

**County of Hillsdale, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**December 31, 2023**

**COUNTY OF HILLSDALE, MICHIGAN**

**BOARD OF COMMISSIONERS**

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Drain Commissioner

Neal A. Brady  
Prosecuting Attorney

Derek Ringman  
Finance Director

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

**KINROSS OFFICE**

KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

TORI N. KRUISE, CPA

MEMBER AICPA DIVISION FOR  
CPA FIRMS

MEMBER MACPA  
OFFICES IN MICHIGAN

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

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

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

We did not audit the financial statements of the Hillsdale County Road Commission, which represents 95 percent, 97 percent, and 96 percent, respectively, of the assets, net position, and revenue of the discretely presented component units; and the Hillsdale County Medical Care Facility, which represents 74 percent, 80 percent, and 94 percent, respectively, of the assets, net position, and revenue of the business-type activities as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission and Medical Care Facility, are based solely on the reports of the other auditors.

***Basis for Opinions***

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

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

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

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

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

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

- Exercise professional judgement 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 procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Hillsdale, Michigan'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 County of Hillsdale, Michigan's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefit systems, and budgetary comparison information on pages 4 through 7, pages 52 through 53 and pages 54 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 of Hillsdale, Michigan's basic financial statements. The combining nonmajor and component unit fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining nonmajor and component unit fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

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



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

June 28, 2024

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

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# COUNTY OF HILLSDALE, MICHIGAN

## Management's Discussion and Analysis

### Using this Annual Report

The following discussion and analysis of the financial performance for County of Hillsdale ("County") provides an overview of the County's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the County's financial statements which follow this section.

### Financial Highlights

- The general fund reported an increase in fund balance of \$130,552 from year end 2022 to 2023. This is mostly driven by a large increase in the market value of current long term investments.
- General Fund Property tax revenue increased by \$560,494 in 2023 compared to 2022.
- The Medical Care Facility reported an increase in net position of \$1,259,683

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Hillsdale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report the County's operations in more detail than the government-wide financial statements. These statements present a short-term view and tell how taxpayer resources were spent during the year. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

# COUNTY OF HILLSDALE, MICHIGAN

## Management's Discussion and Analysis

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

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

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

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

### Government-Wide Financial Analysis

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

	Hillsdale County Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 12,587,980	\$ 19,854,186	\$ 24,168,694	\$ 21,779,688	\$ 36,756,674	\$ 41,633,874
Capital assets, net	15,471,573	8,591,862	8,002,672	8,517,712	23,474,245	17,109,574
<b>Total assets</b>	<b>28,059,553</b>	<b>28,446,048</b>	<b>32,171,366</b>	<b>30,297,400</b>	<b>60,230,919</b>	<b>58,743,448</b>
<b>Deferred outflows</b>						
Deferred Outflow from OPEB	273,376	315,335	-	-	273,376	315,335
Deferred Outflow from Pension	833,563	1,245,071	-	-	833,563	1,245,071
<b>Total Deferred Outflows</b>	<b>1,106,939</b>	<b>1,560,406</b>	<b>-</b>	<b>-</b>	<b>1,106,939</b>	<b>1,560,406</b>
<b>Liabilities</b>						
Long-term liabilities	8,104,430	9,741,409	3,200,000	3,250,000	11,304,430	12,991,409
Other liabilities	1,495,415	4,141,052	2,141,747	2,187,145	3,637,162	6,328,197
<b>Total liabilities</b>	<b>9,599,845</b>	<b>13,882,461</b>	<b>5,341,747</b>	<b>5,437,145</b>	<b>14,941,592</b>	<b>19,319,606</b>
<b>Deferred inflows</b>						
Deferred inflow from OPEB	991,613	1,035,022	-	-	991,613	1,035,022
Deferred inflow from Pension	130,431	127,492	-	-	130,431	127,492
Deferred inflow of resources	2,092,878	2,795,808	1,007,982	958,303	3,100,860	3,754,111
<b>Total Deferred Inflows</b>	<b>3,214,922</b>	<b>3,958,322</b>	<b>1,007,982</b>	<b>958,303</b>	<b>4,222,904</b>	<b>4,916,625</b>
<b>Net position:</b>						
Net investment in capital assets	12,620,228	4,646,002	8,002,672	8,517,712	20,622,900	13,163,714
Restricted	2,594,223	2,705,997	-	-	2,594,223	2,705,997
Unrestricted	1,137,274	4,813,672	17,818,965	15,384,240	18,956,239	20,197,912
<b>Total net position</b>	<b>\$ 16,351,725</b>	<b>\$ 12,165,671</b>	<b>\$ 25,821,637</b>	<b>\$ 23,901,952</b>	<b>\$ 42,173,362</b>	<b>\$ 36,067,623</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Management's Discussion and Analysis

The County's combined net position increased 16.9% from a year ago - increasing from \$36,067,623 to \$42,173,362. Governmental activities experienced an increase in net position of \$4,186,054. Business-type activities experienced a increase of \$1,919,685 in net position.

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

	Hillsdale County Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 2,969,619	\$ 2,781,755	\$ 19,548,001	\$ 16,621,788	\$ 22,517,620	\$ 19,403,543
Operating grants and contributions	10,012,853	13,334,560	4,541,350	4,291,744	14,554,203	17,626,304
General revenues:						
Property taxes	11,115,359	10,511,019	-	-	11,115,359	10,511,019
State shared revenue	1,077,692	1,019,068	-	-	1,077,692	1,019,068
Personal Property Tax Reimbursement	-	-	-	-	-	-
Unrestricted investment earnings	382,232	(253,448)	-	-	382,232	(253,448)
Other Revenue	338,861	340,830	-	-	338,861	340,830
<b>Total revenues</b>	<b>25,896,616</b>	<b>27,733,784</b>	<b>24,089,351</b>	<b>20,913,532</b>	<b>49,985,967</b>	<b>48,647,316</b>
Expenses:						
Legislative	103,921	83,784	-	-	103,921	83,784
Judicial	1,850,317	1,758,701	-	-	1,850,317	1,758,701
General government	3,991,376	3,918,114	-	-	3,991,376	3,918,114
Community & Economic Develop.	81,003	-	-	-	81,003	-
Public safety	5,707,246	5,318,637	-	-	5,707,246	5,318,637
Public works	29,523	27,693	-	-	29,523	27,693
Health and welfare	7,074,248	6,468,679	-	-	7,074,248	6,468,679
Recreation and cultural	87,189	70,922	-	-	87,189	70,922
Other governmental activities	2,825,372	2,528,931	-	-	2,825,372	2,528,931
Interest on long-term debt	26,959	35,299	-	-	26,959	35,299
Medical Care Facility	-	-	21,326,181	20,730,741	21,326,181	20,730,741
Delinquent tax collections/forfeitures	-	-	284,551	208,592	284,551	208,592
Building inspections	-	-	474,531	537,622	474,531	537,622
Geographic information services	-	-	9,442	9,484	9,442	9,484
<b>Total expenses</b>	<b>21,777,154</b>	<b>20,210,760</b>	<b>22,094,705</b>	<b>21,486,439</b>	<b>43,871,859</b>	<b>41,697,199</b>
Change in net position, before transfers	4,119,462	7,523,024	1,994,646	(572,907)	6,114,108	6,950,117
Transfers	74,963	540,633	(74,963)	(540,633)	-	-
Change in net position	4,194,425	8,063,657	1,919,683	(1,113,540)	6,114,108	6,950,117
Net position:						
Beginning of year, as restated	12,128,433	4,025,494	23,901,954	25,015,492	36,030,387	29,040,986
Prior Period Adjustment	28,867	76,520	-	-	28,867	76,520
<b>End of year</b>	<b>\$ 16,351,725</b>	<b>\$ 12,165,671</b>	<b>\$ 25,821,637</b>	<b>\$ 23,901,952</b>	<b>\$ 42,173,362</b>	<b>\$ 36,067,623</b>

### Governmental Activities

Total governmental revenues decreased by \$1,837,168, 6.6%. Governmental expenses had an increase of \$1,566,394,

### Business-Type Activities

The county's business-type activities consist primarily of the Medical Care Facility fund. Medical Care Facility revenue increased by \$3,326,116 and expenses increased \$601,101. Medical Care overall net position increased 1,259,683

# COUNTY OF HILLSDALE, MICHIGAN

## Management's Discussion and Analysis

### Financial Analysis of the County's Funds

The fund financial statements provide detailed information about the most significant funds, not the County as a whole. The County board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The County's major governmental funds for 2023 include the general fund, the senior citizens fund, the senior center debt service fund, and the American Rescue Plan Fund.

The general fund pays for most of the county's governmental services. The most significant are public safety, general government, and judicial, which incurred expenditures of \$3,607,562, \$3,261,128, and \$1,819,717, respectively. Some of these services are partially supported by state and federal grants, with the remaining cost funded by general revenue sources of the general fund.

The American Rescue Act (ARPA) fund accounts for funds received from the federal government to replace lost revenue during the COVID-19 pandemic.

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

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

Major proprietary funds for the year include the medical care facility fund, and the 2021 and 2022 delinquent tax revolving fund.

### General Fund Budgetary Highlights

The County Board of commissioners passed a final budget in which 2023 Budgeted Revenues and Transfers In of \$17,551,343 equaled 2023 Budgeted Expenditures and Transfers Out of \$17,551,343. Revenues and Transfers In were \$356,892 less than budgeted primarily because of a reduction to the delinquent tax revolving fund transfer to the general fund. Expenditures and Transfers out were \$487,444 less than budgeted primarily due to several vacant positions throughout the year impacting employee wage and fringe expenses.

### Capital Asset and Debt Administration

At the end of the fiscal year 2023, the County had approximately \$23,877,206 (net of depreciation) invested in a broad range of capital assets, including land, buildings, vehicles, equipment, etc. Details of the County's capital assets are contained in the notes to the financial statements.

At December 31, 2023, debt related to capital assets of governmental activities totaled \$2,851,345. Debt related to business-type activities totaled \$3,200,000, this relates to delinquent tax notes for 2021 and 2022.

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

The County's 2023 taxable value was a little higher than 2022 values, and due to continued construction within the county, the county should continue to see taxable value growth over the next few years. Additionally the county continues to recover from the Covid-19 pandemic, and with the introduction of the American Rescue Plan funds, the County has been able to implement some much needed updates to infrastructure and technology.

