

Leelanau  
County,  
Michigan



Year Ended  
December 31,  
2023

Financial  
Statements

**Rehmann**



# LEELANAU COUNTY, MICHIGAN

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## INDEPENDENT AUDITORS' REPORT

June 18, 2024

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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



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

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

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

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

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

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

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

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



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

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

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

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

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated June 18, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

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

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

As management of Leelanau County, Michigan, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

Key metrics and financial highlights of the County for the year ended December 31, 2023 are as follows:

Total net position	\$ 33,563,336
Unrestricted net position	14,242,566
Change in net position	368,249
Fund balances, governmental funds	13,114,510
Change in fund balances, governmental funds	918,333
Fund balance, General Fund	9,191,974
(as percentage of General Fund expenditures and transfers out)	51%
Unassigned fund balance, General Fund	9,107,863
(as percentage of General Fund expenditures and transfers out)	50%

### Overview of the Financial Statements

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

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

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

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

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

## LEELANAU COUNTY, MICHIGAN

### Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

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

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

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,563,336 at the close of the most recent fiscal year. A large portion of the County's net position represents its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### Net Position

Net investment in capital assets is 44.0% of the total net position. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's total net position increased by \$368,249 for the year ended December 31, 2023.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 27,528,408	\$ 28,433,256	\$ 8,845,166	\$ 8,548,990	\$ 36,373,574	\$ 36,982,246
Capital assets, net	17,958,420	18,735,018	-	-	17,958,420	18,735,018
<b>Total assets</b>	<u>45,486,828</u>	<u>47,168,274</u>	<u>8,845,166</u>	<u>8,548,990</u>	<u>54,331,994</u>	<u>55,717,264</u>
<b>Deferred outflow of resources</b>	<u>2,341,289</u>	<u>4,434,193</u>	<u>-</u>	<u>-</u>	<u>2,341,289</u>	<u>4,434,193</u>
<b>Liabilities</b>						
Long-term liabilities	14,708,196	17,080,671	11,683	16,146	14,719,879	17,096,817
Other liabilities	4,086,463	5,261,618	56,893	37,549	4,143,356	5,299,167
<b>Total liabilities</b>	<u>18,794,659</u>	<u>22,342,289</u>	<u>68,576</u>	<u>53,695</u>	<u>18,863,235</u>	<u>22,395,984</u>
<b>Deferred inflows of resources</b>	<u>4,246,712</u>	<u>4,560,386</u>	<u>-</u>	<u>-</u>	<u>4,246,712</u>	<u>4,560,386</u>
<b>Net position</b>						
Net investment in capital assets	14,779,536	14,882,378	-	-	14,779,536	14,882,378
Restricted	4,541,234	3,976,858	-	-	4,541,234	3,976,858
Unrestricted	5,465,976	5,840,556	8,776,590	8,495,295	14,242,566	14,335,851
<b>Total net position</b>	<u>\$ 24,786,746</u>	<u>\$ 24,699,792</u>	<u>\$ 8,776,590</u>	<u>\$ 8,495,295</u>	<u>\$ 33,563,336</u>	<u>\$ 33,195,087</u>

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,661,181	\$ 2,805,570	\$ 2,191,073	\$ 1,554,446	\$ 4,852,254	\$ 4,360,016
Operating grants	1,715,435	1,279,522	-	-	1,715,435	1,279,522
Capital grants	440,916	29,725	-	-	440,916	29,725
General revenues:						
Property taxes	14,636,036	13,437,388	-	-	14,636,036	13,437,388
Unrestricted grants and contributions	2,005,541	933,944	-	-	2,005,541	933,944
Unrestricted investment earnings (loss)	348,827	(19,959)	197,173	16,747	546,000	(3,212)
Gain on sale of capital assets	-	46,726	-	-	-	46,726
<b>Total revenues</b>	<b>21,807,936</b>	<b>18,512,916</b>	<b>2,388,246</b>	<b>1,571,193</b>	<b>24,196,182</b>	<b>20,084,109</b>
<b>Expenses</b>						
Legislative	1,384,364	968,553	-	-	1,384,364	968,553
General government	5,766,987	5,529,040	-	-	5,766,987	5,529,040
Judicial	1,685,208	1,626,791	-	-	1,685,208	1,626,791
Public safety	10,151,180	8,755,373	-	-	10,151,180	8,755,373
Public works	582,524	731,552	-	-	582,524	731,552
Health and welfare	2,971,200	2,746,080	-	-	2,971,200	2,746,080
Recreation and cultural	167,213	237,420	-	-	167,213	237,420
Interest on long-term debt	120,382	143,356	-	-	120,382	143,356
Delinquent tax collection	-	-	6,451	6,453	6,451	6,453
Inmate commissary	-	-	27,846	14,806	27,846	14,806
Treasurer's tax reversion	-	-	61,283	56,570	61,283	56,570
Building inspections	-	-	903,295	849,859	903,295	849,859
<b>Total expenses</b>	<b>22,829,058</b>	<b>20,738,165</b>	<b>998,875</b>	<b>927,688</b>	<b>23,827,933</b>	<b>21,665,853</b>
Change in net position, before transfers	(1,021,122)	(2,225,249)	1,389,371	643,505	368,249	(1,581,744)
<b>Transfers</b>	<b>1,108,076</b>	<b>132,449</b>	<b>(1,108,076)</b>	<b>(132,449)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>86,954</b>	<b>(2,092,800)</b>	<b>281,295</b>	<b>511,056</b>	<b>368,249</b>	<b>(1,581,744)</b>
Net position, beginning of year	24,699,792	26,792,592	8,495,295	7,984,239	33,195,087	34,776,831
<b>Net position, end of year</b>	<b>\$ 24,786,746</b>	<b>\$ 24,699,792</b>	<b>\$ 8,776,590</b>	<b>\$ 8,495,295</b>	<b>\$ 33,563,336</b>	<b>\$ 33,195,087</b>

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

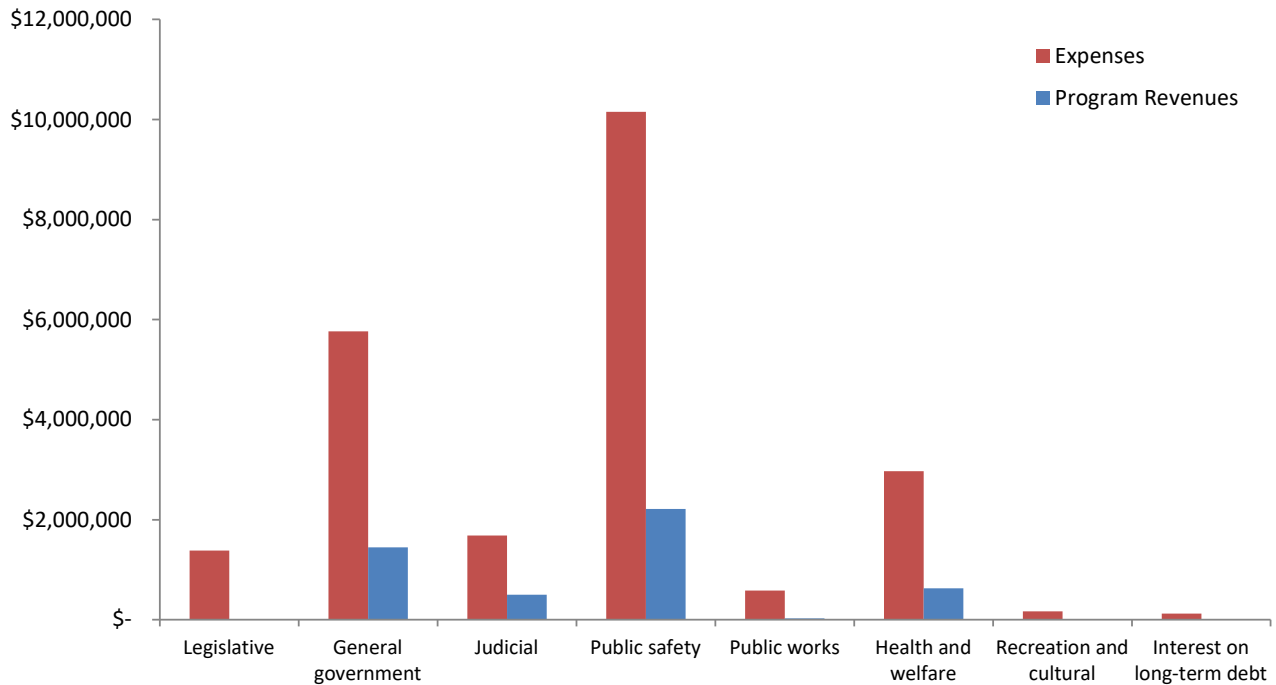
### Governmental Activities

Governmental activities increased the County's net position by \$86,954, compared to a decrease of \$2,092,800 in the prior year. Property tax revenues increased due to an increase in taxable values, while unrestricted grants and contributions increased due to revenue sharing increases and recognition of Coronavirus State and Local Fiscal Recovery Fund revenues in 2023. Capital grants increased due to funding for a homeland security boat acquisition. Overall expenses increased by approximately 10.1% as compared to 2022, primarily due to staffing level and pay increases. Governmental activities also saw an increase in net transfers in from business-type activities, primarily from the Unpledged Delinquent Tax Revolving Fund.

Governmental activities include:

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

**Expenses and Program Revenues - Governmental Activities**

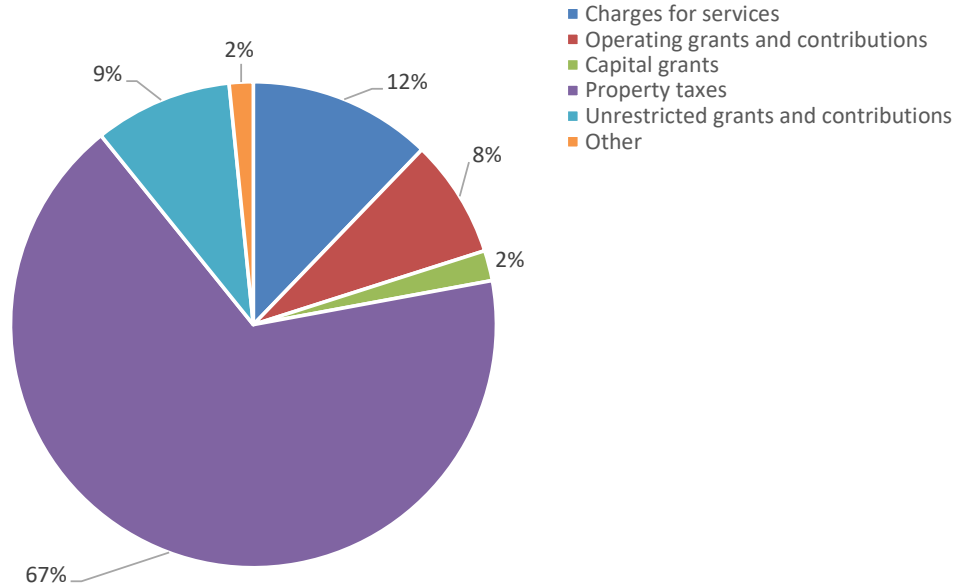




# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

Revenues by Source - Governmental Activities



### Business-type Activities

The business-type activities of the County include enterprise fund operations. Business-type activities increased the County's net position by \$281,295, compared to an increase of \$511,056 in the prior year, primarily due to an increase in building and other permit revenues, offset by an increase in net transfers to governmental activities.

Business-type activities include:

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

### Financial Analysis of the County's Funds

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

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

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

The fund balance of the General Fund increased by \$97,358 during 2023. Fund balance at December 31, 2023 totaled \$9,241,974, of which \$9,107,863 was considered unassigned.

The fund balance of the Senior Services Special Revenue Fund decreased by \$160,773 during 2023. The decrease was attributed to excess of ongoing operational expenditures over tax collections.

The fund balance of the Communication Towers Special Revenue Fund increased by \$91,056 during 2023. The increase was attributed to revenue on tower leases exceeding ongoing operational expenditures.

The Village of Northport Sewer Debt Retirement Fund had current year revenues of \$776,625, which were used entirely for debt service expenditures. There was no ending fund balance of the Village of Northport Sewer Debt Retirement Fund at year-end.

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

### General Fund Budgetary Highlights

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

- Property taxes revenues budget was increased by \$1,046,510 as a result of conservative budgeting practices by the County.
- Intergovernmental revenues budget was increased by \$1,985,569 as a result of the Local Assistance and Tribal Consistency Funds (LATCF), the American Rescue Plan Act Funds (ARPA), the Secondary Road Program (SRP), the DNR Marine Grant, the County Veterans Service Fund (CVSF), the C3 Grant, and the FEMA Grant.
- Public safety marine expenditure budget was increased by \$549,366 as a result of the purchase of a marine safety boat.
- Public safety emergency services expenditure budget was increased by \$1,263,162 as a result of ARPA funded expenses.

Significant variances between the final budget and actual General Fund amounts were as follows:

- Intergovernmental revenue was \$511,484 less than amended budget due to the reclassification of the FEMA Grant out of the General Fund.
- Public safety marine expenditures were \$424,112 less than amended budget due to the marine safety boat that was purchases being reclassified into the Motor Pool.
- Health and welfare child care expenditures were \$239,111 less than amended budget due to less than anticipated requirement to house delinquent juveniles.

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

Overall expenditures were under budget by \$1,437,928, primarily due to conservative budgeting practices by the County. In addition, transfers out were under budget by \$362,458 due to the timing of cash flow needs for various maintenance and construction projects.

### Capital Asset and Debt Administration

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

During the year, the County's primary capital asset activity related to various vehicle purchases and other equipment additions including a homeland security boat acquisition.

	Capital Assets (Net of Depreciation/Amortization)	
	Governmental Activities	
	2023	2022
Land	\$ 1,305,276	\$ 1,305,276
Construction in progress	885,143	340,329
Infrastructure	1,615,116	1,762,137
Building & improvements	10,085,304	11,038,382
Land improvements	544,158	795,864
Towers	1,033,112	687,701
Equipment and furniture	1,424,317	1,768,174
Vehicles	522,455	470,968
Lease asset - land	543,539	566,187
<b>Total capital assets, net</b>	<b>\$ 17,958,420</b>	<b>\$ 18,735,018</b>

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

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Public placement bonds	\$ 5,530,000	\$ 6,640,000	\$ -	\$ -
Installment purchase agreement	798,201	1,054,611	-	-
Compensated absences	472,112	433,275	11,683	16,146
<b>Total long-term debt</b>	<b>\$ 6,800,313</b>	<b>\$ 8,127,886</b>	<b>\$ 11,683</b>	<b>\$ 16,146</b>

# LEELANAU COUNTY, MICHIGAN

## Management's Discussion and Analysis

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

The County's budget for 2024 does not increase property tax rates because of the impact of Proposal A, however, the County will continue to monitor its budget very closely. The Headlee statewide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5% unless there is a transfer of ownership. Since some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the County could grow less than inflation before considering new property additions. Generally, properties that have a transfer of ownership will offset the properties that do not increase by the rate of inflation, resulting in an actual increase in value by more than the rate of inflation before new construction.

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

The above indicators were considered when adopting the General Fund budget for 2024. As the County prepared for the 2024 budget, those same indicators guided the County in their budget deliberations, in addition to such things as additional grant revenue, cost of living adjustments, the cost of postemployment benefits, and the rising cost of health care. After all estimates were calculated, the County's budget for 2024 is expected to remain steady.

