported in funds.	(663,168)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual 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	715,604
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 receivable	<u>576,111</u>
<b>Net position of governmental activities</b>	<u><u>\$ 924,861</u></u>

COUNTY OF HILLSDALE, MICHIGAN

Statement of Activities / Governmental Funds Revenues,  
Expenditures, and Changes in Fund Balances  
Drain Commission Component Unit  
Year Ended December 31, 2020

	Debt Service	Capital Projects				Capital Projects		Internal Service		Statement of Activities
	Drain Construction Debt	Drain Special Assessment	Drain Revolving	Lake Level Special Assessment	Lake Level Revolving	Drain Construction	Total	Drain Equipment Revolving	Adjustments	
<b>Revenues</b>										
Interest revenue	\$ -	\$ 894	\$ -	\$ 128	\$ -	\$ 41	\$ 1,063	\$ 351	\$ -	\$ 1,414
Other revenue	-	752,069	-	17,897	-	-	769,966	-	46,059	816,025
<b>Total revenues</b>	-	752,963	-	18,025	-	41	771,029	351	46,059	817,439
<b>Expenditures/Expenses</b>										
Public works	127,962	685,029	17,794	48,313	29,515	1	908,614	-	(71,720)	836,894
Operating Expense	-	-	-	-	-	-	-	(377,715)	-	(377,715)
Depreciation	-	-	-	-	-	-	-	55,324	383,278	438,602
<b>Total expenditures/expenses</b>	127,962	685,029	17,794	48,313	29,515	1	908,614	(322,391)	311,558	897,781
<b>Excess of revenues over (under) expenditures/expenses</b>	(127,962)	67,934	(17,794)	(30,288)	(29,515)	40	(137,585)	322,742	(265,499)	(80,342)
<b>Other financing sources (uses)</b>										
Transfers in	127,963	-	-	-	-	-	127,963	-	-	127,963
Transfers Out	-	(120,789)	(7,174)	-	-	-	(127,963)	-	-	(127,963)
<b>Total other financing sources (uses)</b>	127,963	(120,789)	(7,174)	-	-	-	-	-	-	-
<b>Net change in fund balances/ change in net position</b>	1	(52,855)	(24,968)	(30,288)	(29,515)	40	(137,585)	322,742	(265,499)	(80,342)
Fund balances / net position, beginning of year	318	316,740	-	74,950	-	41,891	433,899	392,862	178,442	1,005,203
<b>Fund balances / net position, end of year</b>	\$ 319	\$ 263,885	\$ (24,968)	\$ 44,662	\$ (29,515)	\$ 41,931	\$ 296,314	\$ 715,604	\$ (87,057)	\$ 924,861

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Net Position / Governmental Funds Balance Sheet

Drain Commission Component Unit  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance to the Statement of Activities  
Year Ended December 31, 2020

Net change in fund balance - Governmental funds	\$ (137,585)
Amounts reported for <i>governmental activities</i> 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.	
Deduct - depreciation expense	(383,278)
Add - capital assets purchased	71,720
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.	
	46,059
Internal service funds are used by management to charge the costs of certain activities, such as equipment purchases, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities:	
Net operating loss from governmental activities accounted for in the internal service fund	<u>322,742</u>
<b>Change in net position of governmental activities</b>	<u>\$ (80,342)</u>

# Reports on Compliance

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**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN  
MICHIGAN & WISCONSIN**

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

Members of the Board  
County of Hillsdale, Michigan  
Courthouse, 29 N. Howell Street  
Hillsdale, Michigan 49242

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Hillsdale, Michigan, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Hillsdale, Michigan's basic financial statements and have issued our report thereon dated June 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the Hillsdale County Road Commission and the Hillsdale County Medical Care Facility as described in or report on the County of Hillsdale, Michigan's financial statements. This 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.