### Contacting the County's Management

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

## **Basic Financial Statements**

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# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Net Position

December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 4,735,766	\$ 9,891,316	\$ 14,627,082	\$ 3,988,193
Internal balances		-	-	-
Receivables, net	6,788,783	9,404,137	16,192,920	2,597,403
Prepaid items and other assets	502,859	4,873,241	5,376,100	1,459,859
Leases Recievable	560,572	-	560,572	-
Capital assets not being depreciated	7,794,343	-	7,794,343	6,915,605
Capital assets being depreciated, net	7,677,230	8,002,672	15,679,902	28,373,897
<b>Total assets</b>	<b>28,059,553</b>	<b>32,171,366</b>	<b>60,230,919</b>	<b>43,334,957</b>
<b>Deferred outflow of resources</b>				
Deferred outflow from OPEB	273,376	-	273,376	-
Deferred outflow from Pension	833,563	-	833,563	927,987
<b>Total Deferred Outflows</b>	<b>1,106,939</b>	<b>-</b>	<b>1,106,939</b>	<b>927,987</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	1,488,530	2,141,747	3,630,277	838,797
Unearned revenue	6,885	-	6,885	-
Due to other funds	-	-	-	-
<b>Long-term liabilities</b>				
Other post employment benefits	934,843	-	934,843	-
Due within one year	1,014,565	2,300,000	3,314,565	141,028
Due in more than one year	2,389,885	900,000	3,289,885	1,243,966
Net Pension Liability	3,765,137	-	3,765,137	4,511,101
<b>Total liabilities</b>	<b>9,599,845</b>	<b>5,341,747</b>	<b>14,941,592</b>	<b>6,734,892</b>
<b>Deferred Inflow of Resources</b>				
Deferred inflow from OPEB	991,613	-	991,613	-
Deferred inflow from Pension	130,431	-	130,431	90,014
Deferred inflow of resources	2,092,878	1,007,982	3,100,860	-
<b>Total Deferred Inflows</b>	<b>3,214,922</b>	<b>1,007,982</b>	<b>4,222,904</b>	<b>90,014</b>
<b>Net position</b>				
Net investment in capital assets	12,620,228	8,002,672	20,622,900	35,289,502
Restricted for:				
Endowments and trusts	3,383	-	3,383	-
Other purposes	2,590,840	-	2,590,840	5,093,428
Unrestricted (deficit)	1,137,274	17,818,965	18,956,239	(2,944,892)
<b>Total net position</b>	<b>\$ 16,351,725</b>	<b>\$ 25,821,637</b>	<b>\$ 42,173,362</b>	<b>\$ 37,438,038</b>

See accompanying notes to financial statements.

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 103,921	\$ -	\$ -	\$ -	\$ (103,921)
Judicial	1,850,317	768,537	1,983,121	-	901,341
General government	3,991,376	690,789	1,164,255	-	(2,136,332)
Community & Economic Development	81,003	-	-	-	(81,003)
Public safety	5,707,246	1,342,752	5,314,756	-	950,262
Public works	29,523	-	-	-	(29,523)
Health and welfare	7,074,248	166,690	1,036,931	-	(5,870,627)
Recreation and cultural	87,189	-	48,494	-	(38,695)
Other governmental activities	2,825,372	851	465,296	-	(2,359,225)
Interest on long-term debt	26,959	-	-	-	(26,959)
Total governmental activities	<u>21,777,154</u>	<u>2,969,619</u>	<u>10,012,853</u>	<u>-</u>	<u>(8,794,682)</u>
Business-type activities:					
Medical Care Facility	21,326,181	18,125,467	4,541,335	-	1,340,621
Delinquent tax collections/forfeitures	284,551	702,714	15	-	418,178
Building inspections	474,531	707,309	-	-	232,778
Geographic information services	9,442	12,511	-	-	3,069
Total business-type activities	<u>22,094,705</u>	<u>19,548,001</u>	<u>4,541,350</u>	<u>-</u>	<u>1,994,646</u>
Total primary government	<u>\$ 43,871,859</u>	<u>\$ 22,517,620</u>	<u>\$ 14,554,203</u>	<u>\$ -</u>	<u>\$ (6,800,036)</u>
<b>Component units</b>					
County Drains	\$ 444,068	\$ 580,443	\$ -	\$ -	\$ 136,375
County Roads	11,682,773	922,560	12,546,338	133,335	1,919,460
Total component units	<u>\$ 12,126,841</u>	<u>\$ 1,503,003</u>	<u>\$ 12,546,338</u>	<u>\$ 133,335</u>	<u>\$ 2,055,835</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Activities (Continued)

Year Ended December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
Net (expense) revenue	\$ (8,794,682)	\$ 1,994,646	\$ (6,800,036)	\$ 2,055,835
General revenues:				
Property taxes	11,115,359	-	11,115,359	-
State shared revenue	1,077,692	-	1,077,692	-
Unrestricted investment earnings	382,232	-	382,232	122,654
Other revenue	338,861	-	338,861	68,197
Transfers - internal activities	74,963	(74,963)	-	-
<b>Total general revenues and transfers</b>	<u>12,989,107</u>	<u>(74,963)</u>	<u>12,914,144</u>	<u>190,851</u>
<b>Change in net position</b>	4,194,425	1,919,683	6,114,108	2,246,686
Net position, beginning of year	12,128,433	23,901,954	36,030,387	35,191,352
Prior Period Adjustment	28,867	-	28,867	-
<b>Net position, end of year</b>	<u>\$ 16,351,725</u>	<u>\$ 25,821,637</u>	<u>\$ 42,173,362</u>	<u>\$ 37,438,038</u>



# COUNTY OF HILLSDALE, MICHIGAN

## Balance Sheet - Governmental Funds December 31, 2023

	General	Senior Citizen	Senior Center Debt Service	ARPA Funds	Nonmajor Funds	Totals
<b>Assets</b>						
Cash and investments	\$ -	\$ 161,738	\$ 8,043	\$ -	\$ 4,196,166	\$ 4,365,947
Taxes receivable	913,469	1,618,395	-	-	2,066,087	4,597,951
Accounts receivable	398,601	13,978	-	-	1,128,189	1,540,768
Leases receivable	566,602	-	295,000	-	(6,030)	855,572
Due from other governments	129,864	-	-	-	200	130,064
Prepaid expenditures	473,966	-	-	-	28,893	502,859
Advance to component unit	225,000	-	-	-	-	225,000
Due from other funds	116,335	-	-	-	19,062	135,397
<b>Total assets</b>	<b>\$ 2,823,837</b>	<b>\$ 1,794,111</b>	<b>\$ 303,043</b>	<b>\$ -</b>	<b>\$ 7,432,567</b>	<b>\$ 12,353,558</b>
<b>Liabilities</b>						
Accounts payable	\$ 121,501	\$ 13,978	\$ -	\$ -	\$ 909,650	\$ 1,045,129
Unearned revenue	-	-	-	-	6,885	6,885
Accrued expenditures	229,623	-	-	-	67,679	297,302
Due to other funds	-	-	-	-	135,397	135,397
<b>Total liabilities</b>	<b>351,124</b>	<b>13,978</b>	<b>-</b>	<b>-</b>	<b>1,119,611</b>	<b>1,484,713</b>
<b>Deferred inflows of resources</b>	<b>550,212</b>	<b>1,618,395</b>	<b>295,000</b>	<b>-</b>	<b>1,800,986</b>	<b>4,264,593</b>
<b>Fund balances</b>						
Nonspendable	698,966	-	-	-	32,276	731,242
Restricted	-	161,738	8,043	-	2,421,059	2,590,840
Assigned	-	-	-	-	2,058,635	2,058,635
Unassigned	1,223,535	-	-	-	-	1,223,535
<b>Total fund balances</b>	<b>1,922,501</b>	<b>161,738</b>	<b>8,043</b>	<b>-</b>	<b>4,511,970</b>	<b>6,604,252</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,823,837</b>	<b>\$ 1,794,111</b>	<b>\$ 303,043</b>	<b>\$ -</b>	<b>\$ 7,432,567</b>	<b>\$ 12,353,558</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Reconciliation

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

<b>Fund balances - total governmental funds</b>	<b>\$ 6,604,252</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets not being depreciated	7,794,343
Capital assets being depreciated, net	7,677,230
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets, such as certain receivables, are offset by deferred inflows in the governmental funds.	
Long-term receivables included in deferred inflows of resources	2,171,715
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in the internal service fund	285,549
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds and leases payable	(2,851,345)
Net Pension Liability	(3,765,137)
Compensated absences	(553,105)
Deferred Outflow Pension Liability	833,563
Deferred Inflow Pension Liability	(130,431)
Deferred Outflow OPEB	273,376
Deferred Inflow OPEB	(991,613)
Other post employment benefits	(934,843)
Accrued interest on long-term liabilities	(61,829)
<b>Net position of governmental activities</b>	<b><u><u>\$ 16,351,725</u></u></b>

COUNTY OF HILLSDALE, MICHIGAN

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

Governmental Funds  
Year Ended December 31, 2023

	General	Senior Citizen	Senior Center Debt Service	ARPA Funds	Nonmajor Funds	Totals
<b>Revenues</b>						
Taxes and special assessments	\$ 8,950,030	\$ 1,558,859	\$ -	\$ -	\$ 2,951,300	\$ 13,460,189
Intergovernmental	2,561,403	4,770	-	2,751,112	893,436	6,210,721
Licenses and permits	109,275	-	-	-	-	109,275
Contributions	-	-	154,451	-	350	154,801
Fines and forfeits	232,721	-	-	-	185,762	418,483
Charges for services	1,153,356	-	-	-	1,269,105	2,422,461
Reimbursements and refunds	706,465	-	-	-	73,302	779,767
Interest and rentals	648,213	-	-	-	22,033	670,246
Other revenue	-	-	184,410	-	1,308,410	1,492,820
<b>Total revenues</b>	<b>14,361,463</b>	<b>1,563,629</b>	<b>338,861</b>	<b>2,751,112</b>	<b>6,703,698</b>	<b>25,718,763</b>
<b>Expenditures</b>						
Current:						
Legislative	103,921	-	-	-	-	103,921
Judicial	1,819,717	-	-	-	443,402	2,263,119
General government	3,261,128	-	-	-	87,180	3,348,308
Community & Economic Development	-	-	-	-	81,003	81,003
Public safety	3,607,562	-	-	-	1,914,136	5,521,698
Public works	27,823	-	-	-	-	27,823
Health and welfare	827,685	1,586,763	-	-	4,482,058	6,896,506
Recreation and cultural	-	-	-	-	87,189	87,189
Other	2,457,238	-	-	-	-	2,457,238
Capital outlay	198,580	-	-	-	7,573,566	7,772,146
Debt service:						
Principal	-	-	325,000	-	805,000	1,130,000
Interest	-	-	13,861	-	80,913	94,774
<b>Total expenditures</b>	<b>12,303,654</b>	<b>1,586,763</b>	<b>338,861</b>	<b>-</b>	<b>15,554,447</b>	<b>29,783,725</b>
Revenue over (under) expenditures	2,057,809	(23,134)	-	2,751,112	(8,850,749)	(4,064,962)
<b>Other financing sources (uses)</b>						
Transfers in	2,832,988	-	-	-	4,869,971	7,702,959
Transfers out	(4,760,245)	-	-	(2,751,112)	(116,639)	(7,627,996)
<b>Total other financing sources (uses)</b>	<b>(1,927,257)</b>	<b>-</b>	<b>-</b>	<b>(2,751,112)</b>	<b>4,753,332</b>	<b>74,963</b>
<b>Net change in fund balances</b>	<b>130,552</b>	<b>(23,134)</b>	<b>-</b>	<b>-</b>	<b>(4,097,417)</b>	<b>(3,989,999)</b>
Fund balances, beginning of year	1,776,550	184,872	8,043	-	8,595,919	10,565,384
Prior Period Adjustment	15,399	-	-	-	13,468	28,867
<b>Fund balances (deficit), end of year</b>	<b>\$ 1,922,501</b>	<b>\$ 161,738</b>	<b>\$ 8,043</b>	<b>\$ -</b>	<b>\$ 4,511,970</b>	<b>\$ 6,604,252</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Reconciliation