The COVID-19 pandemic has resulted in many unknowns when considering the long-term future economic outlook for the County. However, the County was awarded several grants for reimbursement of expenditures incurred during fiscal year 2023 and 2024 related to the pandemic.

### Requests for Information

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

## **BASIC FINANCIAL STATEMENTS**

# LEELANAU COUNTY, MICHIGAN

## Statement of Net Position

December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 13,702,816	\$ 6,579,834	\$ 20,282,650	\$ 1,559,438
Restricted cash and investments	2,675,494	-	2,675,494	-
Receivables	10,625,351	2,265,076	12,890,427	3,528,644
Prepaid items	504,747	256	505,003	45,488
Inventory	-	-	-	596,735
Long-term advance to component units	20,000	-	20,000	-
Assets held for resale	-	-	-	12,625
Capital assets:				
Not being depreciated/amortized	2,190,419	-	2,190,419	18,953,169
Being depreciated/amortized, net	15,768,001	-	15,768,001	19,658,129
<b>Total assets</b>	<b>45,486,828</b>	<b>8,845,166</b>	<b>54,331,994</b>	<b>44,354,228</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	2,341,289	-	2,341,289	423,461
<b>Liabilities</b>				
Accounts payable and accrued liabilities	1,426,523	56,893	1,483,416	240,420
Unearned revenue	2,659,940	-	2,659,940	609,915
Long-term advance from primary government	-	-	-	20,000
Bonds, notes and other long-term liabilities				
Due within one year	1,908,911	11,683	1,920,594	125,233
Due in more than one year	5,461,367	-	5,461,367	687,582
Net pension liability (due in more than one year)	7,337,918	-	7,337,918	434,083
<b>Total liabilities</b>	<b>18,794,659</b>	<b>68,576</b>	<b>18,863,235</b>	<b>2,117,233</b>
<b>Deferred inflows of resources</b>				
Taxes levied for a subsequent period	2,313,577	-	2,313,577	1,698,490
Deferred lease amounts	1,907,417	-	1,907,417	-
Deferred gain on refunding	25,718	-	25,718	-
<b>Total deferred inflows of resources</b>	<b>4,246,712</b>	<b>-</b>	<b>4,246,712</b>	<b>1,698,490</b>
<b>Net position</b>				
Net investment in capital assets	14,779,536	-	14,779,536	38,141,298
Restricted for:				
Drain construction and maintenance	-	-	-	25,403
Debt service	-	-	-	479,066
Capital projects	294,644	-	294,644	-
Health and welfare	708,426	-	708,426	-
Primary and local roads	-	-	-	1,668
Other state mandated programs	3,538,164	-	3,538,164	-
Unrestricted	5,465,976	8,776,590	14,242,566	2,314,531
<b>Total net position</b>	<b>\$ 24,786,746</b>	<b>\$ 8,776,590</b>	<b>\$ 33,563,336</b>	<b>\$ 40,961,966</b>

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

# LEELANAU COUNTY, MICHIGAN

## Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 1,384,364	\$ -	\$ -	\$ -	\$ (1,384,364)
General government	5,766,987	970,477	476,747	-	(4,319,763)
Judicial	1,685,208	242,804	255,963	-	(1,186,441)
Public safety	10,151,180	1,064,436	709,436	440,916	(7,936,392)
Public works	582,524	29,083	-	-	(553,441)
Health and welfare	2,971,200	354,381	273,289	-	(2,343,530)
Recreation and cultural	167,213	-	-	-	(167,213)
Interest on long-term debt	120,382	-	-	-	(120,382)
<b>Total governmental activities</b>	<b>22,829,058</b>	<b>2,661,181</b>	<b>1,715,435</b>	<b>440,916</b>	<b>(18,011,526)</b>
Business-type activities:					
Delinquent tax collection	6,451	1,079,534	-	-	1,073,083
Inmate commissary	27,846	20,497	-	-	(7,349)
Treasurer's tax reversion	61,283	76,951	-	-	15,668
Building inspections	903,295	1,014,091	-	-	110,796
<b>Total business-type activities</b>	<b>998,875</b>	<b>2,191,073</b>	<b>-</b>	<b>-</b>	<b>1,192,198</b>
<b>Total primary government</b>	<b>\$ 23,827,933</b>	<b>\$ 4,852,254</b>	<b>\$ 1,715,435</b>	<b>\$ 440,916</b>	<b>\$ (16,819,328)</b>
<b>Component units</b>					
Road Commission	\$ 8,762,877	\$ 867,779	\$ 6,430,363	\$ -	\$ (1,464,735)
Brownfield Redevelopment Authority	86,523	800	104,164	-	18,441
Land Bank Authority	97,920	42	-	-	(97,878)
Drainage Districts	73,545	-	-	865,192	791,647
<b>Total component units</b>	<b>\$ 9,020,865</b>	<b>\$ 868,621</b>	<b>\$ 6,534,527</b>	<b>\$ 865,192</b>	<b>\$ (752,525)</b>

continued...

**LEELANAU COUNTY, MICHIGAN**

**Statement of Activities**

For the Year Ended December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
<b>Changes in net position</b>				
Net (expenses) revenues	\$ (18,011,526)	\$ 1,192,198	\$ (16,819,328)	\$ (752,525)
General revenues:				
Property taxes	14,636,036	-	14,636,036	1,635,897
Grants and contributions not restricted to specific programs	2,005,541	-	2,005,541	-
Unrestricted investment earnings	348,827	197,173	546,000	1,473
Gain on sale of capital assets	-	-	-	94,463
Transfers	1,108,076	(1,108,076)	-	-
Total general revenues and transfers	18,098,480	(910,903)	17,187,577	1,731,833
<b>Change in net position</b>	86,954	281,295	368,249	979,308
Net position, beginning of year	24,699,792	8,495,295	33,195,087	39,982,658
<b>Net position, end of year</b>	<u>\$ 24,786,746</u>	<u>\$ 8,776,590</u>	<u>\$ 33,563,336</u>	<u>\$ 40,961,966</u>

concluded

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



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# LEELANAU COUNTY, MICHIGAN

## Balance Sheet

Governmental Funds

December 31, 2023

	General	Senior Services Special Revenue	Communication Towers Special Revenue	Village of Northport Sewer Debt Retirement
<b>Assets</b>				
Cash and investments	\$ 8,783,628	\$ 851,564	\$ 195,958	\$ -
Restricted cash and investments	2,675,494	-	-	-
Receivables:				
Accounts	160,850	-	17,037	-
Loans	-	-	-	-
Taxes	505,751	1,012,380	-	-
Leases	-	-	2,073,633	-
Installment sales agreement	-	-	-	3,745,000
Interest	6,821	-	-	15,214
Due from other governments	692,701	-	-	-
Prepaid items	64,111	75	-	-
Long-term advance to component units	20,000	-	-	-
<b>Total assets</b>	<b>\$ 12,909,356</b>	<b>\$ 1,864,019</b>	<b>\$ 2,286,628</b>	<b>\$ 3,760,214</b>
<b>Liabilities</b>				
Accounts payable	\$ 435,986	\$ 50,909	\$ 975	\$ -
Accrued liabilities	251,972	9,712	-	-
Unearned revenue	2,659,940	-	-	-
<b>Total liabilities</b>	<b>3,347,898</b>	<b>60,621</b>	<b>975</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	369,484	2,115	-	-
Unavailable revenue - loans receivable	-	-	-	-
Unavailable revenue - opioid settlement	-	-	-	-
Unavailable revenue - installment sales agreement and interest receivable	-	-	-	3,760,214
Taxes levied for a subsequent period	-	1,131,124	-	-
Deferred lease amounts	-	-	1,907,417	-
<b>Total deferred inflows of resources</b>	<b>369,484</b>	<b>1,133,239</b>	<b>1,907,417</b>	<b>3,760,214</b>
<b>Fund balances</b>				
Nonspendable	84,111	75	-	-
Restricted	-	670,084	378,236	-
Committed	-	-	-	-
Unassigned	9,107,863	-	-	-
<b>Total fund balances</b>	<b>9,191,974</b>	<b>670,159</b>	<b>378,236</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,909,356</b>	<b>\$ 1,864,019</b>	<b>\$ 2,286,628</b>	<b>\$ 3,760,214</b>

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



<b>Nonmajor Governmental Funds</b>	<b>Total</b>
--	--------------

\$ 3,001,978	\$ 12,833,128
-	2,675,494
790,394	968,281
485,263	485,263
1,075,640	2,593,771
-	2,073,633
-	3,745,000
-	22,035
43,210	735,911
18,430	82,616
-	20,000

<u>\$ 5,414,915</u>	<u>\$ 26,235,132</u>
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\$ 268,459	\$ 756,329
91	261,775
-	2,659,940

<u>268,550</u>	<u>3,678,044</u>
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-	371,599
485,263	485,263
604,508	604,508

-	3,760,214
1,182,453	2,313,577
-	1,907,417

<u>2,272,224</u>	<u>9,442,578</u>
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18,430	102,616
2,382,523	3,430,843
473,188	473,188
-	9,107,863

<u>2,874,141</u>	<u>13,114,510</u>
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<u>\$ 5,414,915</u>	<u>\$ 26,235,132</u>
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## LEELANAU COUNTY, MICHIGAN

### Reconciliation

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

**Fund balances - total governmental funds** \$ 13,114,510

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/amortized	2,190,419
Capital assets being depreciated/amortized, net	15,768,001
Less amounts accounted for in internal service funds	(1,203,228)

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

Unavailable property taxes receivable	371,599
Unavailable loans receivable	485,263
Unavailable opioid settlement	604,508
Unavailable installment sales agreement and interest receivable	3,760,214

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

Net position of governmental activities accounted for in internal service funds	2,109,064
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Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds.

Bonds and installment purchase agreement payable	(6,328,201)
Leases payable	(569,965)
Compensated absences	(472,112)
Deferred gain on refunding, net	(25,718)
Accrued interest on long-term debt	(20,979)

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

Net pension liability	(7,337,918)
Deferred outflows related to the net pension liability	2,341,289

**Net position of governmental activities** \$ 24,786,746

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

# LEELANAU COUNTY, MICHIGAN

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

Governmental Funds

For the Year Ended December 31, 2023

	General	Senior Services Special Revenue	Communication Towers Special Revenue	Village of Northport Sewer Debt Retirement
<b>Revenues</b>				
Property taxes	\$ 12,378,548	\$ 1,045,156	\$ -	\$ -
Licenses and permits	11,884	-	-	-
Intergovernmental	2,789,950	20,145	-	776,625
Charges for services	928,886	-	424,418	-
Refunds and reimbursements	84,998	115	-	-
Fines and forfeitures	1,897	-	-	-
Investment income	328,570	-	-	-
Other	465,606	8,629	-	-
<b>Total revenues</b>	<b>16,990,339</b>	<b>1,074,045</b>	<b>424,418</b>	<b>776,625</b>
<b>Expenditures</b>				
Current:				
Legislative	1,359,052	-	-	-
General government	3,867,349	-	-	-
Judicial	1,702,308	-	-	-
Public safety	8,564,016	-	117,759	-
Public works	-	-	-	-
Health and welfare	1,168,921	1,158,875	-	-
Recreation and cultural	128,452	-	-	-
Other expenditures	566,798	-	-	-
Debt service:				
Principal	-	-	9,819	710,000
Interest and fiscal charges	-	-	10,784	66,625
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>17,356,896</b>	<b>1,158,875</b>	<b>138,362</b>	<b>776,625</b>
Revenues over (under) expenditures	(366,557)	(84,830)	286,056	-
<b>Other financing sources (uses)</b>				
Transfers in	1,297,031	-	-	-
Transfers out	(833,116)	(75,943)	(195,000)	-
<b>Total other financing sources (uses)</b>	<b>463,915</b>	<b>(75,943)</b>	<b>(195,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>97,358</b>	<b>(160,773)</b>	<b>91,056</b>	<b>-</b>
Fund balances, beginning of year	9,094,616	830,932	287,180	-
<b>Fund balances, end of year</b>	<b>\$ 9,191,974</b>	<b>\$ 670,159</b>	<b>\$ 378,236</b>	<b>\$ -</b>

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



<b>Nonmajor Governmental Funds</b>	<b>Total</b>
\$ 1,152,515	\$ 14,576,219
-	11,884
595,024	4,181,744
413,023	1,766,327
45,515	130,628
-	1,897
9,842	338,412
391,303	865,538
<u>2,607,222</u>	<u>21,872,649</u>
-	1,359,052
15,031	3,882,380
-	1,702,308
274,257	8,956,032
523,239	523,239
615,000	2,942,796
-	128,452
-	566,798
656,410	1,376,229
47,509	124,918
481,588	481,588
<u>2,613,034</u>	<u>22,043,792</u>
<u>(5,812)</u>	<u>(171,143)</u>
1,625,165	2,922,196
<u>(728,661)</u>	<u>(1,832,720)</u>
<u>896,504</u>	<u>1,089,476</u>
890,692	918,333
<u>1,983,449</u>	<u>12,196,177</u>
<u>\$ 2,874,141</u>	<u>\$ 13,114,510</u>

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## LEELANAU COUNTY, MICHIGAN

### Reconciliation

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

**Net change in fund balances - total governmental funds** \$ 918,333

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

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

Capital assets purchased/constructed	1,458,725
Less acquisition/construction of capital assets accounted for in governmental internal service funds	(892,557)
Depreciation/amortization expense	(2,230,660)
Less depreciation/amortization expense accounted for in governmental internal service funds	184,694
Loss on disposal of capital assets	(4,663)

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

Change in unavailable property tax receivables	59,817
Change in unavailable loans receivable	(75,891)
Change in unavailable opioid settlement	244,564
Change in unavailable installment sales agreement	(710,000)
Change in unavailable interest receivable	(2,884)

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

Principal payments on bonds and other long-term liabilities	1,376,229
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest on bonds payable	4,536
Change in accrued compensated absences	(38,837)
Change in net pension liability and related deferred amounts	(1,011,084)
Amortization of deferred gain on refunding	7,527

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

Net operating income from governmental activities accounted for in internal service funds	360,824
Investment income from governmental internal service funds	10,415
Capital contributions from governmental activities accounted for in internal service funds	409,266
Net operating transfers in from governmental activities accounted for in internal service funds	18,600

**Change in net position of governmental activities** **\$ 86,954**

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

# LEELANAU COUNTY, MICHIGAN

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

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

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 11,299,100	\$ 12,345,610	\$ 12,378,548	\$ 32,938
Licenses and permits	14,300	14,300	11,884	(2,416)
Intergovernmental	1,315,865	3,301,434	2,789,950	(511,484)
Charges for services	793,715	989,115	928,886	(60,229)
Refunds and reimbursements	92,896	94,896	84,998	(9,898)
Fines and forfeitures	6,300	6,300	1,897	(4,403)
Investment income	20,250	140,250	328,570	188,320
Other	345,914	441,832	465,606	23,774
<b>Total revenues</b>	<b>13,888,340</b>	<b>17,333,737</b>	<b>16,990,339</b>	<b>(343,398)</b>
<b>Expenditures</b>				
Legislative:				
Board of Commissioners	912,135	1,367,177	1,359,052	(8,125)
General government:				
Accounting	184,994	223,530	218,622	(4,908)
Elections	59,876	59,876	33,588	(26,288)
County clerk	626,220	702,458	674,131	(28,327)
Circuit court clerk	29,718	29,718	15,774	(13,944)
Equalization	465,822	493,568	449,738	(43,830)
Attorney/legal fees	87,000	87,000	85,278	(1,722)
Remonumentation	31,000	40,273	39,273	(1,000)
Prosecuting attorney	631,154	716,033	697,114	(18,919)
Prosecuting attorney - social services	85,686	93,191	89,273	(3,918)
Victim services	89,963	97,851	90,317	(7,534)
Register of deeds	407,264	436,530	429,985	(6,545)
Plat board	496	496	-	(496)
Treasurer	377,640	408,006	400,263	(7,743)
Cooperative extension	266,051	293,886	291,995	(1,891)
Drain commission	76,591	219,123	209,515	(9,608)
Soil conservation	72,410	83,583	83,583	-
County audit	61,550	61,550	58,900	(2,650)
<b>Total general government</b>	<b>3,553,435</b>	<b>4,046,672</b>	<b>3,867,349</b>	<b>(179,323)</b>

continued...