**Internal Control Over Financial Reporting**

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

Members of the Board  
County of Hillsdale, Michigan

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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Hillsdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 result 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.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

June 29, 2021



**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**OFFICES IN  
MICHIGAN & WISCONSIN**

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

Members of the Board  
County of Hillsdale, Michigan  
Courthouse, 29 N. Howell Street  
Hillsdale, Michigan 49242

**Report on Compliance for Each Major Federal Program**

We have audited the County of Hillsdale, Michigan's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Hillsdale, Michigan's major federal programs for the year ended December 31, 2020. The County of Hillsdale, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County of Hillsdale, Michigan's basic financial statements include the operations of the Hillsdale County Road Commission and Medical Care Facility, which received \$1,042,317 and 610,000, respectively, in federal awards, which are not included in the County of Hillsdale, Michigan's schedule of expenditures of federal awards during the year ended December 31, 2020. Our audit, described below, did not include the operations of the Hillsdale County Road Commission or Medical Care Facility because they were engaged by other auditors to perform a separate financial audit and it did not meet compliance requirements for a single audit in accordance with the Uniform Guidance, as expenditures of directly administered federal awards did not exceed \$750,000.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

To the Board of Commissioners  
County of Hillsdale, Michigan

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

### Opinion on Each Major Federal Program

In our opinion, the County of Hillsdale, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### Report on Internal Control Over Compliance

Management of the County of Hillsdale, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Hillsdale, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Hillsdale, Michigan's 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Anderson, Tackman and Company, PLC  
Certified Public Accountants  
Kincheloe, Michigan

June 29, 2021

# HILLSDALE COUNTY, MICHIGAN

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

Federal/ Pass-through Grantor Program Title	Federal CFDA Number	Passed Through	Pass-through Grantor's Number	Federal Expenditures
<b>U.S. Department of of Housing and Urban Development</b> Community Development Block Grants (CDBG CARES)	14.228	MI EDC	MSC-22015-CV1	\$ 88,395
<b>U.S. Department of Justice</b> Coronavirus Emergency Supplemental Funding (CESF) District Drug Court	16.034 16.585	MI State Police US DOJ	CESF-192-2020 2017-DC-BX-0022	23,812 177,704
<b>Total U.S. Department of Justice</b>				<u>201,516</u>
<b>U.S. Department of Transportation</b> <i>Highway Safety Cluster</i> Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	SCAO	17339	<u>43,405</u>
<b>U.S. Department of Treasury</b> Coronavirus Relief Fund (CRLGG) Coronavirus Relief Fund (PSPHPR)	21.019 21.019	MDT MDT	N/A N/A	357,108 343,651
<b>Total U.S. Department of Treasury</b>				<u>700,759</u>
<b>U.S. Department of Health and Human Services</b> Child Support Enforcement: IV-D Support Incentive Friend of the Court Prosecuting Attorney  Subtotal CSE  Foster Care Title IV-E	93.563 93.563 93.563  93.658	MDHS MDHS MDHS  MDHHS	PROFC17-30001 CSFOC17-30001 CSPA17-30002  PROFC17-30001	67,613 292,322 76,143  436,078  21,832
<b>Total U.S. Department of Health and Human Services</b>				<u>457,910</u>
<b>U.S. Department of Homeland Security</b> Boating Safety Financial Assistance Emergency Management Preparedness Grant Homeland Security Grant Program	97.012 97.042 97.067	MDNR MSP MSP	MS20-014 EMC-2019-EP-00004 N/A	8,683 10,110 6,000
<b>Total U.S. Department of Homeland Security</b>				<u>24,793</u>
<b>Total expenditures of federal awards</b>				<u>\$ 1,516,778</u>

See accompanying note to the schedule of expenditures of federal awards.

**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Hillsdale, Michigan under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Hillsdale, Michigan, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Hillsdale, Michigan. All expenditures of federal awards from component units are included in the schedule except for the Road Commission and Medical Care Facility which issues a separate report.

**NOTE B - COGNIZANT AGENCY:**

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Treasury which provided the greatest amount of indirect federal funding to the County during 2020.