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

Net change in fund balances - total governmental funds \$ (3,989,999)

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

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

Capital outlay	7,772,146
Depreciation expense	(892,435)

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

Principal payments on bonds	1,094,515
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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 the accrual of compensated absences	(12,610)
Change in the accrual of other post employment benefits	71,001
Change in Pension Obligation	484,073
Change in deferred Inflows from Pension	(2,939)
Change in deferred Outflows from Pension	(411,508)
Change in deferred Inflows from OPEB	43,409
Change in deferred Outflows from OPEB	(41,959)

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

Net operating income from governmental activities accounted for in the internal service fund	<u>80,731</u>
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Change in net position of governmental activities \$ 4,194,425

COUNTY OF HILLSDALE, MICHIGAN

**Statement of Net Position**

Proprietary Funds  
December 31, 2023

	Business-type Activities - Enterprise Funds					Internal Service
	Medical Care Facility	2021 Delinquent Tax Revolving	2022 Delinquent Tax Revolving	Nonmajor Funds	Totals	Self Insurance
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 3,642,241	\$ 1,001,169	\$ 1,239,003	\$ 4,008,903	\$ 9,891,316	\$ 369,819
Taxes receivable	1,007,982	-	-	79,299	1,087,281	-
Accounts receivable	6,279,495	220,294	1,174,767	64,375	7,738,931	-
Interest receivable	-	44,157	240,764	293,004	577,925	-
Prepays	-	-	-	6,182	6,182	-
Other assets	4,867,059	-	-	-	4,867,059	-
<b>Total current assets</b>	<b>15,796,777</b>	<b>1,265,620</b>	<b>2,654,534</b>	<b>4,451,763</b>	<b>24,168,694</b>	<b>369,819</b>
Noncurrent assets:						
Capital assets being depreciated, net	7,977,477	-	-	25,195	8,002,672	-
<b>Total noncurrent assets</b>	<b>7,977,477</b>	<b>-</b>	<b>-</b>	<b>25,195</b>	<b>8,002,672</b>	<b>-</b>
<b>Total assets</b>	<b>23,774,254</b>	<b>1,265,620</b>	<b>2,654,534</b>	<b>4,476,958</b>	<b>32,171,366</b>	<b>369,819</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	553,629	19,330	-	25,940	598,899	84,270
Accrued liabilities	1,535,726	-	-	4,690	1,540,416	-
Due to other governments	-	-	-	2,432	2,432	-
Current portion of long-term debt	-	800,000	1,450,000	-	2,250,000	-
<b>Total current liabilities</b>	<b>2,089,355</b>	<b>819,330</b>	<b>1,450,000</b>	<b>33,062</b>	<b>4,391,747</b>	<b>84,270</b>
Long-term liabilities:						
Due in more than one year	-	100,000	850,000	-	950,000	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>100,000</b>	<b>850,000</b>	<b>-</b>	<b>950,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,089,355</b>	<b>919,330</b>	<b>2,300,000</b>	<b>33,062</b>	<b>5,341,747</b>	<b>84,270</b>
<b>Deferred inflows of resources</b>						
Property taxes levied for the subsequent year	1,007,982	-	-	-	1,007,982	-
<b>Net position</b>						
Net investment in capital assets	7,977,477	-	-	25,195	8,002,672	-
Unrestricted	12,699,440	346,290	354,534	4,418,701	17,818,965	285,549
<b>Total net position</b>	<b>\$ 20,676,917</b>	<b>\$ 346,290</b>	<b>\$ 354,534</b>	<b>\$ 4,443,896</b>	<b>\$ 25,821,637</b>	<b>\$ 285,549</b>

# COUNTY OF HILLSDALE, MICHIGAN

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

Proprietary Funds

Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds					Internal Service
	Medical Care Facility	2021 Delinquent Tax Revolving	2022 Delinquent Tax Revolving	Nonmajor Funds	Totals	Self Insurance
<b>Operating revenues</b>						
Charges for services	\$ 18,125,467	\$ 304,476	\$ 6,729	\$ 1,094,471	\$ 19,531,143	\$ -
Refunds and reimbursements	-	-	-	11,322	11,322	-
Other operating revenue	2,601,238	-	-	631	2,601,869	177,853
<b>Total operating revenues</b>	<b>20,726,705</b>	<b>304,476</b>	<b>6,729</b>	<b>1,106,424</b>	<b>22,144,334</b>	<b>177,853</b>
<b>Operating expenses</b>						
Depreciation expense	578,977	-	-	11,642	590,619	-
Cost of services	20,746,160	109,241	82,975	564,665	21,503,041	97,122
<b>Total operating expenses</b>	<b>21,325,137</b>	<b>109,241</b>	<b>82,975</b>	<b>576,307</b>	<b>22,093,660</b>	<b>97,122</b>
Operating income (loss)	(598,432)	195,235	(76,246)	530,117	50,674	80,731
<b>Nonoperating revenues (expenses)</b>						
Property tax revenue	938,605	-	-	-	938,605	-
Contributions	813,097	-	-	-	813,097	-
Interest and rentals	188,395	-	-	4,920	193,315	-
Interest expense	(1,044)	-	-	(1)	(1,045)	-
<b>Total nonoperating revenues</b>	<b>1,939,053</b>	<b>-</b>	<b>-</b>	<b>4,919</b>	<b>1,943,972</b>	<b>-</b>
Income (loss) before transfers	1,340,621	195,235	(76,246)	535,036	1,994,646	80,731
<b>Transfers in (out)</b>						
Transfers in	-	-	-	18,500	18,500	-
Transfers out	(80,938)	-	-	(12,525)	(93,463)	-
<b>Total transfers</b>	<b>(80,938)</b>	<b>-</b>	<b>-</b>	<b>5,975</b>	<b>(74,963)</b>	<b>-</b>
Change in Net Position	1,259,683	195,235	(76,246)	541,011	1,919,683	80,731
Net position, beginning of year	19,417,234	151,055	430,780	3,902,885	23,901,954	204,818
<b>Net position, end of year</b>	<b>\$ 20,676,917</b>	<b>\$ 346,290</b>	<b>\$ 354,534</b>	<b>\$ 4,443,896</b>	<b>\$ 25,821,637</b>	<b>\$ 285,549</b>

COUNTY OF HILLSDALE, MICHIGAN

Statement of Cash Flows

Proprietary Funds  
Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds					Internal Service
	Medical Care Facility	2021 Delinquent Tax Revolving	2022 Delinquent Tax Revolving	Nonmajor Funds	Totals	Self Insurance
<b>Cash flows from operating activities</b>						
Cash received from customers	\$ 13,441,538	\$ 1,134,868	\$ 6,729	\$ 1,225,706	\$ 15,808,841	\$ 177,853
Cash received from quality assurance supplement	2,219,063	-	-	-	2,219,063	-
Other operating receipts	382,175	-	-	-	382,175	-
Cash payments to suppliers and employees for goods and services	(21,008,343)	(89,912)	(1,067,726)	(564,438)	(22,730,419)	(13,048)
<b>Net cash provided by (used in) operating activities</b>	<b>(4,965,567)</b>	<b>1,044,956</b>	<b>(1,060,997)</b>	<b>661,268</b>	<b>(4,320,340)</b>	<b>164,805</b>
<b>Cash flows from noncapital financing activities</b>						
Property tax and other nonoperating revenue	1,647,974	-	-	-	1,647,974	-
Transfers out	(80,938)	-	-	5,975	(74,963)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>1,567,036</b>	<b>-</b>	<b>-</b>	<b>5,975</b>	<b>1,573,011</b>	<b>-</b>
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(75,579)	-	-	-	(75,579)	-
Interest payments	(1,044)	-	-	-	(1,044)	-
Principal payments	-	(1,550,000)	(500,000)	(800,000)	(2,850,000)	-
Proceeds from long-term debt	-	-	2,800,000	-	2,800,000	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(76,623)</b>	<b>(1,550,000)</b>	<b>2,300,000</b>	<b>(800,000)</b>	<b>(126,623)</b>	<b>-</b>
<b>Cash flows from investing activities</b>						
Interest and rental earnings	188,395	-	-	4,919	193,314	-
<b>Net cash provided by investing activities</b>	<b>188,395</b>	<b>-</b>	<b>-</b>	<b>4,919</b>	<b>193,314</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,286,759)</b>	<b>(505,044)</b>	<b>1,239,003</b>	<b>(127,838)</b>	<b>(2,680,638)</b>	<b>164,805</b>
Cash equivalents, beginning of year	6,929,000	1,506,213	-	4,136,741	12,571,954	205,014
<b>Cash equivalents, end of year</b>	<b>\$ 3,642,241</b>	<b>\$ 1,001,169</b>	<b>\$ 1,239,003</b>	<b>\$ 4,008,903</b>	<b>\$ 9,891,316</b>	<b>\$ 369,819</b>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ (598,432)	\$ 195,235	\$ (76,246)	\$ 530,117	\$ 50,674	\$ 80,731
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	578,977	-	-	11,642	590,619	-
Changes in assets and liabilities:						
Taxes receivable	-	885,214	-	237,626	1,122,840	-
Accounts receivable	(4,677,779)	(12,990)	(1,174,767)	29,741	(5,835,795)	-
Lease receivable	792	-	-	-	792	-
Interest receivable	-	(44,157)	190,016	(148,085)	(2,226)	-
Prepays	(262,464)	2,325	-	(3,776)	(263,915)	-
Accounts payable	(25,859)	19,329	-	4,003	(2,527)	84,074
Accrued expenses	116,214	-	-	-	116,214	-
Unearned QMI Revenue	(97,016)	-	-	-	(97,016)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (4,965,567)</b>	<b>\$ 1,044,956</b>	<b>\$ (1,060,997)</b>	<b>\$ 661,268</b>	<b>\$ (4,320,340)</b>	<b>\$ 164,805</b>

Non-cash transactions

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

# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Fiduciary Net Position

December 31, 2023

	Agency Funds
<b>Assets</b>	
Cash and investments	\$ 1,292,521
<b>Liabilities</b>	
Due to other governments	\$ 571,685
Undistributed receipts	720,836
<b>Total liabilities</b>	\$ 1,292,521
<b>Net Position</b>	
Restricted for:	
Individuals, Organizations and Other Governments	\$ -



# COUNTY OF HILLSDALE, MICHIGAN

## Statement of Changes In Fiduciary Net Position

December 31, 2023

	Agency Funds
<b>Additions</b>	
Taxes/Fees/Fines	<u>\$ 23,331,820</u>
<b>Deductions</b>	
Distributions	<u>23,331,820</u>
<b>Change in Net Position</b>	<u>-</u>
<b>Net Position Beginning of Year</b>	<u>-</u>
<b>Net Position End of Year</b>	<u><u>\$ -</u></u>