# LEELANAU COUNTY, MICHIGAN

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

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

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
Judicial:				
Circuit court	\$ 253,657	\$ 295,312	\$ 286,799	\$ (8,513)
Circuit court - family	294,426	307,570	279,526	(28,044)
Friend of the court	45,000	45,000	33,750	(11,250)
Circuit court - family volume	800	800	-	(800)
Circuit court - juvenile	128,733	123,888	121,751	(2,137)
Family coordinating council	15,000	15,000	15,000	-
District court	468,061	441,133	439,962	(1,171)
Jury fees	9,293	11,243	11,163	(80)
Probate court	417,438	470,957	462,657	(8,300)
Friend of the court	48,300	51,900	51,700	(200)
Law library	9,500	9,500	-	(9,500)
<b>Total judicial</b>	<b>1,690,208</b>	<b>1,772,303</b>	<b>1,702,308</b>	<b>(69,995)</b>
Public safety:				
Sheriff	2,461,237	2,649,043	2,545,828	(103,215)
Emergency medical service	100	100	-	(100)
Marine	99,639	649,005	224,893	(424,112)
Sheriff secondary road patrol	104,571	106,347	94,924	(11,423)
Jail	2,216,750	2,432,474	2,343,838	(88,636)
Planning department	305,157	322,602	311,279	(11,323)
Planning commission	15,641	15,641	7,434	(8,207)
COPS Fast	91,370	94,495	85,485	(9,010)
Township/Village police services	106,294	116,396	104,376	(12,020)
Anti-Drug	115,265	117,411	100,177	(17,234)
Emergency services	99,784	1,362,946	1,356,881	(6,065)
Disaster contingency	5,500	5,500	-	(5,500)
Animal control	107,195	119,560	106,815	(12,745)
Community corrections	10,350	10,350	10,350	-
911	1,230,408	1,362,289	1,271,736	(90,553)
<b>Total public safety</b>	<b>6,969,261</b>	<b>9,364,159</b>	<b>8,564,016</b>	<b>(800,143)</b>

continued...

# LEELANAU COUNTY, MICHIGAN

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

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

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
Health and welfare:				
Benzie/Leelanau health department	\$ 331,784	\$ 331,784	\$ 331,684	\$ (100)
Substance abuse	55,000	71,300	71,274	(26)
Ambulance services	100	100	-	(100)
Medical examiner	90,846	105,016	84,712	(20,304)
Mental health board	139,700	139,700	139,700	-
American legion	3,000	3,000	1,832	(1,168)
Veteran's affairs	57,469	112,867	69,742	(43,125)
Veteran's burial	10,800	10,800	350	(10,450)
Department of human services	15,000	15,000	15,000	-
Child care	549,553	601,165	362,054	(239,111)
Soldiers and sailors	2,000	9,429	4,607	(4,822)
Juvenile justice	135,126	89,778	87,966	(1,812)
<b>Total health and welfare</b>	<b>1,390,378</b>	<b>1,489,939</b>	<b>1,168,921</b>	<b>(321,018)</b>
Recreation and cultural:				
Parks and recreation	183,616	186,439	128,452	(57,987)
Other expenditures:				
Insurance	474,771	488,434	488,434	-
Bonds	8,660	9,316	9,316	-
Unemployment compensation	5,000	5,000	3,663	(1,337)
Workers compensation insurance	58,607	59,931	59,931	-
NW Michigan council of governments	5,454	5,454	5,454	-
<b>Total other expenditures</b>	<b>552,492</b>	<b>568,135</b>	<b>566,798</b>	<b>(1,337)</b>
<b>Total expenditures</b>	<b>15,251,525</b>	<b>18,794,824</b>	<b>17,356,896</b>	<b>(1,437,928)</b>
Revenues over (under) expenditures	(1,363,185)	(1,461,087)	(366,557)	1,094,530
<b>Other financing sources (uses)</b>				
Transfers in	746,476	1,300,196	1,297,031	(3,165)
Transfers out	(1,000,766)	(1,195,574)	(833,116)	(362,458)
<b>Total other financing sources (uses)</b>	<b>(254,290)</b>	<b>104,622</b>	<b>463,915</b>	<b>359,293</b>
<b>Net change in fund balance</b>	<b>(1,617,475)</b>	<b>(1,356,465)</b>	<b>97,358</b>	<b>1,453,823</b>
Fund balance, beginning of year	9,094,616	9,094,616	9,094,616	-
<b>Fund balance, end of year</b>	<b>\$ 7,477,141</b>	<b>\$ 7,738,151</b>	<b>\$ 9,191,974</b>	<b>\$ 1,453,823</b>

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

concluded

## LEELANAU COUNTY, MICHIGAN

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

Budget and Actual - Senior Services Special Revenue Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 1,040,164	\$ 1,040,164	\$ 1,045,156	\$ 4,992
Intergovernmental	31,500	31,500	20,145	(11,355)
Refunds and reimbursements	-	-	115	115
Other	13,950	15,950	8,629	(7,321)
<b>Total revenues</b>	<b>1,085,614</b>	<b>1,087,614</b>	<b>1,074,045</b>	<b>(13,569)</b>
<b>Expenditures</b>				
Current - health and welfare	1,094,304	1,254,615	1,158,875	(95,740)
Revenues over (under) expenditures	(8,690)	(167,001)	(84,830)	82,171
<b>Other financing uses</b>				
Transfers out	(75,943)	(75,943)	(75,943)	-
<b>Net change in fund balance</b>	<b>(84,633)</b>	<b>(242,944)</b>	<b>(160,773)</b>	<b>82,171</b>
Fund balance, beginning of year	830,932	830,932	830,932	-
<b>Fund balance, end of year</b>	<b>\$ 746,299</b>	<b>\$ 587,988</b>	<b>\$ 670,159</b>	<b>\$ 82,171</b>

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

## LEELANAU COUNTY, MICHIGAN

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

Budget and Actual - Communication Towers Special Revenue Fund

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 376,767	\$ 376,767	\$ 424,418	\$ 47,651
<b>Expenditures</b>				
Current:				
Public safety	181,767	181,767	117,759	(64,008)
Debt service:				
Principal	-	-	9,819	9,819
Interest and fiscal charges	-	-	10,784	10,784
<b>Total expenditures</b>	<u>181,767</u>	<u>181,767</u>	<u>138,362</u>	<u>(43,405)</u>
Revenues over expenditures	195,000	195,000	286,056	91,056
<b>Other financing uses</b>				
Transfers out	<u>(195,000)</u>	<u>(195,000)</u>	<u>(195,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	91,056	91,056
Fund balance, beginning of year	<u>287,180</u>	<u>287,180</u>	<u>287,180</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 287,180</u>	<u>\$ 287,180</u>	<u>\$ 378,236</u>	<u>\$ 91,056</u>

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

# LEELANAU COUNTY, MICHIGAN

## Statement of Net Position

Proprietary Funds  
December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Unpledged Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 4,817,782	\$ 1,762,052	\$ 6,579,834	\$ 869,688
Receivables:				
Accounts	-	-	-	1,457
Delinquent taxes	1,381,055	25,324	1,406,379	-
Interest on delinquent taxes	844,843	-	844,843	-
Due from other governments	-	13,854	13,854	-
Prepaid items	-	256	256	422,131
<b>Total current assets</b>	<b>7,043,680</b>	<b>1,801,486</b>	<b>8,845,166</b>	<b>1,293,276</b>
Noncurrent assets:				
Capital assets not being depreciated	-	-	-	570,361
Capital assets being depreciated, net	-	-	-	632,867
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,203,228</b>
<b>Total assets</b>	<b>7,043,680</b>	<b>1,801,486</b>	<b>8,845,166</b>	<b>2,496,504</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	10,397	10,397	317,055
Accrued liabilities	-	21,084	21,084	70,385
Due to other governments	88	25,324	25,412	-
Compensated absences	-	11,683	11,683	-
<b>Total liabilities (all current)</b>	<b>88</b>	<b>68,488</b>	<b>68,576</b>	<b>387,440</b>
<b>Net position</b>				
Investment in capital assets	-	-	-	1,203,228
Unrestricted	7,043,592	1,732,998	8,776,590	905,836
<b>Total net position</b>	<b>\$ 7,043,592</b>	<b>\$ 1,732,998</b>	<b>\$ 8,776,590</b>	<b>\$ 2,109,064</b>

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

# LEELANAU COUNTY, MICHIGAN

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

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Unpledged Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues</b>				
Charges for services	\$ 140,614	\$ 1,111,539	\$ 1,252,153	\$ 4,337,228
Interest on delinquent taxes	938,920	-	938,920	-
<b>Total operating revenues</b>	<u>1,079,534</u>	<u>1,111,539</u>	<u>2,191,073</u>	<u>4,337,228</u>
<b>Operating expenses</b>				
Salaries and fringes	-	761,547	761,547	314,547
Depreciation	-	-	-	184,694
Other operating expenses	6,451	230,877	237,328	3,477,163
<b>Total operating expenses</b>	<u>6,451</u>	<u>992,424</u>	<u>998,875</u>	<u>3,976,404</u>
Operating income	1,073,083	119,115	1,192,198	360,824
<b>Nonoperating revenues</b>				
Investment income	197,173	-	197,173	10,415
Income before capital contributions and transfers	<u>1,270,256</u>	<u>119,115</u>	<u>1,389,371</u>	<u>371,239</u>
<b>Capital contributions and transfers</b>				
Capital contributions	-	-	-	409,266
Transfers in	-	25,000	25,000	18,600
Transfers out	(1,016,465)	(116,611)	(1,133,076)	-
<b>Total capital contributions and transfers</b>	<u>(1,016,465)</u>	<u>(91,611)</u>	<u>(1,108,076)</u>	<u>427,866</u>
<b>Change in net position</b>	253,791	27,504	281,295	799,105
Net position, beginning of year	<u>6,789,801</u>	<u>1,705,494</u>	<u>8,495,295</u>	<u>1,309,959</u>
<b>Net position, end of year</b>	<u>\$ 7,043,592</u>	<u>\$ 1,732,998</u>	<u>\$ 8,776,590</u>	<u>\$ 2,109,064</u>

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



# LEELANAU COUNTY, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Unpledged Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>				
Cash received from interfund services	\$ -	\$ -	\$ -	\$ 4,359,112
Cash received from customers	2,799,208	1,111,396	3,910,604	-
Cash payments for delinquent taxes	(2,966,232)	-	(2,966,232)	-
Cash payments to suppliers for goods and services	(6,451)	(214,484)	(220,935)	(1,293,115)
Cash payments to employees for services	-	(766,010)	(766,010)	(2,540,380)
<b>Net cash provided by (used in) operating activities</b>	<u>(173,475)</u>	<u>130,902</u>	<u>(42,573)</u>	<u>525,617</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	25,000	25,000	18,600
Transfers out	(1,016,465)	(116,611)	(1,133,076)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(1,016,465)</u>	<u>(91,611)</u>	<u>(1,108,076)</u>	<u>18,600</u>
<b>Cash flows from capital and related financing activities</b>				
Capital contributions	-	-	-	409,436
Purchases of capital assets	-	-	-	(892,557)
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(483,121)</u>
<b>Cash flows from investing activities</b>				
Interest received	197,173	-	197,173	10,415
<b>Net change in cash and investments</b>	<u>(992,767)</u>	<u>39,291</u>	<u>(953,476)</u>	<u>71,511</u>
Cash and investments, beginning of year	5,810,549	1,722,761	7,533,310	798,177
<b>Cash and investments, end of year</b>	<u>\$ 4,817,782</u>	<u>\$ 1,762,052</u>	<u>\$ 6,579,834</u>	<u>\$ 869,688</u>

continued...

# LEELANAU COUNTY, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Unpledged Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>				
Operating income	\$ 1,073,083	\$ 119,115	\$ 1,192,198	\$ 360,824
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	184,694
Changes in operating assets and liabilities which provided (used) cash:				
Receivables:				
Accounts	-	23,094	23,094	(1,457)
Delinquent taxes	(527,931)	(12,265)	(540,196)	-
Interest on delinquent taxes	(718,698)	-	(718,698)	-
Due from other governments	-	(13,854)	(13,854)	-
Prepaid items	-	2	2	(73,379)
Accounts payable	(17)	6,569	6,552	14,209
Accrued liabilities	-	439	439	40,726
Due to other governments	88	12,265	12,353	-
Compensated absences	-	(4,463)	(4,463)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (173,475)</u>	<u>\$ 130,902</u>	<u>\$ (42,573)</u>	<u>\$ 525,617</u>

concluded

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

# LEELANAU COUNTY, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2023

	<b>Custodial Funds</b>
<b>Assets</b>	
Cash and investments	\$ 528,380
<b>Liabilities</b>	
Due to other governments	<u>522,785</u>
<b>Net position restricted for</b> Individuals, organizations, and other governments	<u><u>\$ 5,595</u></u>

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

# LEELANAU COUNTY, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2023

	<b>Custodial Funds</b>
<b>Additions</b>	
Property tax collections for other governments	\$ 25,908,344
Library penal fine collections	28,698
Inmate trust collections	152,479
Miscellaneous	<u>268,805</u>
<b>Total additions</b>	<u>26,358,326</u>
<b>Deductions</b>	
Payments of property taxes to other governments	25,908,344
Library penal fine distributions	28,698
Inmate trust distributions	183,357
Miscellaneous	<u>268,805</u>
<b>Total deductions</b>	<u>26,389,204</u>
<b>Change in net position</b>	(30,878)
Net position, beginning of year	<u>36,473</u>
<b>Net position, end of year</b>	<u><u>\$ 5,595</u></u>