**NOTE C - INDIRECT COST:**

For purposes of charging indirect costs to federal awards, the County have not elected to use the 10% de minimis cost rate as permitted by CFR Section 200.414 of the Uniform Guidance.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 (CFR) part 200, Uniform Guidance?	No

Identification of Major Programs

CFDA NUMBERS

Name of Federal Program or Cluster

20.019	Coronavirus Relief Fund
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II - Financial Statement Findings**

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**NONE.**

**Section III - Federal Award Findings and Questioned Costs**

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**NONE.**

Section III - Federal Award Findings and Questioned Costs

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NONE.



**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**KINROSS OFFICE**

SUE A. BOWLBY, CPA, PRINCIPAL  
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**MEMBER AICPA  
DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN  
MICHIGAN & WISCONSIN**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Members of the Hillsdale County  
Board of Commissioners  
Courthouse, 29 N. Howell Street  
Hillsdale, Michigan 49242

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Hillsdale for the year ended December 31, 2020, and have issued our report thereon dated June 29, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance**

As stated in our engagement letter dated May 13, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the County of Hillsdale's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the County of Hillsdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the County of Hillsdale's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Hillsdale's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the County of Hillsdale's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedule of funding progress, and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated on May 13, 2021.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Hillsdale, Michigan are described in Note 1 to the financial statements. One new accounting policy regarding GASB Statement No. 84 was adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$0.

- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statement disclosures are neutral, consistent and clear.

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***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreement with Management***

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

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated June 29, 2021

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

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

### ***Comments and Recommendations***

#### **Policies (Prior Year)**

The County does not currently have the following policies in place: ACH/EFT Banking, and Conflict of Interest. It is recommended that the County adopt proper policies in order to provide the applicable guidelines to follow and ensure sound accounting procedures.

Status: Uncorrected.

It was also noted that the policy for non-union employee sick time payout is silent on whether or not these hours are paid out upon termination or retirement; however, the County is using 100% of sick time in the calculation for accrued sick time liability at year end. It is recommended that the County update its policy to reflect this.

Status: In process of updating policy.

#### **Uniform Chart of Accounts (Prior Year)**

During the audit, it was noted that several of the Special Revenue funds only utilize the revenue and expense control accounts. It is recommended, that the County review the State of Michigan's Uniform Chart of Accounts and update the County's chart of accounts to provide greater financial detail such as type of revenue (taxes or grants) and type of expenses (personal or supplies) and capital outlay accounts.

Status: Working towards implementation.

#### **Credit Cards (Prior Year)**

It was noted during our test of controls over credit cards that proper documentation was not provided regarding credit limit increases that are above the county credit card policy limits. We recommend that approvals of credit limit increases are approved by the board in an open meeting, and the credit card policy be updated to reflect changes to ensure proper authorization and records of employee credit limit increases.

Status: Uncorrected

#### **Inactive Funds (Prior Year)**

It was noted in our review of County funds that the County currently has multiple funds that appear to no longer have any activity, and or that the funding sources no longer exist. We recommend that the County perform a review of funds to ensure funds that are no longer active be closed.

Status: Uncorrected.

### **Trust and Agency Funds (Prior Year)**

It was noted during our review of Trust and Agency funds that multiple funds had stale outstanding liabilities within them. We recommend that the Trust and Agency funds have a review of all liability accounts that have stale balances and that the County work to distribute these funds to the rightful owners. We also recommend that the County review these funds on a regular basis in future periods to ensure that these funds are distributed in a timelier fashion.

It was also noted that some Agency funds had fund balances recorded within them, and Agency funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities), as defined by the State Uniform Chart of Accounts. We recommend that these accounts be reviewed by the County and journal entries prepared to remove fund balances within these Agency type funds.

Status: Uncorrected.

### **Long Outstanding Checks (Prior Year)**

During our examination of bank reconciliations, it was noted that there are multiple outstanding checks that are over the time period in which the State's Manual for Reporting Unclaimed Property requires them to have been escheated to the State. We recommend that the County review the State Manual for Reporting Unclaimed Property and review the current outstanding checks for compliance, as well as institute a policy to ensure compliance with its requirements in future periods.