## Component Units

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# COUNTY OF HILLSDALE, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

December 31, 2023

	Drain Commission	Road Commission	Total
<b>Assets</b>			
Cash and investments	\$ 1,111,231	\$ 2,876,962	\$ 3,988,193
Special assessments receivable	439,435	-	439,435
Receivables, net	-	2,157,968	2,157,968
Prepaid items and other assets	-	1,459,859	1,459,859
Capital assets:			
Capital assets not being depreciated	-	6,915,605	6,915,605
Capital assets being depreciated, net	679,202	27,694,695	28,373,897
<b>Total assets</b>	<u>2,229,868</u>	<u>41,105,089</u>	<u>43,334,957</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension amounts	-	927,987	927,987
<b>Liabilities</b>			
Accounts payable and accrued expenses	(207)	414,354	414,147
Advances from the State of Michigan	-	199,650	199,650
Advances from primary government	225,000	-	225,000
Long-term liabilities:			
Due within one year	124,188	16,840	141,028
Due in more than one year	924,001	319,965	1,243,966
Net Pension Liability	-	4,511,101	4,511,101
<b>Total liabilities</b>	<u>1,272,982</u>	<u>5,461,910</u>	<u>6,734,892</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension amounts	-	90,014	90,014
<b>Net position</b>			
Net investment in capital assets	679,202	34,610,300	35,289,502
Restricted	-	5,093,428	5,093,428
Unrestricted (deficit)	277,684	(3,222,576)	(2,944,892)
<b>Total net position</b>	<u>\$ 956,886</u>	<u>\$ 36,481,152</u>	<u>\$ 37,438,038</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units  
Year Ended December 31, 2023

	Drain Commission	Road Commission	Total
<b>Expenses</b>			
County Drains	\$ 444,068	\$ -	\$ 444,068
County Roads	-	11,682,773	11,682,773
<b>Total expenses</b>	<u>444,068</u>	<u>11,682,773</u>	<u>12,126,841</u>
<b>Program revenues</b>			
Charges for services	580,443	922,560	1,503,003
Capital grants and contributions	-	133,335	133,335
Operating grants and contributions	-	12,546,338	12,546,338
<b>Total program revenues</b>	<u>580,443</u>	<u>13,602,233</u>	<u>14,182,676</u>
<b>Net revenue (expense)</b>	<u>136,375</u>	<u>1,919,460</u>	<u>2,055,835</u>
<b>General revenues</b>			
Unrestricted investment earnings	-	122,654	122,654
Other revenue	-	68,197	68,197
<b>Total general revenues</b>	<u>-</u>	<u>190,851</u>	<u>190,851</u>
<b>Change in net position</b>	136,375	2,110,311	2,246,686
Net position, beginning of year	820,511	34,370,841	35,191,352
Prior Period Adjustment	-	-	-
<b>Net position, end of year</b>	<u>\$ 956,886</u>	<u>\$ 36,481,152</u>	<u>\$ 37,438,038</u>

## **Notes to Financial Statements**

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# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Hillsdale County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing U.S. governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

#### Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

#### Blended Component Unit

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

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

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

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

#### Discretely Presented Component Units

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

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

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

## Notes to Financial Statements

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

### Related Organization

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

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

It is governed by a twelve (12) member board, including four (4) from Hillsdale County and eight (8) from Jackson County. The County's accountability does not extend beyond this representation and making these appointments. The board may borrow money and issue bonds pursuant to Section 205 of Act 258 of 1974, as amended (MCL 330.1205). LifeWays indemnifies and holds harmless the participating counties from all claims and liabilities. Hillsdale County's appropriation to LifeWays for the calendar year ended December 31, 2023, was \$274,000.

Branch Hillsdale St Joseph District I Health Department - Hillsdale County participates jointly with Branch and St. Joseph Counties in the operation of the Branch, Hillsdale, St. Joseph District I Health Department. All of the financial operations of the District Health Department are recorded in the records of Branch County. It is governed by a six (6) member board, two (2) from Hillsdale County, two (2) from Branch County, and two (2) from St. Joseph County. The funding formula approved by the members of the county boards of commissioners is based pro rata on each county's population. The 2023 per capita rate approved by the board is \$5.30, which equates to a \$242,454 allocation from Hillsdale County.

### Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

The County reports the following major governmental funds:

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

The *American Rescue Act (ARPA) fund* accounts for funds received from the federal government to replace lost revenue during the COVID-19 pandemic.

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

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

The County reports the following major proprietary funds:

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

The 2021 and 2022 *delinquent tax revolving fund* accounts for the annual purchase of delinquent real property taxes from each of the local taxing units within the county, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest.

Additionally, the County reports the following fund types:

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

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

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

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

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



## Notes to Financial Statements

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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

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

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

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

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

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

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

#### ***Inventories***

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

#### ***Prepays***

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

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### Capital Assets

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

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

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

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

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

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

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

### Compensated Absences

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

### Pensions

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

## Notes to Financial Statements

### *Leases (Lessor)*

The County recognizes leases receivable and deferred inflows related to lease items in the financial statements. Variable payments based on the future performance of the lessee are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured 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 inflows of resources are measured as the initial amount of the lease receivable and is subsequently adjusted for lease payments received at or before the commencement of the lease. Deferred inflows of resources related to lease items are recognized as revenue over the lease term in a systematic and rational method.

Key estimates and judgements related to lease receivables and deferred inflows include the discount rate used to discount the expected lease payments to present value and the lease term. The County uses its estimated incremental borrowing rate as the lease discount rate. The lease term is the non-cancellable period of the lease, which is the initial term of the lease and any options to extend if they are reasonably certain to be exercised. Payments included in the measurement of the lease receivable are composed of fixed payments expected to be received from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable if changes occur that are anticipated to significantly affect the amount of the lease receivable. The County does have items that qualify for reporting in this category.

### *Leases (Lessee)*

The lease liability is measured at the present value of the payments expected to be made during the lease term and subsequent extensions, if they are reasonably certain to be exercised. The lease liability is subsequently reduced by the principal portion of the lease payments.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any prepayments made at or before the commencement of the lease, less any lease incentives received from the lessor. Lease assets are amortized using the straight-line method over the shorter of the useful life of the underlying asset or the lease term, unless the lease contains an option to purchase the underlying asset at the end of the term. The useful life will be used to amortize the lease if a purchase option is present and it is reasonably certain the entity will exercise that option.

Key estimates and judgements related to leases include the discount rate used to discount the expected lease payments to present value, the lease term, and lease payments. The County uses the interest rate charged by the lessor as the discount rate, when available. When this rate is not provided, the Corporation generally uses the estimated incremental borrowing rate. The lease term is the non-cancellable period of the lease, which is the initial term of the lease and any options to extend if they are reasonably certain to be exercised. Payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that are reasonably certain to be exercised.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if changes occur that are anticipated to significantly affect the amount of the lease asset and liability. The County does not currently have any items that require reporting in this category.

**Notes to Financial Statements**

***Long-term Obligations***

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

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

***Deferred inflows of resources***

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

***Deferred outflows of resources***

In addition to assets, the statement of net position and governmental funds balance sheet 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 future periods and so will not be recognized as an outflow of resources (expenses) until that time.

***Fund Equity***

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

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

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

***Use of Estimates***

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

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 2. BUDGETARY INFORMATION

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

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

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

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

### 3. CASH AND INVESTMENTS

#### Summary of Deposit and Investment Balances

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

	Primary Government	Component Units	Totals
<b>Financial statements</b>			
Statement of net assets -			
Cash and investments	\$ 14,627,082	\$ 3,988,193	\$ 18,615,275
Statement of fiduciary assets and liabilities -			
Cash and investments	1,292,521	-	1,292,521
<b>Total</b>	<b>\$ 15,919,603</b>	<b>\$ 3,988,193</b>	<b>\$ 19,907,796</b>
<b>Cash and investments</b>			
Bank deposits (checking accounts, savings accounts and certificates of deposits)			\$ 15,111,991
Investments in securities, mutual funds and investments in securities, mutual funds and similar vehicles:			
Treasurer's pool			4,789,915
Cash on hand			5,890
<b>Total</b>			<b>\$ 19,907,796</b>

#### County's Cash and Investment Pool

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At year end, maturities of the County's debt securities were as follows:

	Investment Maturities (fair value by years)				
	Total Fair	Less than 1	1-5	6-10	More than 10
Municipal bonds	\$ 4,789,105	\$ 1,392,020	\$ 3,397,085	\$ -	\$ -
<b>Total</b>	<b>\$ 4,789,105</b>	<b>\$ 1,392,020</b>	<b>\$ 3,397,085</b>	<b>\$ -</b>	<b>\$ -</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk, that in the event of a bank failure, the County’s deposits may not be returned to the government. As of December 31, 2023, \$2,855,611 of the County’s total balance of \$20,071,895 is exposed to custodial credit risk as it was uninsured and uncollateralized.

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

*Custodial Credit Risk - Investments.* Following is a summary of the Treasurer’s investment pool holdings as of December 31, 2023:

Michigan municipal bonds and notes	\$	4,789,105
Certificates of Deposit		3,776,373
Checking		1,716,127
Money market & Savings funds		<u>9,626,191</u>
<b>Total</b>	<b>\$</b>	<b><u>19,907,796</u></b>

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

*Credit Risk.* As of December 31, 2023, all of the County’s investments in securities of U.S. agencies were rated AAA by Standard & Poor’s (S&P). All of the County’s investments in money market funds are rated AAA by S&P. The County’s investment in Michigan municipal bonds and notes are rated in the top tier by at least one rating agency.

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

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

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

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal Bonds	<u>\$ 4,789,105</u>	<u>\$ 4,789,105</u>	<u>\$ -</u>	<u>\$ -</u>

**COUNTY OF HILLSDALE, MICHIGAN**

**Notes to Financial Statements**

**4. RECEIVABLES**

Receivables as of December 31, 2023 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 4,597,951	\$ 1,087,281	\$ -
Accounts receivable	1,540,768	7,738,931	2,157,968
Special assessments	-	-	439,435
Due from other governments	130,064	-	-
Advances to component unit	225,000	-	-
Leases receivable	855,572	-	-
Interest receivable	-	577,925	-
	<u>\$ 7,349,355</u>	<u>\$ 9,404,137</u>	<u>\$ 2,597,403</u>

Of the amounts reported for receivables above, leases receivable in the amount of \$295,000 are not expected to be collected within one year.

**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund receivables and payables at December 31, 2023 is as follows:

	Receivable	Payable
General fund	\$ 135,397	\$ -
Nonmajor governmental funds	-	135,397
	<u>\$ 135,397</u>	<u>\$ 135,397</u>

Interfund receivables/payables represent short-term working capital loans for funds with negative balances in the County’s cash and investment pool at year-end.

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

	Transfers In	Transfers Out
General fund	\$ 2,832,988	\$ 4,760,245
ARPA Fund	-	2,751,112
Nonmajor governmental funds	4,869,971	116,639
Medical Care Facility	-	80,938
Nonmajor enterprise funds	18,500	12,525
	<u>\$ 7,721,459</u>	<u>\$ 7,721,459</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 6. TAX ABATEMENTS

The County of Hillsdale entered into certain agreements during the year that involve tax abatements. The following table outlines the key information regarding the entities involved and the type and amounts of taxes abated during the year ending December 31, 2023.