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

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Net Position

Discretely Presented Component Units

December 31, 2023

	Road Commission	Brownfield Redevelopment Authority	Land Bank Authority	Drainage Districts	Total
<b>Assets</b>					
Cash and investments	\$ 1,233,758	\$ 204,758	\$ 69,205	\$ 51,717	\$ 1,559,438
Receivables	3,012,369	53,101	-	463,174	3,528,644
Prepaid items	45,488	-	-	-	45,488
Inventory	596,735	-	-	-	596,735
Assets held for resale	-	-	12,625	-	12,625
Capital assets:					
Not being depreciated	18,195,369	-	-	757,800	18,953,169
Being depreciated, net	19,658,129	-	-	-	19,658,129
<b>Total assets</b>	<b>42,741,848</b>	<b>257,859</b>	<b>81,830</b>	<b>1,272,691</b>	<b>44,354,228</b>
<b>Deferred outflows of resources</b>					
Deferred pension amounts	423,461	-	-	-	423,461
<b>Liabilities</b>					
Accounts payable and accrued liabilities	191,650	38,348	-	10,422	240,420
Unearned revenue	609,915	-	-	-	609,915
Long-term advance from primary government	-	20,000	-	-	20,000
Long-term debt:					
Due within one year	77,338	24,395	-	23,500	125,233
Due in more than one year	23,469	217,613	-	446,500	687,582
Net pension liability (due in more than one year)	434,083	-	-	-	434,083
<b>Total liabilities</b>	<b>1,336,455</b>	<b>300,356</b>	<b>-</b>	<b>480,422</b>	<b>2,117,233</b>
<b>Deferred inflows of resources</b>					
Taxes levied for a subsequent period	1,698,490	-	-	-	1,698,490
<b>Net position</b>					
Net investment in capital assets	37,853,498	-	-	287,800	38,141,298
Restricted for:					
Drain maintenance and construction	-	-	-	25,403	25,403
Debt service	-	-	-	479,066	479,066
Primary and local roads	1,668	-	-	-	1,668
Unrestricted (deficit)	2,275,198	(42,497)	81,830	-	2,314,531
<b>Total net position</b>	<b>\$ 40,130,364</b>	<b>\$ (42,497)</b>	<b>\$ 81,830</b>	<b>\$ 792,269</b>	<b>\$ 40,961,966</b>

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

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Activities

Discretely Presented Component Units  
For the Year Ended December 31, 2023

	Road Commission	Brownfield Redevelopment Authority	Land Bank Authority	Drainage Districts	Total
<b>Expenses</b>					
Road Commission	\$ 8,762,877	\$ -	\$ -	\$ -	\$ 8,762,877
Brownfield Redevelopment Authority	-	86,523	-	-	86,523
Land Bank Authority	-	-	97,920	-	97,920
Drainage Districts	-	-	-	73,545	73,545
<b>Total expenses</b>	<b>8,762,877</b>	<b>86,523</b>	<b>97,920</b>	<b>73,545</b>	<b>9,020,865</b>
<b>Program revenues</b>					
Charges for services	867,779	800	42	-	868,621
Operating grants and contributions	6,430,363	104,164	-	-	6,534,527
Capital grants and contributions	-	-	-	865,192	865,192
<b>Total program revenues</b>	<b>7,298,142</b>	<b>104,964</b>	<b>42</b>	<b>865,192</b>	<b>8,268,340</b>
Net (expenses) revenues	(1,464,735)	18,441	(97,878)	791,647	(752,525)
<b>General revenues</b>					
Property taxes	1,568,527	60,172	7,198	-	1,635,897
Unrestricted investment earnings	239	612	-	622	1,473
Gain on sale of capital assets	94,463	-	-	-	94,463
<b>Total general revenues</b>	<b>1,663,229</b>	<b>60,784</b>	<b>7,198</b>	<b>622</b>	<b>1,731,833</b>
<b>Change in net position</b>	<b>198,494</b>	<b>79,225</b>	<b>(90,680)</b>	<b>792,269</b>	<b>979,308</b>
Net position, beginning of year	39,931,870	(121,722)	172,510	-	39,982,658
<b>Net position, end of year</b>	<b>\$ 40,130,364</b>	<b>\$ (42,497)</b>	<b>\$ 81,830</b>	<b>\$ 792,269</b>	<b>\$ 40,961,966</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Reporting Entity**

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

#### *Discretely Presented Component Units*

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

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



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

**Drainage Districts** (the "Drainage Districts") - Each individual drainage district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for road drainage. The Leelanau County Drain Commissioner manages the drainage districts with the County Board of Commissioners exercising legislative oversight. The County is a direct beneficiary of the service provided and its employees run the day-to-day operations. The full faith and credit of the County may be given for the debt of the drainage districts.

### *Regional Joint Operations*

The County participates jointly in the operations of the Benzie-Leelanau District Health Department. The financial operations of the Benzie-Leelanau District Health Department are recorded as a component unit of Benzie County. The County's appropriation to the Benzie-Leelanau District Health Department for the year ended December 31, 2023 was \$331,684.

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

The County participates jointly in the operations of the Grand Traverse County 86<sup>th</sup> District Court and 13<sup>th</sup> Circuit Court, including the Friend of the Court. The financial operations of the courts are reported in the financial statements of Grand Traverse County. Leelanau County provides financial support of the Friend of the Court through an appropriation, which amounted to \$48,580 for the year ended December 31, 2023.

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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.

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

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

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

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

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

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

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

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

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

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

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

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

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

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

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

The General Fund's restricted cash and investments consist of unspent Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Leases*

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

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

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

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

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

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

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Prepaid Items*

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

### *Inventory*

Inventory in the Road Commission, consisting of various operating parts, supplies and road material, is determined on the first-in first-out method. Inventory items are charged to expenditures as used.

### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

	Years
Infrastructure	8-50
Building & improvements	5-30
Land improvements	5-30
Towers	40
Equipment	3-10
Vehicles	2-5
Office furniture	3-10
Lease asset - land	25

### *Assets Held for Resale*

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources related to its pension plan.

### *Compensated Absences*

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

### *Long-term Obligations*

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Deferred Inflows of Resources*

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

### *Fund Equity*

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

The County Board of Commissioners has formally established a budget stabilization arrangement under which it commits General Fund fund balance in an amount equal to the lesser of 15 percent of the prior year's General Fund fund balance or the average of the last five year's General Fund budgets to insulate County programs and current service levels from large (\$400,000 or more) and unanticipated one time General Fund expenditure requirements, reductions in budgeted General Fund revenues due to a change in state or federal requirements, adverse litigation, catastrophic loss, or any similar swift unforeseen event. This commitment may be used if one of the several potential qualifying events occurs (as detailed in a Board of Commissioners resolution), the County Commissioners estimates the qualifying event will cost \$400,000 or more, and the Board of Commissioners, by majority vote of members present, affirms the qualifying event. As of December 31, 2023, the balance in the stabilization arrangement was \$1,192,191.



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

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

### *Interfund Transactions*

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

### *Pensions*

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

### *Use of Estimates*

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

## 2. BUDGETARY INFORMATION

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year ended December 31, 2023, the County had no expenditures in budgetary funds which were in excess of the amounts budgeted.

### 3. DEPOSITS AND INVESTMENTS

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

	Primary Government	Component Units	Totals
<b>Statement of net position</b>			
Cash and investments	\$ 20,282,650	\$ 1,559,438	\$ 21,842,088
Restricted cash and investments	2,675,494	-	2,675,494
<b>Statement of fiduciary net position</b>			
Cash and investments	528,380	-	528,380
<b>Total</b>	<u>\$ 23,486,524</u>	<u>\$ 1,559,438</u>	<u>\$ 25,045,962</u>
<b>Deposits and investments</b>			
Cash on hand			\$ 700
Checking and savings accounts			20,595,754
Certificates of deposit:			
Due in one to five years			335,960
Investments			<u>4,113,548</u>
<b>Total</b>			<u>\$ 25,045,962</u>

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$20,506,679 of the combined bank balance of \$21,304,800 was exposed to custodial credit risk because it was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

Following is a summary of the County's investments as of December 31, 2023:

Investment	Fair Value	Rating	Maturity
U.S. Government Bond	\$ 481,820	S&P AA+	2/18/2025
U.S. Government Bond	474,435	S&P AA+	4/28/2026
U.S. Government Bond	481,820	S&P AA+	2/18/2025
U.S. Government Bond	497,370	S&P AA+	2/28/2024
U.S. Government Bond	148,692	S&P AA+	3/28/2024
Michigan CLASS government investment pool	<u>2,029,411</u>	S&P AAAM	N/A
<b>Total</b>	<u>\$ 4,113,548</u>		

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

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

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

### **Fair Value Measurement**

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

The County has the following recurring fair value measurements as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
U.S. Government Bonds	\$ -	\$ 2,084,137	\$ -	\$ 2,084,137
Investments at net asset value - Michigan CLASS				<u>2,029,411</u>
<b>Total</b>				<u>\$ 4,113,548</u>

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

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

At year end, the net asset value of the County's investment in Michigan CLASS government investment pool was \$2,029,411. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 4. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 969,738	\$ -	\$ 159,661
Loans	485,263	-	-
Taxes	2,593,771	1,406,379	1,698,490
Leases	2,073,633	-	-
Installment sales agreement	3,745,000	-	-
Interest	22,035	844,843	-
Special assessments	-	-	463,174
Due from other governments	735,911	13,854	1,207,319
	<u>\$ 10,625,351</u>	<u>\$ 2,265,076</u>	<u>\$ 3,528,644</u>

The total outstanding balance of loans receivable is not expected to be collected within in one year.

Installment sales agreement from local units of government in the governmental activities are due from the Village of Northport. The terms of the agreement, which relate to sewer systems financed by the County on behalf of the Village, match the debt maturity requirements of the related bonds. At year end, the County reported installment sales agreement receivable in governmental activities of \$3,745,000, of which \$3,020,000 is not expected to be collected within one year.

Leases receivable of \$1,751,155 are not expected to be collected within in one year.

Special assessments receivable of \$440,015 are not expected to be collected within in one year.

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 1,073,384	\$ 10,397	\$ 150,066
Accrued liabilities	332,160	21,084	79,932
Accrued interest	20,979	-	10,422
Due to other governments	-	25,412	-
	<u>\$ 1,426,523</u>	<u>\$ 56,893</u>	<u>\$ 240,420</u>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

The composition of interfund balances as of December 31, 2023, was as follows:

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

	Advances from Primary Government	Advances to Component Units
General Fund	\$ -	\$ 20,000
Brownfield Redevelopment Authority	20,000	-
	<u>\$ 20,000</u>	<u>\$ 20,000</u>

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

	Transfers In	Transfers Out
General Fund	\$ 1,297,031	\$ 833,116
Senior Services Special Revenue Fund	-	75,943
Communications Tower Special Revenue Fund	-	195,000
Nonmajor governmental funds	1,625,165	728,661
Unpledged Delinquent Tax Revolving Fund	-	1,016,465
Nonmajor enterprise funds	25,000	116,611
Internal service funds	18,600	-
	<u>\$ 2,965,796</u>	<u>\$ 2,965,796</u>

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated/amortized:					
Land	\$ 1,305,276	\$ -	\$ -	\$ -	\$ 1,305,276
Construction in progress	340,329	994,055	-	(449,241)	885,143
	<u>1,645,605</u>	<u>994,055</u>	<u>-</u>	<u>(449,241)</u>	<u>2,190,419</u>
Capital assets being depreciated/amortized:					
Infrastructure	4,081,725	-	-	-	4,081,725
Buildings & improvements	22,354,105	16,434	-	-	22,370,539
Land improvements	1,388,649	-	-	-	1,388,649
Towers	1,708,423	-	-	449,241	2,157,664
Equipment	5,660,049	155,831	(6,359)	-	5,809,521
Vehicles	1,524,890	212,423	-	-	1,737,313
Office furniture	615,940	79,982	-	-	695,922
Lease asset - land (Note 13)	588,835	-	-	-	588,835
	<u>37,922,616</u>	<u>464,670</u>	<u>(6,359)</u>	<u>449,241</u>	<u>38,830,168</u>
Less accumulated depreciation/amortization for:					
Infrastructure	(2,319,588)	(147,021)	-	-	(2,466,609)
Buildings & improvements	(11,315,723)	(969,512)	-	-	(12,285,235)
Land improvements	(592,785)	(251,706)	-	-	(844,491)
Towers	(1,020,722)	(103,830)	-	-	(1,124,552)
Equipment	(3,969,480)	(544,934)	1,696	-	(4,512,718)
Vehicles	(1,053,922)	(160,936)	-	-	(1,214,858)
Office furniture	(538,335)	(30,073)	-	-	(568,408)
Lease asset - land (Note 13)	(22,648)	(22,648)	-	-	(45,296)
	<u>(20,833,203)</u>	<u>(2,230,660)</u>	<u>1,696</u>	<u>-</u>	<u>(23,062,167)</u>
Total capital assets being depreciated/ amortized, net	<u>17,089,413</u>	<u>(1,765,990)</u>	<u>(4,663)</u>	<u>449,241</u>	<u>15,768,001</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 18,735,018</u>	<u>\$ (771,935)</u>	<u>\$ (4,663)</u>	<u>\$ -</u>	<u>\$ 17,958,420</u>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

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

General government	\$ 1,014,564
Public safety	850,035
Public works	144,008
Recreation and cultural	37,359
Internal service funds	<u>184,694</u>
	<u>\$ 2,230,660</u>

At December 31, 2023, the County's governmental activities had outstanding commitments through construction contracts of approximately \$4,195,000.



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Component Unit - Road Commission</b>					
Capital assets not being depreciated:					
Land	\$ 37,276	\$ -	\$ -		\$ 37,276
Infrastructure - roads	17,993,284	164,809	-		18,158,093
Construction in progress	4,352	-	-	(4,352)	-
	<u>18,034,912</u>	<u>164,809</u>	<u>-</u>	<u>(4,352)</u>	<u>18,195,369</u>
Capital assets being depreciated:					
Land improvements	52,064	-	-	-	52,064
Buildings	2,062,122	182,057	-	-	2,244,179
Road equipment	14,158,267	683,111	(920,037)	-	13,921,341
Shop equipment	261,324	-	-	-	261,324
Office equipment	10,730	-	(1,102)	-	9,628
Engineering equipment	27,210	-	(8,262)	-	18,948
Yard and storage	601,188	-	-	-	601,188
Infrastructure - roads	33,400,057	1,328,271	(1,496,873)	4,352	33,235,807
	<u>50,572,962</u>	<u>2,193,439</u>	<u>(2,426,274)</u>	<u>4,352</u>	<u>50,344,479</u>
Less accumulated depreciation for:					
Land improvements	(52,064)	-	-	-	(52,064)
Buildings	(1,263,574)	(82,973)	-	-	(1,346,547)
Road equipment	(10,837,514)	(1,180,878)	889,964	-	(11,128,428)
Shop equipment	(175,508)	(23,452)	-	-	(198,960)
Office equipment	(8,973)	(781)	1,102	-	(8,652)
Engineering equipment	(24,509)	(1,409)	8,262	-	(17,656)
Yard and storage	(536,119)	(12,155)	-	-	(548,274)
Infrastructure - roads	(17,287,483)	(1,595,159)	1,496,873	-	(17,385,769)
	<u>(30,185,744)</u>	<u>(2,896,807)</u>	<u>2,396,201</u>	<u>-</u>	<u>(30,686,350)</u>
Total capital assets being depreciated, net	<u>20,387,218</u>	<u>(703,368)</u>	<u>(30,073)</u>	<u>4,352</u>	<u>19,658,129</u>
<b>Component Unit - Road Commission</b>					
<b>capital assets, net</b>	<u>\$ 38,422,130</u>	<u>\$ (538,559)</u>	<u>\$ (30,073)</u>	<u>\$ -</u>	<u>\$ 37,853,498</u>
<b>Component Unit - Drainage Districts</b>					
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ 757,800	\$ -	\$ -	\$ 757,800