Status: Uncorrected.

### **Intrusion Testing (Prior Year)**

In our review of IT security control, it was noted that the county has not had an intrusion test performed in ten year. We recommend that in the ever-changing IT risk environment that the county consider performing an intrusion test to ensure the county IT controls.

Status: Corrected

### **Accounts Payable (Prior Year)**

It was noted during our review of accounts payable that the amount recorded in ledger for accounts payable and expense did not agree to the actual amount paid to vendor. We recommend that the county review all accounts payable booking to ensure the amounts booked reflect the actual amount expended.

Status: Corrected

### **1099-MISC Compliance (Prior Year)**

It was noted during our review of 1099-MISC's that the county did not issued a few 1099-MISC's to qualified vendors. We recommend that the County review its 1099-MISC procedures to ensure that all vendors requiring a 1099-MISC are issued one and that a W-9 be on file for all vendors.

Status: Corrected

### **Tax Revenues (Prior Year)**

It was noted in our review of tax revenue that the County is currently holding tax revenues in agency funds for a significant period of time and not disbursing those funds to the County funds they are levied for, resulting in some cases, in an understatement of revenues within those funds. We recommend that the County only place tax revenues within agency funds if the taxes being collected is for an outside agency and that those funds be disbursed in a timely manner.

Status: In processes of being corrected.

### **Local Community Stabilization Payments (Prior Year)**

It was noted in our examination of the local community stabilization revenues that the County has been distributing these funds to their funds and outside agencies based on an incorrect spread and not based on the States required distribution formula. We recommend that the county contact all effected groups and redistribute the funds to account for the disparity in prior amounts.

Status: In process of being corrected.

### **Year End Accruals (Prior Year)**

It was noted in our review of year end accruals that the County did not record all of the year-end accruals related to accounts receivable. We recommend that a year-end review of the post 60 days of year end receipts to ensure that all items are recorded in the proper period.

Status: Uncorrected.

### **GASB 84 Implementation**

It was noted in our examination of the Agency funds and the basic financial statement that the County has not yet implemented the changes related to the recording of items in the Agency fund that are related to the implementation of GASB 84. We recommend that the County research, and implement new accounting practices related to the recording of fiduciary items to ensure compliance with GASB 84 in future periods.

### **Inmate Trust**

It was noted during our testing of disbursements, that the County is integrating inmate funds with jail operations and not using funds solely for inmate holdings. We recommend that these funds be used strictly for inmate holdings.

### **Credit Cards**

It was noted during our review of credit cards, that several departments receipts that were retained did not have explanations of business purpose of transactions as policy requires. We recommend that all transactions include a description as per policy.

### **Single Approach for Reporting Leases (Prior Year)**

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets - including vehicles heavy equipment, and buildings - but excludes nonexchange transactions, including donated assets, and leases of intangible assets.

Under the new Statement, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.

A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability.
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payments to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases.
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, [www.gasb.org](http://www.gasb.org).

This will be effective for the County's fiscal year ended December 31, 2022.

### **State Chart of Accounts**

*Effective 9/30/2021 (your FY 2021)*

The Uniform Chart of Accounts for Local Units of Government (Counties, Cities, Villages and Townships; and Authorities and Commissions established by counties, cities, villages and townships) has been developed by the Local Government Fiscal Accountability Division of the Michigan Department of Treasury with the assistance of the Michigan Committee on Governmental Accounting and Auditing. All local units of government in Michigan must use the Uniform Chart of Accounts. The new Chart of Accounts must be implemented for fiscal years ending Sept. 30, 2021, and thereafter. Early implementation, after the reviewed Chart of Accounts is issued on December 31, 2019, will be allowed and encouraged.

**Other Matters**

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

We were engaged to report on the combining financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this other information, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Conclusion**

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendations, please contact us.

This information is intended solely for the use of the Board of Commissioners, federal awarding agencies, pass-through entities, and management and is not intended to be, and should not be, used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

July 31, 2020