Contracted Entity	Program	Tax Abated	Gross Amount Abated
ALPHI MANUFACTURING LLC	IFT	Property Tax	\$ 1,812
ANDERSONS INC	IFT	Property Tax	5,062
CAMBRIA TOOL & MACHINE INC	IFT	Property Tax	339
COBRA MOTORCYCLES INC	IFT	Property Tax	20
DDP SPECIALTY ELEC MATLS US LLC	IFT	Property Tax	2,076
DOW/DUPONT	IFT	Property Tax	1,250
FAIRWAY PRODUCTS	IFT	Property Tax	155
HI-LEX CONTROLS INC	IFT	Property Tax	16,355
JONESVILLE PAPER TUBE CORP	IFT	Property Tax	895
JONESVILLE TOOL & MFG LLC	IFT	Property Tax	312
LIVONIA TOOL INC	IFT	Property Tax	1,933
MARTINREA JONESVILLE LLC	IFT	Property Tax	8,365
NORTH EAST FABRICATION CO INC	IFT	Property Tax	123
NORTH EAST FABRICATION COMPANY	IFT	Property Tax	178
PRECISION GAGE LLC	IFT	Property Tax	1,492
RAPTOR INDUSTRIES LLC	IFT	Property Tax	58
ROSS DESIGN	IFT	Property Tax	73
TENNECO INC	IFT	Property Tax	949
TI GROUP AUTOMOTIVE SYSTEMS LLC	IFT	Property Tax	86
			<u>\$ 41,533</u>



# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Adjustments	Disposals	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 191,285	\$ -	\$ -	\$ -	\$ 191,285
Construction in progress	737,556	6,970,369	-	(104,867)	7,603,058
Total capital assets not being depreciated	928,841	6,970,369	-	(104,867)	7,794,343
Capital assets being depreciated:					
Buildings and improvements	12,205,895	478,402	-	(1,329,137)	11,355,160
Vehicles and equipment	3,767,522	428,242	-	-	4,195,764
Total capital assets being depreciated	15,973,417	906,644	-	(1,329,137)	15,550,924
Less accumulated depreciation for:					
Buildings and improvements	(5,360,662)	(289,422)	-	926,176	(4,723,908)
Vehicles and equipment	(2,949,734)	(200,052)	-	-	(3,149,786)
Total accumulated depreciation	(8,310,396)	(489,474)	-	926,176	(7,873,694)
<b>Total capital assets being depreciated, net</b>	<b>7,663,021</b>	<b>417,170</b>	<b>-</b>	<b>(402,961)</b>	<b>7,677,230</b>
<b>Capital assets, net</b>	<b>\$ 8,591,862</b>	<b>\$ 7,387,539</b>	<b>\$ -</b>	<b>\$ (507,828)</b>	<b>\$ 15,471,573</b>

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

General Government	\$ 212,084
Judicial	16,512
Public Safety	222,514
Health and Welfare	34,994
Public Works	1,700
Recreation & Culture	1,670
Total	<u>\$ 489,474</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

	Beginning Balance	Additions	Adjustments	Disposals	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated					
Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:					
Land improvements	29,524	-	-	-	29,524
Buildings and improvements	17,980,393	51,344	-	(109,189)	17,922,548
Vehicles and equipment	962,485	24,235	-	(88,623)	898,097
Total capital assets being depreciated	18,972,402	75,579	-	(197,812)	18,850,169
Less accumulated depreciation for:					
Land improvements	(29,524)	-	-	-	(29,524)
Buildings and improvements	(9,760,619)	(510,397)	-	109,189	(10,161,827)
Vehicles and equipment	(664,547)	(80,222)	-	88,623	(656,146)
Total accumulated depreciation	(10,454,690)	(590,619)	-	197,812	(10,847,497)
<b>Total capital assets being depreciated, net</b>	<b>8,517,712</b>	<b>(515,040)</b>	<b>-</b>	<b>-</b>	<b>8,002,672</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 8,517,712</b>	<b>\$ (515,040)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,002,672</b>

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

Medical Care Facility	\$ 578,977
Building Inspection	11,642
<b>Total</b>	<b>\$ 590,619</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Adjustments	Disposals	Ending Balance
<b>Component unit - Road Commission</b>					
Capital assets not being depreciated:					
Land	\$ 64,634	\$ -	\$ -	\$ -	\$ 64,634
Land improvements	6,580,739	270,232	-	-	6,850,971
<b>Total capital assets not being</b>	<b>6,645,373</b>	<b>270,232</b>	<b>-</b>	<b>-</b>	<b>6,915,605</b>
Capital assets being depreciated:					
Buildings and improvements	2,344,940	64,130	-	-	2,409,070
Equipment	12,256,472	1,532,978	233	(647,814)	13,141,869
Infrastructure	69,053,755	3,449,660	-	-	72,503,415
Depletable assets	54,700	-	-	-	54,700
<b>Total capital assets being</b>	<b>83,709,867</b>	<b>5,046,768</b>	<b>233</b>	<b>(647,814)</b>	<b>88,109,054</b>
Less accumulated depreciation for:					
Buildings and improvements	(1,568,395)	(73,902)	-	-	(1,642,297)
Equipment	(9,120,355)	(949,753)	(233)	646,936	(9,423,405)
Infrastructure	(47,475,294)	(1,821,093)	-	-	(49,296,387)
Depletable assets	(52,257)	(13)	-	-	(52,270)
<b>Total accumulated depreciation</b>	<b>(58,216,301)</b>	<b>(2,844,761)</b>	<b>(233)</b>	<b>646,936</b>	<b>(60,414,359)</b>
<b>Total capital assets being depreciated, net</b>	<b>25,493,566</b>	<b>2,202,007</b>	<b>-</b>	<b>(878)</b>	<b>27,694,695</b>
<b>Capital assets, net</b>	<b>\$ 32,138,939</b>	<b>\$ 2,472,239</b>	<b>\$ -</b>	<b>\$ (878)</b>	<b>\$ 34,610,300</b>

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

Total Depreciation Expense - Public Works	<u>\$ 2,844,761</u>
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Capital assets activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - Drainage District</b>				
Capital assets being depreciated -				
Buildings	\$ 135,000	\$ -	\$ -	\$ 135,000
Equipment	1,145,276	-	-	1,145,276
Infrastructure	628,693	-	-	628,693
<b>Total capital assets being depreciated</b>	<b>1,908,969</b>	<b>-</b>	<b>-</b>	<b>1,908,969</b>
Less accumulated depreciation for -				
Buildings	(129,600)	(5,400)	-	(135,000)
Equipment	(836,845)	(50,413)	-	(887,258)
Infrastructure	(194,935)	(12,574)	-	(207,509)
<b>Total accumulated depreciation</b>	<b>(1,161,380)</b>	<b>(68,387)</b>	<b>-</b>	<b>(1,229,767)</b>
<b>Capital assets, net</b>	<b>\$ 747,589</b>	<b>\$ (68,387)</b>	<b>\$ -</b>	<b>\$ 679,202</b>

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

Total Depreciation Expense - Public Works	<u>\$ 68,387</u>
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COUNTY OF HILLSDALE, MICHIGAN

Notes to Financial Statements

8. PAYABLES

Accounts payable and accrued liabilities as of December 31, 2023 are summarized as follows:

	Governmental Activities	Business-type Activities	Components Units
Accounts payable	\$ 1,129,399	\$ 598,899	\$ 414,147
Capital Lease Obligation	-	-	-
Accrued liabilities	297,302	1,540,416	-
Due to other governments	-	2,432	-
Advances from State of Michigan	-	-	199,650
Advances from primary government	-	-	225,000
Accrued interest payable	61,829	-	-
	<u>\$ 1,488,530</u>	<u>\$ 2,141,747</u>	<u>\$ 838,797</u>

9. LONG-TERM DEBT

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

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Governmental activities</b>				
2015 Cap. Impr. Sr Ctr. Refunding	.70%-2.70%	2025	\$ 2,140,000	\$ 295,000
2015 MCF Refunding	2.74%	2026	5,755,000	1,905,000
2016 County Office Building	2.10%	2028	500,000	325,000
2015 Senior Center Capital Debt	.75%-2.45%	2023	1,300,000	-
				<u>\$ 2,525,000</u>

Business-type activities

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

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 810,000	\$ 64,921
2025	850,000	43,210
2026	730,000	22,421
2027	65,000	2,835
2028	70,000	1,470
	<u>\$ 2,525,000</u>	<u>\$ 134,857</u>

By statute, the government’s legal debt limit is restricted to 10% of the equalized value of property in the County. At December 31, 2023, the County’s legal debt limit was \$263,759,671

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

COUNTY OF HILLSDALE, MICHIGAN

**Notes to Financial Statements**

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Governmental activities</b>				
2016 E-911 Central Dispatch	1.70%	2026	\$ 400,000	\$ 130,000
2020 Courthouse HVAC Debt		2024	720,000	135,000
				<u>\$ 265,000</u>

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

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 175,000	\$ 3,347
2025	45,000	1,868
2026	45,000	968
	<u>\$ 265,000</u>	<u>\$ 6,183</u>

Capital lease. The government has entered into several lease agreements for financing the acquisition of vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023 were as follows:

Year Ending December 31,	Governmental Activities
2024	\$ 34,160
2025	34,160
Total minimum lease payments	68,320
Less amount representing interest	<u>6,975</u>
Present value of minimum lease payments	<u>\$ 61,345</u>

*Delinquent tax notes.* The government issues general obligation limited tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., delinquent tax revolving enterprise fund) as they are expected to be repaid from proprietary fund revenues. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed three years. Delinquent tax notes outstanding at December 31, 2023, are as follows:

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Business-type activities</b>				
2020 Delinquent Tax Revolving Notes	1.00%	2023	2,600,000	\$ -
2021 Delinquent Tax Revolving Notes	2.25%-3.25%	2024	2,900,000	900,000
2022 Delinquent Tax Revolving Notes	4.90%	2025	2,800,000	2,300,000
				<u>\$ 3,200,000</u>

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

Year Ending December 31,	Business-type Activities	
	Principal	Interest
2024	\$ 2,300,000	\$ 112,050
2025	900,000	29,750
	<u>\$ 3,200,000</u>	<u>\$ 141,800</u>

**COUNTY OF HILLSDALE, MICHIGAN**

**Notes to Financial Statements**

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

Purpose	Interest Rates	Maturity Date	Amount of Original Issue	Amount Outstanding
<b>Drain</b>				
Luke #238	2.66%	2022	\$ 189,500	\$ -
Boyd #118	2.15%	2023	235,000	-
Knapp	2.15%	2024	64,318	9,189
Boyd 2 #118	3.20%	2025	40,000	16,000
Hacket #240	2.15%	2026	320,000	73,000
Lindsey #238	2.15%	2035	225,000	180,000
Lake Pleasant	.14%-1.34%	2036	889,000	770,000
				<u>\$ 1,048,189</u>