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<b>Public placement</b>					
\$13,290,000 sewage disposal bonds due in annual installments of \$565,000 to \$775,000 through April 1, 2028, interest at 1.625%.	\$ 4,455,000	\$ -	\$ (710,000)	\$ 3,745,000	\$ 725,000
\$2,600,000 law enforcement 2021 refunding bonds due in annual installments of \$415,000 to \$455,000 through June 1, 2027, at interest of 1.38%.	2,185,000	-	(400,000)	1,785,000	440,000
	6,640,000	-	(1,110,000)	5,530,000	1,165,000
<b>Direct placement</b>					
\$2,498,950 equipment installment purchase agreement due in annual installments of \$230,836 to \$270,986 through September 15, 2026, interest at 1.86%.	1,054,611	-	(256,410)	798,201	261,179
Total installment debt	7,694,611	-	(1,366,410)	6,328,201	1,426,179
Leases payable (Note 13)	579,784	-	(9,819)	569,965	10,620
Compensated absences	433,275	604,782	(565,945)	472,112	472,112
	<u>\$ 8,707,670</u>	<u>\$ 604,782</u>	<u>\$ (1,942,174)</u>	<u>\$ 7,370,278</u>	<u>\$ 1,908,911</u>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Compensated absences	\$ 16,146	\$ 11,683	\$ (16,146)	\$ 11,683	\$ 11,683
<b>Component Units</b>					
<b>Road Commission</b>					
Compensated absences	\$ 103,653	\$ 173,129	\$ (175,975)	\$ 100,807	\$ 77,338
<b>Brownfield Redevelopment Authority</b>					
\$473,111 note payable due in annual installments of \$41,395, including interest at 2.0%, through June 2033	\$ 266,342	\$ -	\$ (24,334)	\$ 242,008	\$ 24,395
<b>Drainage Districts</b>					
\$470,000 note payable due in annual installments of \$23,500, including interest at 5.2%, through June 2043	\$ -	\$ 470,000	\$ -	\$ 470,000	\$ 23,500

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

Governmental Activities - Public Placement		
Year Ended December 31,	Principal	Interest
2024	\$ 1,165,000	\$ 76,563
2025	1,185,000	58,560
2026	1,205,000	40,249
2027	1,200,000	21,805
2028	775,000	6,297
	<u>\$ 5,530,000</u>	<u>\$ 203,474</u>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

Governmental Activities - Direct Placement		
Year Ended December 31,	Principal	Interest
2024	\$ 261,179	\$ 14,847
2025	266,037	9,989
2026	270,985	5,041
	<u>\$ 798,201</u>	<u>\$ 29,877</u>

Brownfield Redevelopment Authority Component Unit		
Year Ended December 31,	Principal	Interest
2024	\$ 24,395	\$ 605
2025	24,456	544
2026	24,517	483
2027	24,578	422
2028	24,640	360
2029-2033	119,422	873
	<u>\$ 242,008</u>	<u>\$ 3,287</u>

Drainage Districts Component Unit		
Year Ended December 31,	Principal	Interest
2024	\$ 23,500	\$ 20,843
2025	23,500	22,995
2026	23,500	21,785
2027	23,500	20,574
2028	23,500	19,364
2029-2033	117,500	78,667
2034-2038	117,500	48,411
2039-2043	117,500	18,152
	<u>\$ 470,000</u>	<u>\$ 250,791</u>

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 9. RISK MANAGEMENT

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

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

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

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

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

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements. The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2023, the Authority had met the minimum requirements. The County reports the activity and its share of the Reinsurance Fund in an internal service fund.

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

	2023	2022
<b>Workers compensation</b>		
Estimated liability, January 1	\$ 107,527	\$ 115,790
Estimated claims incurred, including changes in estimates	59,552	22,921
Claim payments	<u>(37,947)</u>	<u>(31,184)</u>
<b>Estimated liability, December 31</b>	<u>\$ 129,132</u>	<u>\$ 107,527</u>

### 10. CONTINGENT LIABILITIES

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

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

The County is a defendant in litigation related to provisions of the Michigan General Property Tax Act and surplus proceeds generated through the auction of property tax-foreclosed properties under the statute, with similarly situated counties in the state. Proceedings are currently stayed while an appeal pending in the U.S. Circuit Court of Appeals is heard. The County may be required to repay in the future some portion of the surplus from previous years proceeds to former owners of property tax-foreclosed properties for the tax-foreclosed property dispositions. As of December 31, 2023, the County is not able to reasonably estimate this potential liability. Accordingly, no amounts for this potential liability have been recognized in the County's financial statements.

### 11. PROPERTY TAXES

Prior to 2005, the County property taxes were levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2004, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date gradually shifted from December 1 to July 1 of each year. As such, for the year ended December 31, 2023, the County recognized the full July 1, 2023 levy.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

The taxable value of real and personal property for 2023, for which revenue was recognized in the General Fund, was approximately \$3.6 billion. The general operating tax rate for this levy was 3.3580 mills. The taxable value of real and personal property for 2022, for which revenue was recognized in all other funds, was approximately \$3.3 billion. The tax rate for that voted levy was 0.3134 mills for Senior Services and 0.1861 mills for Early Childhood.

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

## 12. PENSION PLANS

### Primary Government

#### *General Information About the Plan*

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

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

*Employees Covered by Benefit Terms.* At the December 31, 2022 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	72
Active employees	<u>113</u>
<b>Total membership</b>	<u><u>298</u></u>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2023:

Division/Bargaining Unit	Status	Employer Contribution Rate	Employee Contribution Rate
General	Closed	\$ 9,179	3.50%
POAM	Closed	10,688	2.92%
Non-Union	Closed	16,251	0.00%
COAM	Closed	15,844	2.92%
Non-Union hired after 3/1/2012	Open	8.20%	2.00%

*Net Pension Liability.* The County's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

*Actuarial Assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study of 2014-2018.



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

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

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2023 was 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 37,650,980	\$ 29,277,979	\$ 8,373,001
Changes for the year:			
Service cost	747,414	-	747,414
Interest	2,685,166	-	2,685,166
Differences between expected and actual experience	376,721	-	376,721
Employer contributions	-	1,208,923	(1,208,923)
Employee contributions	-	233,408	(233,408)
Net investment income	-	3,236,164	(3,236,164)
Benefit payments, including refunds of employee contributions	(1,970,144)	(1,970,144)	-
Administrative expense	-	(68,646)	68,646
Other changes	(234,535)	-	(234,535)
Net changes	<u>1,604,622</u>	<u>2,639,705</u>	<u>(1,035,083)</u>
<b>Balances at December 31, 2023</b>	<u><u>\$ 39,255,602</u></u>	<u><u>\$ 31,917,684</u></u>	<u><u>\$ 7,337,918</u></u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	\$ 11,788,198	\$ 7,337,918	\$ 3,585,683

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

For the year ended December 31, 2023, the County recognized pension expense of \$2,200,007. The County reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>
Difference between expected and actual experience	\$ 326,940
Changes in assumptions	445,345
Net difference between projected and actual earnings on pension plan investments	<u>1,569,004</u>
<b>Total</b>	<u><u>\$ 2,341,289</u></u>

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

<b>Year Ended December 31,</b>	<b>Amount</b>
2024	\$ 932,662
2025	689,968
2026	945,726
2027	<u>(227,067)</u>
	<u><u>\$ 2,341,289</u></u>

*Payable to the Pension Plan.* At December 31, 2023, the County had no amounts outstanding payable to the pension plan.

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

The County offers a money purchase pension plan, the Leelanau County Money Purchase Pension Plan 401(a), in accordance with Internal Revenue Code Section 401(a), to all regular and grant full-time employees who have been employed for at least two years. The Plan, which was closed to new hires effective January 1, 2015, is administered by PEBSO. Plan provisions and contribution requirements are established and may be amended by Leelanau County. The County matches 100% of employee contributions to their Section 457 deferred compensation account, ranging from a minimum of \$300 to a maximum of \$1,000 depending on the employees' years of service. For the year ended December 31, 2023, the County contributed \$18,600 based on the employee contributions into their Section 457 accounts. The Plan is not considered a fiduciary activity of the County under GASB Statement No. 84.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### Road Commission

#### *General Information About the Plan*

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

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

*Employees Covered by Benefit Terms.* At the December 31, 2022 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>7</u>
<b>Total membership</b>	<b><u><u>59</u></u></b>

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

Monthly required employer contributions were \$1,854 during the year ended December 31, 2023, while employees contributed 4.0% to the plan.

*Net Pension Liability.* The Road Commission's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

*Actuarial Assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

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

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2023 was 7.25. 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.

### **Changes in Net Pension Liability**

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2022	\$ 8,705,179	\$ 7,924,767	\$ 780,412
Changes for the year:			
Service cost	37,472	-	37,472
Interest	607,871	-	607,871
Differences between expected and actual experience	88,588	-	88,588
Employer contributions	-	188,908	(188,908)
Employee contributions	-	16,364	(16,364)
Net investment income	-	861,293	(861,293)
Benefit payments, including refunds of employee contributions	(678,988)	(678,988)	-
Administrative expense	-	(18,318)	18,318
Other changes	(32,013)	-	(32,013)
Net changes	22,930	369,259	(346,329)
<b>Balances at December 31, 2023</b>	<b>\$ 8,728,109</b>	<b>\$ 8,294,026</b>	<b>\$ 434,083</b>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Road Commission's net pension liability (asset)	\$ 1,246,355	\$ 434,083	\$ (266,455)

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

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

For the year ended December 31, 2023, the Road Commission recognized pension expense of \$150,632. The Road Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 423,461</u>

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

Year Ended December 31,	Amount
2024	\$ 74,120
2025	152,078
2026	258,178
2027	<u>(60,915)</u>
<b>Total</b>	<u>\$ 423,461</u>

*Payable to the Pension Plan.* At December 31, 2023, the Road Commission reported no amount due for outstanding contributions to the pension plan required for the year ended December 31, 2023.

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### *Defined Contribution Pension Plan*

The Road Commission’s defined contribution pension provides pension benefits for employees hired after July 1, 2014. New employees are added to the defined contribution plan after hire. Employees vest immediately upon contribution. Plan members are required to contribute 4% of their annual salary. The Road Commission contributes a matching percentage. Employer contributions were \$103,106 and employee contributions were \$79,876 for the year ended December 31, 2023. The Plan is administered by MERS, and is not considered a fiduciary activity of the Road Commission under GASB Statement No. 84.

## 13. LEASES

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

Remaining Term of Agreement	
Asset Type	
Land	25 years

The lease asset-land and the related activity are included in Note 7, Capital Assets. The lease liability and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.



# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

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

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 10,620	\$ 10,601
2025	11,454	10,404
2026	12,323	10,191
2027	13,227	9,962
2028	14,169	9,716
2029-2033	86,361	44,249
2034-2038	116,265	35,148
2039-2043	152,490	23,039
2044-2047	153,056	7,291
<b>Totals</b>	<u>\$ 569,965</u>	<u>\$ 160,601</u>

**Lessor** - The County is involved in 11 agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended December 31, 2023 was \$338,862.

### Remaining Term of Agreements

**Asset Type**

Towers

5-14 years

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 14. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Senior Services	Communication Towers	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepays	\$ 64,111	\$ 75	\$ -	\$ 18,430	\$ 82,616
Long-term advances	20,000	-	-	-	20,000
	<u>84,111</u>	<u>75</u>	<u>-</u>	<u>18,430</u>	<u>102,616</u>
Restricted for:					
Revenue sharing reserve	-	-	-	37,639	37,639
ROD automation	-	-	-	139,088	139,088
Inmate housing	-	-	-	405,078	405,078
911 Wireless	-	-	-	73,448	73,448
Training	-	-	-	65,073	65,073
Indigent defense	-	-	-	100,755	100,755
Gaming revenue	-	-	-	6,103	6,103
Communication towers	-	-	378,236	-	378,236
Recycling	-	-	-	284,664	284,664
Mapping	-	-	-	34,639	34,639
Concealed pistol licenses	-	-	-	55,295	55,295
CDBG administration	-	-	-	20,091	20,091
CDBG rehabilitation	-	-	-	29,885	29,885
CDBG repayment	-	-	-	181,181	181,181
HOME	-	-	-	10,000	10,000
Senior services	-	670,084	-	-	670,084
Early childhood	-	-	-	557,112	557,112
Communications	-	-	-	275,007	275,007
Opioid settlement	-	-	-	103,918	103,918
Brewery Creek drain	-	-	-	3,547	3,547
	<u>-</u>	<u>670,084</u>	<u>378,236</u>	<u>2,382,523</u>	<u>3,430,843</u>

continued...

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

	General Fund	Senior Services	Communication Towers	Nonmajor Governmental Funds	Total
Committed for:					
Capital projects	\$ -	\$ -	\$ -	\$ 468,667	\$ 468,667
Veterans campus maintenance	-	-	-	3,261	3,261
Law enforcement	-	-	-	1,260	1,260
	-	-	-	473,188	473,188
Unassigned	9,107,863	-	-	-	9,107,863
<b>Total fund balances, governmental funds</b>	<b>\$ 9,191,974</b>	<b>\$ 670,159</b>	<b>\$ 378,236</b>	<b>\$ 2,874,141</b>	<b>\$ 13,114,510</b>

concluded

## 15. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of December 31, 2023, was as follows:

	Governmental Activities	Component Units
Capital assets:		
Capital assets not being depreciated/amortized	\$ 2,190,419	\$ 18,953,169
Capital assets being depreciated/amortized, net	15,768,001	19,658,129
	<u>17,958,420</u>	<u>38,611,298</u>
Related debt:		
Bonds, notes and installment purchase agreement payable	6,328,201	470,000
Leases payable	569,965	-
Deferred gain on refunding	25,718	-
Less bonds payable related to installment sales agreement	(3,745,000)	-
	<u>3,178,884</u>	<u>470,000</u>
<b>Net investment in capital assets</b>	<b>\$ 14,779,536</b>	<b>\$ 38,141,298</b>

# LEELANAU COUNTY, MICHIGAN

## Notes to Financial Statements

### 16. OPIOID SETTLEMENT

The County is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 0.1386% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$396,743 and \$90,607 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan and Teva, and the associated state-subdivision agreement was finalized in 2023. The term of the settlement varies by pharmacy and manufacturer; however, the County expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$343,480. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of December 31, 2023, the amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2023 is \$604,508.

### 17. SUBSEQUENT EVENT

On March 22, 2024, the County issued \$172,500 of 2024 drain notes, due in annual installments of \$17,250 plus interest at 4.6% payable semi-annually through May 1, 2034.



## **REQUIRED SUPPLEMENTARY INFORMATION**

## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

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

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Total pension liability</b>					
Service cost	\$ 747,414	\$ 651,905	\$ 617,204	\$ 636,530	\$ 614,803
Interest	2,685,166	2,478,007	2,410,462	2,263,648	2,320,901
Changes in benefit terms	-	-	-	(8,220)	(14,556)
Differences between expected and actual experience	376,721	227,379	189,999	(186,945)	(493,637)
Changes of assumptions	-	1,336,033	1,154,841	883,718	-
Benefit payments, including refunds of employee contributions	(1,970,144)	(1,913,746)	(1,866,877)	(1,663,574)	(1,550,819)
Other changes	(234,535)	59,647	(35,319)	117,923	(57,596)
<b>Net change in total pension liability</b>	<b>1,604,622</b>	<b>2,839,225</b>	<b>2,470,310</b>	<b>2,043,080</b>	<b>819,096</b>
Total pension liability, beginning of year	37,650,980	34,811,755	32,341,445	30,298,365	29,479,269
<b>Total pension liability, end of year</b>	<b>39,255,602</b>	<b>37,650,980</b>	<b>34,811,755</b>	<b>32,341,445</b>	<b>30,298,365</b>
<b>Plan fiduciary net position</b>					
Employer contributions	1,208,923	1,305,388	1,433,784	1,135,144	1,028,673
Employee contributions	233,408	203,811	206,418	177,633	111,720
Net investment income (loss)	3,236,164	(3,472,745)	4,127,831	3,382,119	3,210,495
Benefit payments, including refunds of employee contributions	(1,970,144)	(1,913,746)	(1,866,877)	(1,663,574)	(1,550,819)
Administrative expense	(68,646)	(61,575)	(47,324)	(53,170)	(55,239)
<b>Net change in plan fiduciary net position</b>	<b>2,639,705</b>	<b>(3,938,867)</b>	<b>3,853,832</b>	<b>2,978,152</b>	<b>2,744,830</b>
Plan fiduciary net position, beginning of year	29,277,979	33,216,846	29,363,014	26,384,862	23,640,032
<b>Plan fiduciary net position, end of year</b>	<b>31,917,684</b>	<b>29,277,979</b>	<b>33,216,846</b>	<b>29,363,014</b>	<b>26,384,862</b>
<b>County's net pension liability</b>	<b>\$ 7,337,918</b>	<b>\$ 8,373,001</b>	<b>\$ 1,594,909</b>	<b>\$ 2,978,431</b>	<b>\$ 3,913,503</b>
Plan fiduciary net position as a percentage of total pension liability	81.3%	77.8%	95.4%	90.8%	87.1%
Covered payroll	\$ 7,208,879	\$ 6,947,641	\$ 6,323,139	\$ 6,195,268	\$ 6,051,170
County's net pension liability as a percentage of covered payroll	101.8%	120.5%	25.2%	48.1%	64.7%

See notes to required supplementary information.

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

## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

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

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2023	\$ 958,923	\$ 1,208,923	\$ (250,000)	\$ 7,208,879	16.8%
2022	1,055,388	1,305,388	(250,000)	6,947,641	18.8%
2021	933,144	1,433,784	(500,000)	6,323,139	22.7%
2020	785,144	1,135,144	(350,000)	6,195,268	18.3%
2019	778,673	1,028,673	(250,000)	6,051,170	17.0%
2018	817,216	1,327,216	(510,000)	5,801,628	22.9%
2017	796,798	1,471,798	(675,000)	5,546,413	26.5%
2016	737,142	1,637,142	(900,000)	5,246,995	31.2%
2015	770,986	1,767,785	(996,799)	4,945,090	35.7%

See notes to required supplementary information.



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## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

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

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

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Total pension liability</b>					
Service cost	\$ 37,472	\$ 35,268	\$ 41,551	\$ 54,944	\$ 68,404
Interest	607,871	585,945	597,879	570,287	594,840
Differences between expected and actual experience	88,588	79,301	69,882	93,371	(40,985)
Changes of assumptions	-	260,108	148,779	233,994	-
Benefit payments, including refunds of employee contributions	(678,988)	(667,988)	(621,797)	(557,063)	(498,590)
Other changes	(32,013)	14,181	5,120	6,581	(19,432)
<b>Net change in total pension liability</b>	<u>22,930</u>	<u>306,815</u>	<u>241,414</u>	<u>402,114</u>	<u>104,237</u>
Total pension liability, beginning of year	<u>8,705,179</u>	<u>8,398,364</u>	<u>8,156,950</u>	<u>7,754,836</u>	<u>7,650,599</u>
<b>Total pension liability, end of year</b>	<u>8,728,109</u>	<u>8,705,179</u>	<u>8,398,364</u>	<u>8,156,950</u>	<u>7,754,836</u>
<b>Plan fiduciary net position</b>					
Employer contributions	188,908	434,424	258,708	750,000	600,000
Employee contributions	16,364	15,909	18,550	25,117	30,146
Net investment income (loss)	861,293	(943,994)	1,148,640	942,181	853,664
Benefit payments, including refunds of employee contributions	(678,988)	(667,988)	(621,797)	(557,063)	(498,590)
Administrative expense	(18,318)	(16,714)	(13,203)	(14,596)	(14,728)
<b>Net change in plan fiduciary net position</b>	<u>369,259</u>	<u>(1,178,363)</u>	<u>790,898</u>	<u>1,145,639</u>	<u>970,492</u>
Plan fiduciary net position, beginning of year	<u>7,924,767</u>	<u>9,103,130</u>	<u>8,312,232</u>	<u>7,166,593</u>	<u>6,196,101</u>
<b>Plan fiduciary net position, end of year</b>	<u>8,294,026</u>	<u>7,924,767</u>	<u>9,103,130</u>	<u>8,312,232</u>	<u>7,166,593</u>
<b>Road Commission's net pension liability (asset)</b>	<u>\$ 434,083</u>	<u>\$ 780,412</u>	<u>\$ (704,766)</u>	<u>\$ (155,282)</u>	<u>\$ 588,243</u>
Plan fiduciary net position as a percentage of total pension liability	95.0%	91.0%	108.4%	101.9%	92.4%
Covered payroll	\$ 409,100	\$ 407,253	\$ 463,750	\$ 627,925	\$ 753,650
Road Commission's net pension liability (asset) as a percentage of covered payroll	106.1%	191.6%	-152.0%	-24.7%	78.1%

See notes to required supplementary information.

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

## LEELANAU COUNTY, MICHIGAN

### Required Supplementary Information

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

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2023	\$ 22,248	\$ 188,908	\$ (166,660)	\$ 409,100	46.2%
2022	67,764	434,424	(366,660)	407,253	106.7%
2021	138,488	258,708	(120,220)	463,750	55.8%
2020	128,196	750,000	(621,804)	627,925	119.4%
2019	150,504	600,000	(449,496)	753,650	79.6%
2018	183,732	630,000	(446,268)	874,715	72.0%
2017	214,116	582,000	(367,884)	966,929	60.2%
2016	175,188	486,000	(310,812)	1,197,106	40.6%
2015	323,484	473,484	(150,000)	1,153,314	41.1%

See notes to required supplementary information.

# LEELANAU COUNTY, MICHIGAN

## Required Supplementary Information

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

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

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

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

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

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

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

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

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

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

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

Methods and assumptions used to determine contribution rates (2023, based on the 12/31/2021 actuarial valuation):

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

# LEELANAU COUNTY, MICHIGAN

## Required Supplementary Information

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

#### Mortality

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

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS**

# LEELANAU COUNTY, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 2,265,353	\$ 1,260	\$ 735,365	\$ 3,001,978
Receivables:				
Accounts	690,394	-	100,000	790,394
Loans	485,263	-	-	485,263
Taxes	1,075,640	-	-	1,075,640
Due from other governments	43,210	-	-	43,210
Prepaid items	2,340	-	16,090	18,430
<b>Total assets</b>	<u>\$ 4,562,200</u>	<u>\$ 1,260</u>	<u>\$ 851,455</u>	<u>\$ 5,414,915</u>
<b>Liabilities</b>				
Accounts payable	\$ 180,315	\$ -	\$ 88,144	\$ 268,459
Accrued liabilities	91	-	-	91
<b>Total liabilities</b>	<u>180,406</u>	<u>-</u>	<u>88,144</u>	<u>268,550</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	485,263	-	-	485,263
Unavailable revenue - opioid settlement	604,508	-	-	604,508
Taxes levied for a subsequent period	1,182,453	-	-	1,182,453
<b>Total deferred inflows of resources</b>	<u>2,272,224</u>	<u>-</u>	<u>-</u>	<u>2,272,224</u>
<b>Fund balances</b>				
Nonspendable	2,340	-	16,090	18,430
Restricted	2,103,969	-	278,554	2,382,523
Committed	3,261	1,260	468,667	473,188
<b>Total fund balances</b>	<u>2,109,570</u>	<u>1,260</u>	<u>763,311</u>	<u>2,874,141</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 4,562,200</u>	<u>\$ 1,260</u>	<u>\$ 851,455</u>	<u>\$ 5,414,915</u>



## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenditures

and Change in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 1,152,515	\$ -	\$ -	\$ 1,152,515
Intergovernmental	363,374	-	231,650	595,024
Charges for services	413,023	-	-	413,023
Refunds and reimbursements	45,515	-	-	45,515
Investment income	4,428	-	5,414	9,842
Other	185,703	-	205,600	391,303
<b>Total revenues</b>	<b>2,164,558</b>	<b>-</b>	<b>442,664</b>	<b>2,607,222</b>
<b>Expenditures</b>				
Current:				
General government	15,031	-	-	15,031
Public safety	274,257	-	-	274,257
Public works	475,320	-	47,919	523,239
Health and welfare	615,000	-	-	615,000
Debt service:				
Principal	-	656,410	-	656,410
Interest and fiscal charges	-	47,509	-	47,509
Capital outlay	-	-	481,588	481,588
<b>Total expenditures</b>	<b>1,379,608</b>	<b>703,919</b>	<b>529,507</b>	<b>2,613,034</b>
Revenues over (under) expenditures	784,950	(703,919)	(86,843)	(5,812)
<b>Other financing sources (uses)</b>				
Transfers in	53,247	702,669	869,249	1,625,165
Transfers out	(452,635)	-	(276,026)	(728,661)
<b>Total other financing sources (uses)</b>	<b>(399,388)</b>	<b>702,669</b>	<b>593,223</b>	<b>896,504</b>
<b>Net change in fund balances</b>	<b>385,562</b>	<b>(1,250)</b>	<b>506,380</b>	<b>890,692</b>
Fund balances, beginning of year	1,724,008	2,510	256,931	1,983,449
<b>Fund balances, end of year</b>	<b>\$ 2,109,570</b>	<b>\$ 1,260</b>	<b>\$ 763,311</b>	<b>\$ 2,874,141</b>

## LEELANAU COUNTY, MICHIGAN

### Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2023

	Inmate Housing	Recycling	Wireless 911	911 Training
<b>Assets</b>				
Cash and investments	\$ 350,146	\$ 366,270	\$ 151	\$ 54,059
Receivables:				
Accounts	54,996	803	30,087	-
Loans	-	-	-	-
Taxes	-	455,947	-	-
Due from other governments	-	-	43,210	-
Prepaid items	-	180	-	1,320
<b>Total assets</b>	<u>\$ 405,142</u>	<u>\$ 823,200</u>	<u>\$ 73,448</u>	<u>\$ 55,379</u>
<b>Liabilities</b>				
Accounts payable	\$ 64	\$ 27,485	\$ -	\$ 730
Accrued liabilities	-	91	-	-
<b>Total liabilities</b>	<u>64</u>	<u>27,576</u>	<u>-</u>	<u>730</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	-	-	-	-
Unavailable revenue - opioid settlement	-	-	-	-
Taxes levied for a subsequent period	-	510,780	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>510,780</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	-	180	-	1,320
Restricted	405,078	284,664	73,448	53,329
Committed	-	-	-	-
<b>Total fund balances</b>	<u>405,078</u>	<u>284,844</u>	<u>73,448</u>	<u>54,649</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 405,142</u>	<u>\$ 823,200</u>	<u>\$ 73,448</u>	<u>\$ 55,379</u>



Veterans Campus Maintenance	ROD Automation	Indigent Defense	Gaming Revenue	Concealed Pistol License	Corrections Training
\$ 3,261	\$ 139,088	\$ 107,284	\$ 6,103	\$ 55,563	\$ 9,957
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	750	-	-	-	90
<u>\$ 3,261</u>	<u>\$ 139,838</u>	<u>\$ 107,284</u>	<u>\$ 6,103</u>	<u>\$ 55,563</u>	<u>\$ 10,047</u>
\$ -	\$ -	\$ 6,529	\$ -	\$ 268	\$ -
-	-	-	-	-	-
-	-	6,529	-	268	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	750	-	-	-	90
-	139,088	100,755	6,103	55,295	9,957
3,261	-	-	-	-	-
<u>3,261</u>	<u>139,838</u>	<u>100,755</u>	<u>6,103</u>	<u>55,295</u>	<u>10,047</u>
<u>\$ 3,261</u>	<u>\$ 139,838</u>	<u>\$ 107,284</u>	<u>\$ 6,103</u>	<u>\$ 55,563</u>	<u>\$ 10,047</u>

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# LEELANAU COUNTY, MICHIGAN

## Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2023

	CDBG Administration	CDBG Rehabilitation	CDBG Repayment	HOME
<b>Assets</b>				
Cash and investments	\$ 20,091	\$ 29,885	\$ 181,181	\$ 10,000
Receivables:				
Accounts	-	-	-	-
Loans	-	-	485,263	-
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<u>\$ 20,091</u>	<u>\$ 29,885</u>	<u>\$ 666,444</u>	<u>\$ 10,000</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	-	-	485,263	-
Unavailable revenue - opioid settlement	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>485,263</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted	20,091	29,885	181,181	10,000
Committed	-	-	-	-
<b>Total fund balances</b>	<u>20,091</u>	<u>29,885</u>	<u>181,181</u>	<u>10,000</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 20,091</u>	<u>\$ 29,885</u>	<u>\$ 666,444</u>	<u>\$ 10,000</u>



Early Childhood Fund	Revenue Sharing Reserve	Opioid Settlement	Criminal Justice Training	Map Fund	Total
\$ 754,331	\$ 37,639	\$ 103,918	\$ 1,787	\$ 34,639	\$ 2,265,353
-	-	604,508	-	-	690,394
-	-	-	-	-	485,263
619,693	-	-	-	-	1,075,640
-	-	-	-	-	43,210
-	-	-	-	-	2,340
<u>\$ 1,374,024</u>	<u>\$ 37,639</u>	<u>\$ 708,426</u>	<u>\$ 1,787</u>	<u>\$ 34,639</u>	<u>\$ 4,562,200</u>
\$ 145,239	\$ -	\$ -	\$ -	\$ -	\$ 180,315
-	-	-	-	-	91
<u>145,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,406</u>
-	-	-	-	-	485,263
-	-	604,508	-	-	604,508
<u>671,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,182,453</u>
<u>671,673</u>	<u>-</u>	<u>604,508</u>	<u>-</u>	<u>-</u>	<u>2,272,224</u>
-	-	-	-	-	2,340
557,112	37,639	103,918	1,787	34,639	2,103,969
-	-	-	-	-	3,261
<u>557,112</u>	<u>37,639</u>	<u>103,918</u>	<u>1,787</u>	<u>34,639</u>	<u>2,109,570</u>
<u>\$ 1,374,024</u>	<u>\$ 37,639</u>	<u>\$ 708,426</u>	<u>\$ 1,787</u>	<u>\$ 34,639</u>	<u>\$ 4,562,200</u>

concluded

## LEELANAU COUNTY, MICHIGAN

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

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2023

	Inmate Housing	Recycling	Wireless 911	911 Training
<b>Revenues</b>				
Property taxes	\$ -	\$ 450,953	\$ -	\$ -
Intergovernmental	-	-	149,018	13,632
Charges for services	225,086	18,038	121,542	-
Refunds and reimbursements	45,515	-	-	-
Investment income	-	-	-	-
Other	-	5,059	-	-
<b>Total revenues</b>	<u>270,601</u>	<u>474,050</u>	<u>270,560</u>	<u>13,632</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	6,000	-	-	4,757
Public works	-	474,995	-	-
Health and welfare	-	-	-	-
<b>Total expenditures</b>	<u>6,000</u>	<u>474,995</u>	<u>-</u>	<u>4,757</u>
Revenues over (under) expenditures	<u>264,601</u>	<u>(945)</u>	<u>270,560</u>	<u>8,875</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(153,925)	(17,735)	(270,713)	-
<b>Total other financing sources (uses)</b>	<u>(153,925)</u>	<u>(17,735)</u>	<u>(270,713)</u>	<u>-</u>
<b>Net change in fund balances</b>	110,676	(18,680)	(153)	8,875
Fund balances, beginning of year	<u>294,402</u>	<u>303,524</u>	<u>73,601</u>	<u>45,774</u>
<b>Fund balances, end of year</b>	<u>\$ 405,078</u>	<u>\$ 284,844</u>	<u>\$ 73,448</u>	<u>\$ 54,649</u>

Veterans Campus Maintenance	ROD Automation	Indigent Defense	Gaming Revenue	Concealed Pistol License	Corrections Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	106,993	93,731	-	-
-	28,175	-	-	12,128	2,068
-	-	-	-	-	-
-	-	-	-	-	-
835	-	-	-	-	-
<u>835</u>	<u>28,175</u>	<u>106,993</u>	<u>93,731</u>	<u>12,128</u>	<u>2,068</u>
-	15,031	-	-	-	-
2,684	-	160,872	93,731	2,128	1,313
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,684</u>	<u>15,031</u>	<u>160,872</u>	<u>93,731</u>	<u>2,128</u>	<u>1,313</u>
<u>(1,849)</u>	<u>13,144</u>	<u>(53,879)</u>	<u>-</u>	<u>10,000</u>	<u>755</u>
-	-	53,247	-	-	-
-	(7,743)	-	-	(2,519)	-
-	(7,743)	53,247	-	(2,519)	-
(1,849)	5,401	(632)	-	7,481	755
<u>5,110</u>	<u>134,437</u>	<u>101,387</u>	<u>6,103</u>	<u>47,814</u>	<u>9,292</u>
<u>\$ 3,261</u>	<u>\$ 139,838</u>	<u>\$ 100,755</u>	<u>\$ 6,103</u>	<u>\$ 55,295</u>	<u>\$ 10,047</u>

continued...