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

Year Ending December 31,	Component Unit - Drain Notes	
	Principal	Interest
2024	\$ 124,189	\$ 12,109
2025	115,000	11,912
2026	84,000	11,484
2027	74,000	12,071
2028	74,000	11,982
2029-2033	370,000	46,595
2034-2038	207,000	8,152
	<u>\$ 1,048,189</u>	<u>\$ 114,305</u>

**Road Commission Installment Purchase Agreements.**

The road commission has no outstanding installment agreements.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 3,480,000	\$ -	\$ (955,000)	\$ 2,525,000	\$ 810,000
Installment contracts	465,860	95,505	(235,020)	326,345	204,565
Compensated absences	540,495	38,805	(26,195)	553,105	-
	<u>\$ 4,486,355</u>	<u>\$ 134,310</u>	<u>\$ (1,216,215)</u>	<u>\$ 3,404,450</u>	<u>\$ 1,014,565</u>
<b>Business-type activities</b>					
Delinquent tax notes	\$ 3,250,000	\$ 2,800,000	\$ (2,850,000)	\$ 3,200,000	\$ 2,300,000
	<u>\$ 3,250,000</u>	<u>\$ 2,800,000</u>	<u>\$ (2,850,000)</u>	<u>\$ 3,200,000</u>	<u>\$ 2,300,000</u>
<b>Component Units:</b>					
<b>Drains</b>					
Boyd #118	\$ 33,571	\$ -	\$ (33,571)	\$ -	\$ -
Knapp	18,377	-	(9,188)	9,189	9,188
Boyd 2 #118	24,000	\$ -	(8,000)	16,000	8,000
Hacket #240	105,000	-	(32,000)	73,000	32,000
Lindsey #238	195,000	-	(15,000)	180,000	15,000
Lake Pleasant	830,000	-	(60,000)	770,000	60,000
<b>Road Commission</b>					
Compensated absences	363,797	57,209	(84,201)	336,805	16,840
	<u>\$ 1,569,745</u>	<u>\$ 57,209</u>	<u>\$ (241,960)</u>	<u>\$ 1,384,994</u>	<u>\$ 141,028</u>

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

## 10. LEASE RECEIVABLE

The County is the lessor of office space as well as communications towers to multiple organizations. These lease agreements are non-cancelable operating leases with fixed minimum rentals and non-cancelable operating use and lease agreements. The lease receivable and deferred inflow of resources related to leases was calculated at \$926,986 as of January 1, 2023.

	1/1/2023	Increases	Decreases	12/31/2023
Lease Receivable	\$ 752,569	\$ -	\$ 191,997	\$ 560,572

The subsequent payments made to the County relating to the assets leased by other organizations are as follows:

Year	Principal Amount	Interest Amount	Total
2024	\$ 198,331	\$ 15,282	\$ 213,613
2025	138,665	9,349	148,014
2026	85,931	5,994	91,925
2027	20,332	3,989	24,321
2028-2034	54,839	20,761	75,600
2035-2041	62,474	6,825	69,299
	<u>\$ 560,572</u>	<u>\$ 62,200</u>	<u>\$ 622,772</u>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 11. IMPLEMENTATION OF GASB STATEMENT NO. 96 SUBSCRIPTION BASED INFORMATION TECH ARRANGEMENTS

In May of 2020, the GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended.

The County implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, for the period ending December 31, 2023. There were no subscription-based information technology arrangements held by the County that meet the definition of recognition under GASB Statement No. 96, therefore, the financial statements have not been affected by such implementation

### 12. RISK MANAGEMENT / SELF-INSURANCE PROGRAMS

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

The Michigan Municipal Risk Management Authority (risk pool) program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, and the Authority uses the premiums to pay claims up to the retention limits, the ultimate liability for those claims remains with the County. As of December 31, 2023, the County estimates that its funds on deposit with the Authority are sufficient to cover any outstanding claims. Accordingly, no liability has been recorded.

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$500,000 for non Police employees, and \$750,000 for Police employees, subject to an annual aggregate limit of \$5,000,000. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Changes in the balances of claims liabilities during the past two years are as follows:

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

	2023	2022
<b>Workers compensation</b>		
Estimated liability, January 1	\$ 84,281	\$ 106,751
Estimated claims incurred, including changes in estimates	8,996	1,056
Claim payments	<u>(9,007)</u>	<u>(23,526)</u>
<b>Estimated liability, December 31</b>	<u>\$ 84,270</u>	<u>\$ 84,281</u>

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



# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

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

The Road Commission continues to carry commercial insurance for all other risks of loss, including life, health, and workers' compensation insurance. Settled claims have not exceeded insurance coverage for the last three years.

### 13. CONTINGENT LIABILITIES

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

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

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

### 14. PROPERTY TAXES

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

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

For the ambulance, senior services and Medical Care Facility, the assessed and taxable value of real and personal property for the December 1, 2022 levy, for which revenue was recognized in fiscal 2023, was \$1,669,000,789. For the general fund, the assessed and taxable value of real and personal property for the July 1, 2023 levy, for which revenue was recognized in fiscal 2023, was \$1,764,572,663. The general operating tax rate for this levy was at the maximum rate of 4.8619 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of .9777 mills for ambulance services, .98150 mills for senior services, .5889 for Medical Care Facility operating, .4907 for Mental Health, and .3500 mills for the Medical Care Facility debt service.

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

**COUNTY OF HILLSDALE, MICHIGAN**

**Notes to Financial Statements**

**15. DEFINED BENEFIT PENSION PLANS - Primary Government**

Employees of the Sheriff Department that are covered by the POLC collective bargaining agreements, hired prior to January 1, 2021, are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48917, or by calling (800) 767-6377.

The County is required to contribute at an actuarially determined amount; the current amount for the County is \$277,032 for fiscal year 2023. All participating employees are required to contribute 14.40% percent of their annual salary. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County. However, if the MERS funding requirement for the employer's portion exceeds the amount per the labor contracts then the employees are required to fund the difference.

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

	<b>2022 Valuation</b>	<b>2021 Valuation</b>
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 Years	10 Years
<b>Early Retirement (Unreduced):</b>	55/25	55/25
<b>Early Retirement (Reduced):</b>	50/25	50/25
	55/15	55/15
<b>Final Average Compensation:</b>	5 Years	5 Years
<b>Employee Contributions:</b>	14.40%	14.40%
<b>DC Plan for new hires:</b>	1/1/2021	1/1/2021
<b>Act 88:</b>	No	No

*Employees Covered by Benefit Terms.* As of December 1, 2022, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	22
Vested Former Employees	9
Active Employees	24
Pending Refunds	6
<b>Total Employee</b>	<b>61</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

The contribution flat rate amount at December 31, 2023 is as follows:

02 - Sheriff Suprvsry & Non-Suprvs \$ 277,032

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	2.5 Percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.85 percent

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

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

1. 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17
2. 106% of Pub-2010 Employee Mortality Tables for ages 18-49
3. 106% of Pub-2010 Healthy Retiree Tables for ages 50-120

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2022.

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
Public Equity	47.6%	4.35%
Fixed Income	22.0%	4.35%
Private Equity	10.8%	
Real Estate	6.7%	
Hedge Funds	6.2%	
Commodities	2.5%	
Alternatives	2.1%	
Cash	2.1%	

**Discount Rate.** The discount rate used to measure the total pension liability is 6.85%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

<i>Changes in Net Pension Liability:</i>	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances at December 31, 2022	\$ 10,655,792	\$ 6,406,582	\$ 4,249,210
Service Cost:	188,619	-	188,619
Interest:	759,834	-	759,834
Difference between expected and actual experience	(49,624)	-	(49,624)
Changes in assumptions	-	-	-
Benefit Changes	-	-	-
Employer Contributions	-	412,032	(412,032)
Employee Contributions	-	210,323	(210,323)
Net Investment Income	-	718,496	(718,496)
Benefit payments, including employee refunds	(539,258)	(539,257)	(1)
Administrative expense	-	(15,198)	15,198
Other Changes	(57,249)	-	(57,249)
Net Changes	302,322	786,396	(484,074)
Balances as of December 31, 2023	\$ 10,958,114	\$ 7,192,978	\$ 3,765,136

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-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.60%	Current Rate 7.60%	1% Increase 8.60%
Change in net pension liability	\$ 5,191,353	\$ 3,765,136	\$ 2,602,299

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

For the year ended December 31, 2023, the County recognized pension expense of \$341,387. At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 134,566
Changes in assumptions	529,445	-
Difference in expected and actual returns	309,270	-
Total	\$ 838,715	\$ 134,566

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

Year Ended December 31:	Outflows	Inflows
2024	\$ 217,206	\$ (60,640)
2025	279,371	(51,945)
2026	322,995	(20,571)
2027	75,027	(49,023)
2028	-	(8,271)
	\$ 894,599	\$ (190,450)

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### Annual Pension Cost

During the year ended December 31, 2023, the County's contributions totaling \$412,032 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2022. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 7.35 percent and annual salary increases of 3.0 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 16 years.

## 16. DEFINED BENEFIT PENSION PLANS - Road Commission

### General Information About the Plan

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

*Benefits Provided.* Pension benefits are calculated as final average compensation (based on a 5 year period) and multiplier of 2%.

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

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	5
Active employees	42
<b>Total membership</b>	<b>94</b>

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

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

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - General	\$17,120/Month	5.3%	Open
10 - Non Union	\$19,170/Month	9.9%	Open

*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.

*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	2.5%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment expense and including inflation

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

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

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.

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### Changes in Net Pension Liability

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2022	\$ 14,617,192	\$ 9,527,332	\$ 5,089,860
Changes for the year:			
Service cost	250,250	-	250,250
Interest	1,033,734	-	1,033,734
Differences between expected and actual experience	(110,399)	-	(110,399)
Changes in assumptions	-	-	-
Employer contributions	-	570,546	(570,546)
Employee contributions	-	168,330	(168,330)
Net investment income	-	1,051,449	(1,051,449)
Benefit payments, including refunds of employee contributions	(967,831)	(967,831)	-
Administrative expense	-	(22,325)	22,325
Other changes	15,656	-	15,656
Net changes	221,410	800,169	(578,759)
Balances at December 31, 2023	\$ 14,838,602	\$ 10,327,501	\$ 4,511,101

*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	\$ 6,058,540	\$ 4,511,101	\$ 3,195,711

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

# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

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

For the year ended December 31, 2023 the Road Commission recognized pension expense of \$845,279. The Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 96,692	\$ 90,014	\$ 6,678
Changes in assumptions	329,994	-	329,994
Net difference between projected and actual earnings on pension plan investments	501,301	-	501,301
<b>Total</b>	<b>\$ 927,987</b>	<b>\$ 90,014</b>	<b>\$ 837,973</b>

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

Year Ended December 31,	Amount
2024	\$ 311,377
2025	324,089
2026	276,472
2027	(73,965)
<b>Total</b>	<b>\$ 837,973</b>

*Payable to the Pension Plan.* At December 31, 2023, the Road Commission had no amounts payable for contributions to the pension plan.

For the government activities, the net pension liability is generally liquidated by the general fund.