# LEELANAU COUNTY, MICHIGAN

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

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2023

	CDBG Administration	CDBG Rehabilitation	CDBG Repayment	HOME
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Refunds and reimbursements	-	-	-	-
Investment income	-	-	3,371	-
Other	-	-	75,891	-
<b>Total revenues</b>	-	-	79,262	-
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	45,529	-
<b>Total expenditures</b>	-	-	45,529	-
Revenues over (under) expenditures	-	-	33,733	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Net change in fund balances</b>	-	-	33,733	-
Fund balances, beginning of year	20,091	29,885	147,448	10,000
<b>Fund balances, end of year</b>	\$ 20,091	\$ 29,885	\$ 181,181	\$ 10,000





Early Childhood Fund	Revenue Sharing Reserve	Opioid Settlement	Criminal Justice Training	Map Fund	Total
\$ 701,562	\$ -	\$ -	\$ -	\$ -	\$ 1,152,515
-	-	-	-	-	363,374
-	-	-	-	5,986	413,023
-	-	-	-	-	45,515
-	1,057	-	-	-	4,428
-	-	103,918	-	-	185,703
<u>701,562</u>	<u>1,057</u>	<u>103,918</u>	<u>-</u>	<u>5,986</u>	<u>2,164,558</u>
-	-	-	-	-	15,031
-	-	-	2,772	-	274,257
-	-	-	-	325	475,320
<u>569,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>615,000</u>
<u>569,471</u>	<u>-</u>	<u>-</u>	<u>2,772</u>	<u>325</u>	<u>1,379,608</u>
<u>132,091</u>	<u>1,057</u>	<u>103,918</u>	<u>(2,772)</u>	<u>5,661</u>	<u>784,950</u>
-	-	-	-	-	53,247
-	-	-	-	-	(452,635)
-	-	-	-	-	(399,388)
<u>132,091</u>	<u>1,057</u>	<u>103,918</u>	<u>(2,772)</u>	<u>5,661</u>	<u>385,562</u>
<u>425,021</u>	<u>36,582</u>	<u>-</u>	<u>4,559</u>	<u>28,978</u>	<u>1,724,008</u>
<u>\$ 557,112</u>	<u>\$ 37,639</u>	<u>\$ 103,918</u>	<u>\$ 1,787</u>	<u>\$ 34,639</u>	<u>\$ 2,109,570</u>

concluded

# LEELANAU COUNTY, MICHIGAN

## Combining Balance Sheet

Nonmajor Debt Service Funds

December 31, 2023

	Radio Communications Project	Law Enforcement	Total
<b>Assets</b>			
Cash and investments	\$ -	\$ 1,260	\$ 1,260
<b>Fund balances</b>			
Committed	\$ -	\$ 1,260	\$ 1,260

# LEELANAU COUNTY, MICHIGAN

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

Nonmajor Debt Service Funds

For the Year Ended December 31, 2023

	Radio Communications Project	Law Enforcement	Total
<b>Expenditures</b>			
Debt service:			
Principal	\$ 256,410	\$ 400,000	\$ 656,410
Interest and fiscal charges	19,616	27,893	47,509
<b>Total expenditures</b>	276,026	427,893	703,919
<b>Other financing sources</b>			
Transfers in	276,026	426,643	702,669
<b>Net change in fund balances</b>	-	(1,250)	(1,250)
Fund balances, beginning of year	-	2,510	2,510
<b>Fund balances, end of year</b>	\$ -	\$ 1,260	\$ 1,260

# LEELANAU COUNTY, MICHIGAN

## Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2023

	Radio Communications Project	Capital Projects Communications	Building Capital Projects
<b>Assets</b>			
Cash and investments	\$ 30,315	\$ 144,692	\$ 537,951
Accounts receivable	-	100,000	-
Prepaid items	16,090	-	-
<b>Total assets</b>	<u>\$ 46,405</u>	<u>\$ 244,692</u>	<u>\$ 537,951</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 86,630
<b>Fund balances</b>			
Nonspendable	16,090	-	-
Restricted	30,315	244,692	-
Committed	-	-	451,321
<b>Total fund balances</b>	<u>46,405</u>	<u>244,692</u>	<u>451,321</u>
<b>Total liabilities and fund balances</b>	<u>\$ 46,405</u>	<u>\$ 244,692</u>	<u>\$ 537,951</u>



<b>Drain Revolving</b>	<b>Special Assessments</b>	<b>Brewery Creek Drain</b>	<b>Total</b>
\$ -	\$ 18,860	\$ 3,547	\$ 735,365
-	-	-	100,000
-	-	-	16,090
<hr/>			
\$ -	\$ 18,860	\$ 3,547	\$ 851,455
<hr/>			
\$ -	\$ 1,514	\$ -	\$ 88,144
<hr/>			
-	-	-	16,090
-	-	3,547	278,554
-	17,346	-	468,667
<hr/>			
-	17,346	3,547	763,311
<hr/>			
\$ -	\$ 18,860	\$ 3,547	\$ 851,455
<hr/>			

# LEELANAU COUNTY, MICHIGAN

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

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2023

	Radio Communications Project	Capital Projects Communications	Building Capital Projects
<b>Revenues</b>			
Intergovernmental	\$ 31,650	\$ 100,000	\$ 100,000
Investment income	-	-	5,414
Other	43,400	162,200	-
<b>Total revenues</b>	<u>75,050</u>	<u>262,200</u>	<u>105,414</u>
<b>Expenditures</b>			
Current:			
Public works	28,283	-	-
Capital outlay	-	329,362	152,226
<b>Total expenditures</b>	<u>28,283</u>	<u>329,362</u>	<u>152,226</u>
Revenues over (under) expenditures	<u>46,767</u>	<u>(67,162)</u>	<u>(46,812)</u>
<b>Other financing sources (uses)</b>			
Transfers in	174,754	202,750	469,745
Transfers out	(276,026)	-	-
<b>Total other financing sources (uses)</b>	<u>(101,272)</u>	<u>202,750</u>	<u>469,745</u>
<b>Net change in fund balances</b>	(54,505)	135,588	422,933
Fund balances, beginning of year	<u>100,910</u>	<u>109,104</u>	<u>28,388</u>
<b>Fund balances, end of year</b>	<u><u>\$ 46,405</u></u>	<u><u>\$ 244,692</u></u>	<u><u>\$ 451,321</u></u>

Drain Revolving	Special Assessments	Brewery Creek Drain	Total
\$ -	\$ -	\$ -	\$ 231,650
-	-	-	5,414
-	-	-	205,600
-	-	-	442,664
3,074	16,562	-	47,919
-	-	-	481,588
3,074	16,562	-	529,507
(3,074)	(16,562)	-	(86,843)
-	22,000	-	869,249
-	-	-	(276,026)
-	22,000	-	593,223
(3,074)	5,438	-	506,380
3,074	11,908	3,547	256,931
\$ -	\$ 17,346	\$ 3,547	\$ 763,311

**LEELANAU COUNTY, MICHIGAN**

**Combining Statement of Net Position**

Nonmajor Enterprise Funds

December 31, 2023

	<b>Inmate Commissary</b>	<b>Homestead Audit</b>	<b>Treasurer's Tax Reversion</b>	<b>Building Inspection</b>	<b>Total</b>
<b>Assets</b>					
Cash and investments	\$ 22,639	\$ 24,594	\$ 472,453	\$ 1,242,366	\$ 1,762,052
Receivables:					
Delinquent taxes	-	25,324	-	-	25,324
Due from other governments	-	13,854	-	-	13,854
Prepaid items	256	-	-	-	256
<b>Total assets (all current)</b>	<b>22,895</b>	<b>63,772</b>	<b>472,453</b>	<b>1,242,366</b>	<b>1,801,486</b>
<b>Liabilities</b>					
Accounts payable	4,050	150	1,213	4,984	10,397
Accrued liabilities	-	-	-	21,084	21,084
Due to other governments	-	25,324	-	-	25,324
Compensated absences	-	-	-	11,683	11,683
<b>Total liabilities (all current)</b>	<b>4,050</b>	<b>25,474</b>	<b>1,213</b>	<b>37,751</b>	<b>68,488</b>
<b>Net position</b>					
Unrestricted	\$ 18,845	\$ 38,298	\$ 471,240	\$ 1,204,615	\$ 1,732,998



## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenses

and Change in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended December 31, 2023

	Inmate Commissary	Homestead Audit	Treasurer's Tax Reversion	Building Inspection	Total
<b>Operating revenues</b>					
Charges for services	\$ 20,497	\$ 5,316	\$ 71,635	\$ 1,014,091	\$ 1,111,539
<b>Operating expenses</b>					
Salary and fringes	-	-	-	761,547	761,547
Other operating expenses	27,846	2,491	58,792	141,748	230,877
<b>Total operating expenses</b>	<b>27,846</b>	<b>2,491</b>	<b>58,792</b>	<b>903,295</b>	<b>992,424</b>
Operating income (loss)	(7,349)	2,825	12,843	110,796	119,115
<b>Transfers</b>					
Transfers in	-	25,000	-	-	25,000
Transfers out	-	(30,466)	-	(86,145)	(116,611)
<b>Total transfers</b>	<b>-</b>	<b>(5,466)</b>	<b>-</b>	<b>(86,145)</b>	<b>(91,611)</b>
<b>Change in net position</b>	<b>(7,349)</b>	<b>(2,641)</b>	<b>12,843</b>	<b>24,651</b>	<b>27,504</b>
Net position, beginning of year	26,194	40,939	458,397	1,179,964	1,705,494
<b>Net position, end of year</b>	<b>\$ 18,845</b>	<b>\$ 38,298</b>	<b>\$ 471,240</b>	<b>\$ 1,204,615</b>	<b>\$ 1,732,998</b>

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2023

	Inmate Commissary	Homestead Audit	Treasurer's Tax Reversion	Building Inspection	Total
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 43,591	\$ (20,803)	\$ 71,635	1,016,973	\$ 1,111,396
Cash payments to suppliers for goods and services	(24,771)	9,719	(58,123)	(141,309)	(214,484)
Cash payments to employees for services	-	-	-	(766,010)	(766,010)
<b>Net cash provided by (used in) operating activities</b>	<u>18,820</u>	<u>(11,084)</u>	<u>13,512</u>	<u>109,654</u>	<u>130,902</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	-	25,000	-	-	25,000
Transfers out	-	(30,466)	-	(86,145)	(116,611)
<b>Net cash used in financing activities</b>	<u>-</u>	<u>(5,466)</u>	<u>-</u>	<u>(86,145)</u>	<u>(91,611)</u>
<b>Net change in cash and investments</b>	18,820	(16,550)	13,512	23,509	39,291
Cash and investments, beginning of year	3,819	41,144	458,941	1,218,857	1,722,761
<b>Cash and investments, end of year</b>	<u>\$ 22,639</u>	<u>\$ 24,594</u>	<u>\$ 472,453</u>	<u>\$ 1,242,366</u>	<u>\$ 1,762,052</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ (7,349)	\$ 2,825	\$ 12,843	\$ 110,796	\$ 119,115
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in operating assets and liabilities which provided (used) cash:					
Accounts receivable	23,094	-	-	-	23,094
Delinquent taxes receivable	-	(12,265)	-	-	(12,265)
Due from other governments	-	(13,854)	-	-	(13,854)
Prepaid items	2	-	-	-	2
Accounts payable	3,073	(55)	669	2,882	6,569
Accrued liabilities	-	-	-	439	439
Due to other governments	-	12,265	-	-	12,265
Compensated absences	-	-	-	(4,463)	(4,463)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 18,820</u>	<u>\$ (11,084)</u>	<u>\$ 13,512</u>	<u>\$ 109,654</u>	<u>\$ 130,902</u>

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# LEELANAU COUNTY, MICHIGAN

## Combining Statement of Net Position

Internal Service Funds

December 31, 2023

	Building and Grounds	Data Processing	Duplicating Machine
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 96,224	\$ 180,507	\$ 26,570
Accounts receivable	-	-	-
Prepaid items	9,759	83,526	-
<b>Total current assets</b>	<u>105,983</u>	<u>264,033</u>	<u>26,570</u>
Noncurrent assets:			
Capital assets not being depreciated	-	12,000	-
Capital assets being depreciated, net	1,658	85,742	19,138
<b>Total noncurrent assets</b>	<u>1,658</u>	<u>97,742</u>	<u>19,138</u>
<b>Total assets</b>	<u>107,641</u>	<u>361,775</u>	<u>45,708</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	31,363	11,921	2,372
Accrued liabilities	7,099	2,632	-
<b>Total liabilities (all current)</b>	<u>38,462</u>	<u>14,553</u>	<u>2,372</u>
<b>Net position</b>			
Investment in capital assets	1,658	97,742	19,138
Unrestricted	67,521	249,480	24,198
<b>Total net position</b>	<u>\$ 69,179</u>	<u>\$ 347,222</u>	<u>\$ 43,336</u>



<b>Mailing Department</b>	<b>Telecommunications</b>	<b>Health Insurance</b>	<b>MMRMA Retention</b>	<b>Motor Pool</b>	<b>Totals</b>
\$ 57,001	\$ 19,021	\$ 356,668	\$ -	\$ 133,697	\$ 869,688
-	-	1,457	-	-	1,457
-	-	-	328,846	-	422,131
<u>57,001</u>	<u>19,021</u>	<u>358,125</u>	<u>328,846</u>	<u>133,697</u>	<u>1,293,276</u>
-	-	-	-	558,361	570,361
-	36,528	-	-	489,801	632,867
-	<u>36,528</u>	-	-	<u>1,048,162</u>	<u>1,203,228</u>
<u>57,001</u>	<u>55,549</u>	<u>358,125</u>	<u>328,846</u>	<u>1,181,859</u>	<u>2,496,504</u>
-	-	142,267	129,132	-	317,055
-	-	60,654	-	-	70,385
-	-	<u>202,921</u>	<u>129,132</u>	-	<u>387,440</u>
-	36,528	-	-	1,048,162	1,203,228
<u>57,001</u>	<u>19,021</u>	<u>155,204</u>	<u>199,714</u>	<u>133,697</u>	<u>905,836</u>
<u>\$ 57,001</u>	<u>\$ 55,549</u>	<u>\$ 155,204</u>	<u>\$ 199,714</u>	<u>\$ 1,181,859</u>	<u>\$ 2,109,064</u>

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Revenues, Expenses

and Change in Fund Net Position

Internal Service Funds

For the Year Ended December 31, 2023

	Building and Grounds	Data Processing	Duplicating Machine
<b>Operating revenues</b>			
Charges for services	\$ 936,216	\$ 748,020	\$ 27,581
<b>Operating expenses</b>			
Salaries and fringes	224,641	89,906	-
Depreciation	4,480	13,199	7,874
Other operating expenses	645,688	459,171	36,213
<b>Total operating expenses</b>	<u>874,809</u>	<u>562,276</u>	<u>44,087</u>
Operating income (loss)	61,407	185,744	(16,506)
<b>Nonoperating revenues</b>			
Investment income	-	-	-
Income (loss) before contributions and transfers	<u>61,407</u>	<u>185,744</u>	<u>(16,506)</u>
<b>Contributions and transfers</b>			
Capital contributions	-	-	-
Transfers in	-	18,600	-
<b>Net contributions and transfers</b>	<u>-</u>	<u>18,600</u>	<u>-</u>
<b>Change in net position</b>	61,407	204,344	(16,506)
Net position, beginning of year	<u>7,772</u>	<u>142,878</u>	<u>59,842</u>
<b>Net position, end of year</b>	<u><u>\$ 69,179</u></u>	<u><u>\$ 347,222</u></u>	<u><u>\$ 43,336</u></u>

<b>Mailing Department</b>	<b>Telecommunications</b>	<b>Health Insurance</b>	<b>MMRMA Retention</b>	<b>Motor Pool</b>	<b>Totals</b>
\$ 37,907	\$ 14,062	\$ 2,246,546	\$ 82,781	\$ 244,115	\$ 4,337,228
-	-	-	-	-	314,547
-	8,528	-	-	150,613	184,694
30,446	19,833	2,225,833	59,979	-	3,477,163
30,446	28,361	2,225,833	59,979	150,613	3,976,404
7,461	(14,299)	20,713	22,802	93,502	360,824
-	-	-	10,415	-	10,415
7,461	(14,299)	20,713	33,217	93,502	371,239
-	-	-	-	409,266	409,266
-	-	-	-	-	18,600
-	-	-	-	409,266	427,866
7,461	(14,299)	20,713	33,217	502,768	799,105
49,540	69,848	134,491	166,497	679,091	1,309,959
\$ 57,001	\$ 55,549	\$ 155,204	\$ 199,714	\$ 1,181,859	\$ 2,109,064

## LEELANAU COUNTY, MICHIGAN

### Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2023

	Building and Grounds	Data Processing	Duplicating Machine
<b>Cash flows from operating activities</b>			
Cash received from interfund services	\$ 936,216	\$ 748,020	\$ 27,581
Cash payments to suppliers for goods and services	(636,598)	(478,992)	(34,050)
Cash payments to employees for services	(224,641)	(89,906)	-
<b>Net cash provided by (used in) operating activities</b>	<u>74,977</u>	<u>179,122</u>	<u>(6,469)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in	-	18,600	-
<b>Cash flows from capital and related financing activities</b>			
Capital contributions	-	-	-
Purchases of capital assets	-	(84,215)	(7,767)
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>(84,215)</u>	<u>(7,767)</u>
<b>Cash flows from investing activities</b>			
Interest received	-	-	-
<b>Net change in cash and investments</b>	74,977	113,507	(14,236)
Cash and investments, beginning of year	<u>21,247</u>	<u>67,000</u>	<u>40,806</u>
<b>Cash and investments, end of year</b>	<u>\$ 96,224</u>	<u>\$ 180,507</u>	<u>\$ 26,570</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 61,407	\$ 185,744	\$ (16,506)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,480	13,199	7,874
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	-	-	-
Prepaid items	(4,963)	(13,594)	-
Accounts payable	14,274	(6,374)	2,163
Accrued liabilities	(221)	147	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 74,977</u>	<u>\$ 179,122</u>	<u>\$ (6,469)</u>





Mailing Department	Telecommunications	Health Insurance	MMRMA Retention	Motor Pool	Totals
\$ 37,907 (30,446) -	\$ 14,062 (19,833) -	\$ 2,268,430 - (2,225,833)	\$ 82,781 (93,196) -	\$ 244,115 - -	\$ 4,359,112 (1,293,115) (2,540,380)
7,461	(5,771)	42,597	(10,415)	244,115	525,617
-	-	-	-	-	18,600
-	-	-	-	409,436	409,436
-	(29,791)	-	-	(770,784)	(892,557)
-	(29,791)	-	-	(361,348)	(483,121)
-	-	-	10,415	-	10,415
7,461	(35,562)	42,597	-	(117,233)	71,511
49,540	54,583	314,071	-	250,930	798,177
<u>\$ 57,001</u>	<u>\$ 19,021</u>	<u>\$ 356,668</u>	<u>\$ -</u>	<u>\$ 133,697</u>	<u>\$ 869,688</u>
\$ 7,461	\$ (14,299)	\$ 20,713	\$ 22,802	\$ 93,502	\$ 360,824
-	8,528	-	-	150,613	184,694
-	-	(1,457)	-	-	(1,457)
-	-	-	(54,822)	-	(73,379)
-	-	(17,459)	21,605	-	14,209
-	-	40,800	-	-	40,726
<u>\$ 7,461</u>	<u>\$ (5,771)</u>	<u>\$ 42,597</u>	<u>\$ (10,415)</u>	<u>\$ 244,115</u>	<u>\$ 525,617</u>

# LEELANAU COUNTY, MICHIGAN

## Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2023

	Trust & Agency	Library Penal Fine	Inmate Trust Account	Totals
<b>Assets</b>				
Cash and investments	\$ 503,015	\$ 19,770	\$ 5,595	\$ 528,380
<b>Liabilities</b>				
Due to other governments	503,015	19,770	-	522,785
<b>Net position restricted for</b>				
Individuals, organizations, and other governments	\$ -	\$ -	\$ 5,595	\$ 5,595

# LEELANAU COUNTY, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2023

	Trust & Agency	Library Penal Fine	Inmate Trust Account	Totals
<b>Additions</b>				
Property tax collections for other governments	\$ 25,908,344	\$ -	\$ -	\$ 25,908,344
Library penal fine collections	-	28,698	-	28,698
Inmate trust collections	-	-	152,479	152,479
Miscellaneous	268,805	-	-	268,805
<b>Total additions</b>	<b>26,177,149</b>	<b>28,698</b>	<b>152,479</b>	<b>26,358,326</b>
<b>Deductions</b>				
Payments of property taxes to other governments	25,908,344	-	-	25,908,344
Library penal fine distributions	-	28,698	-	28,698
Inmate trust distributions	-	-	183,357	183,357
Miscellaneous	268,805	-	-	268,805
<b>Total deductions</b>	<b>26,177,149</b>	<b>28,698</b>	<b>183,357</b>	<b>26,389,204</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>(30,878)</b>	<b>(30,878)</b>
Net position, beginning of year	-	-	36,473	36,473
<b>Net position, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,595</b>	<b>\$ 5,595</b>

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## **COMPONENT UNITS**

# LEELANAU COUNTY, MICHIGAN

## Balance Sheet

Brownfield Redevelopment Authority Component Unit

December 31, 2023

### Assets

Cash and investments	\$ 204,758
Accounts receivable	39,399
Due from other governments	<u>13,702</u>

### Total assets

\$ 257,859

### Liabilities

Due to other governments	\$ 38,348
Long-term advance from primary government	<u>20,000</u>

### Total liabilities

58,348

### Fund balance

Unassigned	<u>199,511</u>
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### Total liabilities and fund balance

\$ 257,859

## LEELANAU COUNTY, MICHIGAN

### Reconciliation

Fund Balance of Governmental Fund  
to Net Position of Governmental Activities  
Brownfield Redevelopment Authority Component Unit  
December 31, 2023

<b>Fund balance - governmental fund</b>	\$ 199,511
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds.	
Notes payable	<u>(242,008)</u>
<b>Net position of governmental activities</b>	<u><u>\$ (42,497)</u></u>

## LEELANAU COUNTY, MICHIGAN

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

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2023

#### Revenues

Taxes	\$ 60,172
Intergovernmental	104,164
Interest	612
Other revenue	800

#### Total revenues

165,748

#### Expenditures

Current - public works	85,857
Debt service:	
Principal	24,334
Interest	666

#### Total expenditures

110,857

#### Net change in fund balance

54,891

Fund balance, beginning of year

144,620

#### Fund balance, end of year

\$ 199,511



## LEELANAU COUNTY, MICHIGAN

### Reconciliation

Net Change in Fund Balance of Governmental Fund  
to Change in Net Position of Governmental Activities  
Brownfield Redevelopment Authority Component Unit  
For the Year Ended December 31, 2023

<b>Net change in fund balance - governmental fund</b>	\$ 54,891
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term debt	<u>24,334</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 79,225</u></u>

## LEELANAU COUNTY, MICHIGAN

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

Budget and Actual

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 53,103	\$ 53,103	\$ 60,172	\$ 7,069
Intergovernmental	135,000	135,000	104,164	(30,836)
Interest	70	70	612	542
<b>Total revenues</b>	<u>189,173</u>	<u>189,173</u>	<u>165,748</u>	<u>(23,425)</u>
<b>Expenditures</b>				
Current - public works	164,173	164,173	85,857	(78,316)
Debt service:				
Principal	24,273	24,273	24,334	61
Interest	727	727	666	(61)
<b>Total expenditures</b>	<u>189,173</u>	<u>189,173</u>	<u>110,857</u>	<u>(78,316)</u>
<b>Net change in fund balance</b>	-	-	54,891	54,891
Fund balance, beginning of year	<u>144,620</u>	<u>144,620</u>	<u>144,620</u>	-
<b>Fund balance, end of year</b>	<u>\$ 144,620</u>	<u>\$ 144,620</u>	<u>\$ 199,511</u>	<u>\$ 54,891</u>

# LEELANAU COUNTY, MICHIGAN

## Balance Sheet

Land Bank Authority Component Unit  
December 31, 2023

### Assets

Cash and investments	\$ 69,205
Assets held for resale	<u>12,625</u>
<b>Total assets</b>	<b><u><u>\$ 81,830</u></u></b>
<b>Fund balance</b>	
Nonspendable - assets held for resale	\$ 12,625
Unassigned	<u>69,205</u>
<b>Total fund balance</b>	<b><u><u>\$ 81,830</u></u></b>

# LEELANAU COUNTY, MICHIGAN

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

Land Bank Authority Component Unit  
For the Year Ended December 31, 2023

### Revenues

Taxes	\$	7,198
Sale of Land Bank assets		1
Other revenue		41
		<hr/>

### Total revenues

7,240

### Expenditures

Current - public works		<hr/> 97,920
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### Net change in fund balance

(90,680)

Fund balance, beginning of year

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172,510

### Fund balance, end of year

\$ 81,830

# LEELANAU COUNTY, MICHIGAN

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

Budget and Actual

Land Bank Authority Component Unit

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 7,500	\$ 7,500	\$ 7,198	\$ (302)
Sale of Land Bank assets	-	-	1	1
Other revenue	125	125	41	(84)
<b>Total revenues</b>	7,625	7,625	7,240	(385)
<b>Expenditures</b>				
Current - public works	102,708	102,708	97,920	(4,788)
<b>Net change in fund balance</b>	(95,083)	(95,083)	(90,680)	4,403
Fund balance, beginning of year	172,510	172,510	172,510	-
<b>Fund balance, end of year</b>	\$ 77,427	\$ 77,427	\$ 81,830	\$ 4,403

# LEELANAU COUNTY, MICHIGAN

## Combining Balance Sheet

Drainage Districts Component Unit

December 31, 2023

	Lake Bluffs Drain Construction	Lake Bluffs Note Payment Fund	Total
<b>Assets</b>			
Cash and investments	\$ 25,403	\$ 26,314	\$ 51,717
Special assessments receivable	-	463,174	463,174
<b>Total assets</b>	<u>\$ 25,403</u>	<u>\$ 489,488</u>	<u>\$ 514,891</u>
<b>Deferred inflows of resources</b>			
Unavailable revenues - special assessments	\$ -	\$ 463,174	\$ 463,174
<b>Fund balances</b>			
Restricted for drain maintenance and construction	25,403	-	25,403
Restricted for debt service	-	26,314	26,314
<b>Total fund balances</b>	<u>25,403</u>	<u>26,314</u>	<u>51,717</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 25,403</u>	<u>\$ 489,488</u>	<u>\$ 514,891</u>

# LEELANAU COUNTY, MICHIGAN

## Reconciliation

Fund Balance of Governmental Funds  
to Net Position of Governmental Activities  
Drainage Districts Component Unit  
December 31, 2023

<b>Fund balances - governmental funds</b>	\$ 51,717
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Amounts reported for the *component unit* 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 fund statement.

Capital assets not being depreciated	757,800
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Certain assets, such as assessments receivable, are not due and receivable in the current period and therefore are offset with deferred inflows of resources in the fund statement.

Deferred inflows of resources for special assessments receivable	463,174
--	---------

Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds.

Notes payable	(470,000)
Accrued interest on note payable	(10,422)
	<hr/>

<b>Net position of governmental activities</b>	<u><u>\$ 792,269</u></u>
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## LEELANAU COUNTY, MICHIGAN

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

Drainage Districts Component Unit

For the Year Ended December 31, 2023

	Lake Bluffs Drain Construction	Lake Bluffs Note Payment Fund	Total
<b>Revenues</b>			
Special assessments	\$ 396,826	\$ 5,192	\$ 402,018
Interest	62	560	622
<b>Total revenues</b>	396,888	5,752	402,640
<b>Expenditures</b>			
Current - public works	820,923	-	820,923
Revenues over (under) expenditures	(424,035)	5,752	(418,283)
<b>Other financing sources</b>			
Issuance of notes payable	449,438	20,562	470,000
<b>Net change in fund balances</b>	25,403	26,314	51,717
Fund balances, beginning of year	-	-	-
<b>Fund balances, end of year</b>	\$ 25,403	\$ 26,314	\$ 51,717



## LEELANAU COUNTY, MICHIGAN

### Reconciliation

Net Change in Fund Balance of Governmental Fund  
to Change in Net Position of Governmental Activities  
Drainage Districts Component Unit  
For the Year Ended December 31, 2023

<b>Net change in fund balances - governmental funds</b>	<b>\$ 51,717</b>
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Amounts reported for the *component unit* in the statement of net position 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 assets purchased/constructed	757,800
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Assessments receivable are long-term in nature and are collectable over several years. However, the current receipts are reflected as revenues on the fund statements.

Change in deferred inflows of resources for special assessments receivable	463,174
--	---------

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

Issuance of notes payable	(470,000)
Change in accrued interest of notes payable	<u>(10,422)</u>

<b>Change in net position of governmental activities</b>	<b><u><u>\$ 792,269</u></u></b>
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