## 17. DEFINED CONTRIBUTION PENSION PLAN - PRIMARY GOVERNMENT

The County provides pension benefits to all of its full time employees who are not eligible for the MERS defined benefit plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Hillsdale County Retirement Fund, the County contributes 6.5 - 8.0 percent for all the general County employees' gross earnings and 4 percent for all Medical Care Facility employees. Employees contribute 2-10 percent of earnings. In accordance with these requirements, the County contributed \$374,700 for the year ended December 31, 2023 and employees contributed \$442,223.

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



# COUNTY OF HILLSDALE, MICHIGAN

## Notes to Financial Statements

### 18. POST EMPLOYMENT HEALTH CARE BENEFITS - PRIMARY GOVERNMENT

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

Funding Policy. In 2023, the county opened a Trust to begin funding the normal cost on an annual basis. Covered members are required to contribute 50% of their health insurance cost each month.

Employees Covered by Benefit Terms.

As of Actuarial date 12/31/2023

Active Members	33
Inactive Members	0
Retirees and beneficiaries	2
Total Members	35

Total OPEB Liability and Net OPEB Liability.

The County's total OPEB liability of \$934,843 was measured as of December 31, 2023.

The County contributed \$8,003 into a trust towards funding this liability in 2023.

Actuarial Methods

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

Actuarial assumptions and other inputs.

Return on plan assets	7.00%
Salary Increases	3.25% (for purpose of allocating liability)
Investment rate of return	7.00%
20-year Aa Municipal bond rate	4.00%
Mortality	2010 Public General Employees and Healthy Retirees, Headcount Weighted

Utilization 40% of future retirees will elect coverage at retirement; actual coverage used for non-active

Discount Rate 2.25% for 2021 contribution; 4.31% for December 31, 2022 liability and 2023 contribution  
Rationale - Blended rate based on long term expected return and 20 year Aa Municipal Bond Rate

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at January 1 2023	\$ 1,015,449	\$ 9,605	\$ 1,005,844
Changes during the Year			
Service Cost	20,086	-	20,086
Interest	44,356	-	44,356
Experience (Gains)/Losses	(132,348)	-	(132,348)
Change in plan terms	-	-	-
Change in Actuarial assumptions	18,840	-	18,840
Contributions to OPEB Trust	-	8,003	(8,003)
Benefits paid from Operating Funds	-	12,792	(12,792)
Net Investment Income	-	1,161	(1,161)
Benefit Payments	(12,792)	(12,792)	-
Administrative Expenses	-	(21)	21
Other Changes	-	-	-
Total Changes	(61,858)	9,143	(71,001)
Balance at December 31, 2023	\$ 953,591	\$ 18,748	\$ 934,843

**COUNTY OF HILLSDALE, MICHIGAN**

**Notes to Financial Statements**

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

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

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 1,048,752	\$ 953,591	\$ 867,785
Plan Fiduciary Net Position	18,748	18,748	18,748
Net OPEB Liability	\$ 1,030,004	\$ 934,843	\$ 849,037

For the year ended December 31, 2023, the County recognized an OPEB expense as follows:

Service Cost	\$ 20,086
Interest on Total OPEB Liability	44,356
Experience (Gains)/Losses	(80,733)
Changes of Assumptions	(34,393)
Projected Earnings	(951)
Investment Earnings	(42)
Administrative Expenses	21
Total OPEB Expense	<u>\$ (51,656)</u>

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows	Deferred Inflows
Experience (Gains)/Losses	\$ -	\$ 438,332
Changes of Assumptions	273,376	553,113
Investment Earnings (Gains)/Losses	-	168
Total	<u>\$ 273,376</u>	<u>\$ 991,613</u>

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

Year Ended December 31,	Amount Recognized
2024	\$ (115,168)
2025	(115,168)
2026	(115,168)
2027	(115,295)
2028	(122,225)
Thereafter	(135,213)
	<u>\$ (718,237)</u>

**19. NET INVESTMENT IN CAPITAL ASSETS**

	Governmental activities	Business-type activities
Capital assets not being depreciated	\$ 7,794,343	\$ -
Capital assets being depreciated, net	7,677,230	8,002,672
Total capital assets	15,471,573	8,002,672
Capital related bonds	(2,525,000)	-
Installment contracts	(326,345)	-
Total net investment in capital assets	<u>\$ 12,620,228</u>	<u>\$ 8,002,672</u>

COUNTY OF HILLSDALE, MICHIGAN

Notes to Financial Statements

20. Prior Period Adjustments

	General Fund Fund Bal.
Beginning net position as previously state at January 1, 2023	\$ 1,776,550
Restatement to adjust for lease related items	15,399
Beginning net position as restated at January 1, 2023	<u>\$ 1,791,949</u>
	E-911 Fund Fund Bal.
Beginning net position as previously state at January 1, 2023	\$ 644,454
Restatement to adjust for lease related items	13,468
Beginning net position as restated at January 1, 2023	<u>\$ 657,922</u>
	Governmental Net Position
Beginning net position as previously state at January 1, 2023	\$ 12,128,433
Restatement to adjust for lease related items	28,867
Beginning net position as restated at January 1, 2023	<u>\$ 12,157,300</u>

## Required Supplementary Information

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COUNTY OF HILLSDALE, MICHIGAN

**Required Supplementary Information**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**

	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability							
Service Cost	\$ 196,805	\$ 203,621	\$ 211,620	\$ 207,582	\$ 217,770	\$ 176,311	\$ 188,619
Interest	618,638	653,908	682,800	663,894	694,838	734,760	759,834
Benefit payments, including refund of member contributions	(448,312)	(514,830)	(455,089)	(538,258)	(596,428)	(569,339)	(539,258)
Other Changes	91,178	(15,421)	(195,292)	97,942	216,297	449,650	(106,873)
Net Change in Total Pension Liability	458,309	327,278	244,039	431,160	532,477	791,382	302,322
Total Pension Liability - Beginning	7,871,147	8,329,456	8,656,734	8,900,773	9,331,933	9,864,410	10,655,792
Total Pension Liability - Ending	<u>8,329,456</u>	<u>8,656,734</u>	<u>8,900,773</u>	<u>9,331,933</u>	<u>9,864,410</u>	<u>10,655,792</u>	<u>10,958,114</u>
Plan fiduciary net position							
Contributions - employer	\$ 144,608	\$ 314,432	\$ 184,549	\$ 183,928	\$ 184,320	\$ 534,636	\$ 412,032
Contributions - employee	252,676	254,856	263,244	261,761	248,645	223,149	210,323
Net investment income	605,974	(199,104)	676,479	720,455	871,804	(708,958)	718,496
Benefit payments, including refunds of member contributions	(448,312)	(514,830)	(455,089)	(538,258)	(596,428)	(569,339)	(539,257)
Administrative expense	(9,587)	(9,846)	(11,662)	(11,312)	(10,004)	(12,848)	(15,198)
Other Changes	-	-	1	(1)	-	-	-
Net Change in plan fiduciary net position	545,359	(154,492)	657,522	616,573	698,337	(533,360)	786,396
Total plan fiduciary net position - Beginning	4,576,643	5,122,002	4,967,510	5,625,032	6,241,605	6,939,942	6,406,582
Total plan fiduciary net position - Ending	<u>\$ 5,122,002</u>	<u>\$ 4,967,510</u>	<u>\$ 5,625,032</u>	<u>\$ 6,241,605</u>	<u>\$ 6,939,942</u>	<u>\$ 6,406,582</u>	<u>\$ 7,192,978</u>
County's net pension liability - Ending	<u>\$ 3,207,454</u>	<u>\$ 3,689,224</u>	<u>\$ 3,275,741</u>	<u>\$ 3,090,328</u>	<u>\$ 2,924,468</u>	<u>\$ 4,249,210</u>	<u>\$ 3,765,136</u>
Plan fiduciary net position as a percentage of the total pension liability	61%	57%	63%	67%	70%	60%	66%
Covered - Employee Payroll	1,753,157	1,770,578	1,770,578	1,770,578	1,683,583	1,683,583	1,683,583
County's net pension liability as a percentage of covered-employee payroll	183%	208%	185%	175%	174%	252%	224%
Annual money-weighted rate of return, net investment expense	4%	4%	4%	4%	4%	4%	4%
Actuarially determined contribution	144,608	164,432	184,549	183,928	184,320	184,320	184,320
Contributions in relation to the actuarially determined	(144,608)	(314,432)	(184,549)	(183,928)	(184,320)	(184,320)	(184,320)
Contribution deficiency (excess)	-	(150,000)	-	-	-	-	-
Covered - employee payroll	1,753,157	1,770,578	1,770,578	1,770,578	1,683,583	1,683,583	1,683,583
Contributions as a percentage of covered-employee payroll	-8%	-18%	-10%	-10%	-11%	-11%	-11%

COUNTY OF HILLSDALE, MICHIGAN

**Required Supplementary Information**  
**Schedule of Changes in the OPEB Liability and Related Ratios**

**Retiree Health Care Plan - Primary government**

	2019	2020	2021	2022	2023
Total OPEB Liability - Beginning of Year	1,581,723	1,685,183	2,004,225	1,199,950	1,015,449
Service Cost	33,342	45,449	58,649	34,687	20,086
Interest	56,431	56,183	39,689	27,635	44,356
Experience (Gains)/Losses	(249,277)	(12,656)	(286,860)	(23,096)	(132,348)
Change in Actuarial Assumptions	277,635	244,540	(602,821)	(210,935)	18,840
Benefit Payments	(14,671)	(14,474)	(12,932)	(12,792)	(12,792)
Total OPEB Liability - End of Year	\$ 1,685,183	\$ 2,004,225	\$ 1,199,950	\$ 1,015,449	\$ 953,591
Plan fiduciary net Position					
Contributions - to OPEB Trust	\$ -	\$ -	\$ -	\$ 9,605	\$ 8,003
Contributions - employer	14,671	14,474	12,932	12,792	12,792
Net Investment Income	-	-	-	-	1,161
Benefit Payments	(14,671)	(14,474)	(12,932)	(12,792)	(12,792)
Administrative Expense	-	-	-	-	(21)
Net Change in Plan fiduciary net Position	-	-	-	9,605	9,143
Plan fiduciary net Position - Beginning of Year	-	-	-	-	9,605
Plan fiduciary net Position - End of Year	\$ -	\$ -	\$ -	\$ 9,605	\$ 18,748
Net OPEB Liability - End of Year	1,685,183	2,004,225	1,199,950	1,005,844	934,843
Plan fiduciary net Position as a percentage of total OPEB Liability	0.00%	0.00%	0.00%	0.95%	1.97%
Covered Payroll	1,664,488	1,795,430	1,811,332	2,046,379	2,046,379
Net OPEB liability as a percentage of covered payroll	101.2%	111.6%	66.2%	49.2%	45.7%
Schedule of Employer Contributions					
Service Cost	33,342	45,449	58,649	34,687	20,086
Amortization of unfunded liability	176,208	189,136	241,468	146,185	149,197
Actuarially determined employer contribution	216,905	242,233	305,909	184,941	176,579
Employer contribution (benefit payments)	(14,671)	(14,474)	(12,932)	(22,397)	(20,795)
Contribution deficiency/(excess)	202,234	227,759	292,977	162,544	155,784
Covered Payroll	1,664,488	1,795,430	1,811,332	2,046,379	2,046,379
ADC as a percentage of payroll	0	13.5%	16.9%	9.0%	8.6%
Key Assumptions:					
Inflation		Implicit in expected payroll increases			
Salary		3.00%			
Investment rate of return		N/A; Plan is not pre-funded			
Utilization		40% of eligible employees will elect coverage at retirement.			
20-year Aa Municipal bond rate		4.00%			
Mortality		Public Safety and Public General 2010 Employee and Healthy Retiree, Headcount weighted, IRS 2024 adj scale MP-2021			

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 8,788,435	\$ 8,913,164	\$ 8,950,030	\$ 36,866
<b>Intergovernmental:</b>				
State revenue sharing	1,070,458	1,070,458	1,077,692	7,234
Juvenile Officer's Grant	27,000	27,000	27,317	317
Judges Salaries Grant	270,014	270,014	261,051	(8,963)
Juror Compensation Grant	1,000	1,000	5,275	4,275
Liquor Tax	108,000	108,000	155,803	47,803
Secondary Road Patrol Grant	106,000	106,000	110,935	4,935
Marine Safety Grant	10,000	10,000	12,042	2,042
Emergency Management Grant	10,000	10,000	8,711	(1,289)
Drunk Driving Grant	5,000	5,000	4,886	(114)
Prosecutor - Cooperative Reimbursement Program	80,000	80,000	60,450	(19,550)
FOC - Cooperative Reimbursement Program	300,000	300,000	309,610	9,610
FOC - Other	100,000	100,000	112,350	12,350
Survey and Remonumentation Grant	50,000	56,000	55,044	(956)
State court equity funding	180,000	180,000	214,659	34,659
Elections	50,000	50,000	52,970	2,970
Other intergovernmental revenue	-	34,000	92,608	58,608
<b>Total intergovernmental</b>	<b>2,367,472</b>	<b>2,407,472</b>	<b>2,561,403</b>	<b>153,931</b>
<b>Licenses and permits:</b>				
Dog licenses	35,000	35,000	29,955	(5,045)
Other licenses and permits	101,500	101,500	79,320	(22,180)
<b>Total licenses and permits</b>	<b>136,500</b>	<b>136,500</b>	<b>109,275</b>	<b>(27,225)</b>
<b>Fines and forfeits:</b>				
Ordinance fines and costs	170,000	170,000	190,788	20,788
Bond forfeitures	73,500	73,500	41,933	(31,567)
<b>Total fines and forfeits</b>	<b>243,500</b>	<b>243,500</b>	<b>232,721</b>	<b>(10,779)</b>
<b>Charges for services:</b>				
Circuit Court	25,200	25,200	29,063	3,863
District Court	95,000	95,000	89,863	(5,137)
Friend of the Court	76,000	76,000	72,368	(3,632)
Probate/Family Court	220,450	237,950	258,868	20,918
Clerk	69,000	69,000	55,666	(13,334)
Register of deeds	473,000	473,000	432,255	(40,745)
Sheriff	60,500	60,500	53,332	(7,168)
Equalization	65,000	65,000	78,346	13,346
Other charges for services	92,100	92,100	83,595	(8,505)
<b>Total charges for services</b>	<b>1,176,250</b>	<b>1,193,750</b>	<b>1,153,356</b>	<b>(40,394)</b>

continued...

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Revenues (continued)</b>				
Interest and rentals:				
Interest revenue	150,000	179,595	\$ 380,349	\$ 200,754
Rents	265,841	278,799	267,864	(10,935)
Total interest and rentals	<u>415,841</u>	<u>458,394</u>	<u>648,213</u>	<u>189,819</u>
Other revenue/reimbursements -				
Reimbursements and refunds	883,158	883,158	706,465	(176,693)
<b>Total revenues</b>	<u>14,011,156</u>	<u>14,235,938</u>	<u>14,361,463</u>	<u>125,525</u>
<b>Expenditures</b>				
Legislative -				
Board of Commissioners	94,130	114,130	103,921	(10,209)
Judicial:				
Circuit Court	165,173	184,173	182,707	(1,466)
District Court	533,490	553,490	543,768	(9,722)
Friend of the Court	489,031	429,031	421,664	(7,367)
Jury Commission	4,006	5,006	4,451	(555)
Probate Court	503,495	538,495	528,127	(10,368)
Family/Juvenile Court	140,000	140,000	139,000	(1,000)
Total judicial	<u>1,835,195</u>	<u>1,850,195</u>	<u>1,819,717</u>	<u>(30,478)</u>
General government:				
Elections	117,661	133,661	129,206	(4,455)
Clerk	269,322	276,322	273,499	(2,823)
Register of deeds	165,635	165,635	164,334	(1,301)
Planning	4,889	4,889	-	(4,889)
Equalization	301,231	301,231	271,247	(29,984)
Information technology	427,180	440,710	440,707	(3)
Prosecutor	516,519	481,519	462,568	(18,951)
Survey & Remonumentation	50,000	56,000	55,529	(471)
Treasurer	250,571	220,471	204,968	(15,503)
Finance	116,023	116,023	108,715	(7,308)
MSU Extension	171,306	161,306	155,867	(5,439)
Courthouse and grounds	466,326	466,326	460,044	(6,282)
FOC Building	27,310	27,310	23,434	(3,876)
DHS Building	193,677	151,652	149,433	(2,219)
Drain Commissioner	284,947	224,947	202,669	(22,278)
Bus Garage	24,825	24,825	19,289	(5,536)
Sr Ctr Utility	10,000	13,000	12,147	(853)
MCF Utility	100,000	97,000	94,879	(2,121)
Office building	37,265	37,265	32,593	(4,672)
Total general government	<u>3,534,687</u>	<u>3,400,092</u>	<u>3,261,128</u>	<u>(138,964)</u>

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# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Expenditures (continued)</b>				
Public safety:				
Sheriff's Department	2,096,817	2,181,817	2,184,963	3,146
Secondary Road Patrol Grant	115,455	115,455	107,576	(7,879)
Marine Patrol	13,467	14,467	14,340	(127)
Jail Operation	1,134,053	1,264,053	1,240,389	(23,664)
Emergency Preparedness	57,178	57,178	47,751	(9,427)
Animal Control	37,957	31,047	12,543	(18,504)
Total public safety	<u>3,454,927</u>	<u>3,664,017</u>	<u>3,607,562</u>	<u>(56,455)</u>
Public works -				
Board of Public Works	<u>28,063</u>	<u>29,063</u>	<u>27,823</u>	<u>(1,240)</u>
Health and welfare:				
Health Department/Lifeways Building Maint.	155,436	158,436	129,379	(29,057)
Medical Examiner	135,740	135,740	120,057	(15,683)
Veteran's Burial	10,000	10,000	6,788	(3,212)
Veteran's Affairs Office	66,263	66,263	54,272	(11,991)
District Health Department	242,454	242,454	243,189	735
Mental Health Authority	274,000	274,000	274,000	-
Total health and welfare	<u>883,893</u>	<u>886,893</u>	<u>827,685</u>	<u>(59,208)</u>
Other:				
Employee Benefits	1,813,348	1,644,340	1,619,768	(24,572)
Property/Liability Insurance	431,800	531,400	526,145	(5,255)
Other	460,860	391,060	251,017	(140,043)
Appropriations	60,450	60,950	60,308	(642)
Total other	<u>2,766,458</u>	<u>2,627,750</u>	<u>2,457,238</u>	<u>(170,512)</u>
Capital outlay	<u>148,600</u>	<u>198,595</u>	<u>198,580</u>	<u>(15)</u>
<b>Total expenditures</b>	<u>12,745,953</u>	<u>12,770,735</u>	<u>12,303,654</u>	<u>(467,081)</u>
Revenues over (under) expenditures	<u>1,265,203</u>	<u>1,465,203</u>	<u>2,057,809</u>	<u>592,606</u>
<b>Other financing sources (uses)</b>				
Transfers in	540,373	3,315,405	2,832,988	(482,417)
Transfers out	<u>(1,805,576)</u>	<u>(4,780,608)</u>	<u>(4,760,245)</u>	<u>(20,363)</u>
<b>Total other financing sources (uses)</b>	<u>(1,265,203)</u>	<u>(1,465,203)</u>	<u>(1,927,257)</u>	<u>(462,054)</u>
<b>Net change in fund balances</b>	-	-	130,552	130,552
Fund balances, beginning of year	1,776,550	1,776,550	1,776,550	-
Prior Period Adjustment	-	-	15,399	15,399
<b>Fund balances, end of year</b>	<u>\$ 1,776,550</u>	<u>\$ 1,776,550</u>	<u>\$ 1,922,501</u>	<u>\$ 145,951</u>

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual - Senior Citizen Special Revenue Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Revenues</b>				
Property tax revenue	\$ 1,616,018	\$ 1,616,018	\$ 1,558,859	\$ (57,159)
Intergovernmental	-	-	4,770	4,770
<b>Total Revenues</b>	<u>1,616,018</u>	<u>1,616,018</u>	<u>1,563,629</u>	<u>(52,389)</u>
<b>Expenditures</b>				
Health and welfare	1,616,018	1,616,018	1,586,763	(29,255)
<b>Revenues over expenditures</b>	-	-	(23,134)	(23,134)
<b>Fund balances, beginning of year</b>	<u>184,872</u>	<u>184,872</u>	<u>184,872</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 184,872</u>	<u>\$ 184,872</u>	<u>\$ 161,738</u>	<u>\$ (23,134)</u>

# COUNTY OF HILLSDALE, MICHIGAN

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

Budget and Actual -America Rescue Plan Special Revenue Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 2,345,032	\$ 2,775,032	\$ 2,751,112	\$ (23,920)
Interest	25,000	25,000	-	(25,000)
<b>Total Revenues</b>	<u>2,370,032</u>	<u>2,800,032</u>	<u>2,751,112</u>	<u>(48,920)</u>
<b>Expenditures</b>				
General Government	-	-	-	-
<b>Revenues over expenditures</b>	2,370,032	2,800,032	2,751,112	(48,920)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(2,370,032)	(2,800,032)	(2,751,112)	48,920
<b>Total other financing sources (uses)</b>	<u>(2,370,032)</u>	<u>(2,800,032)</u>	<u>(2,751,112)</u>	<u>48,920</u>
<b>Net change in fund balances</b>	-	-	-	-
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Supplementary Information

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COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds  
December 31, 2023

	Special Revenue									
	Parks	Ambulance	Tobacco and Alcohol Diversion	Sheriff Boat/Marine	E-911 Emergency	Concealed Pistols Permit	Friend of the Court	Register of Deeds Automation	Drug Forfeiture	Law Enforcement Training
<b>Assets</b>										
Cash and investments	\$ 20,089	\$ 116,568	\$ 12,481	\$ 2,672	\$ 582,099	\$ 109,745	\$ 122,015	\$ 211,296	\$ 5,539	\$ 951
Taxes receivable	-	1,582,502	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	55,380	124	3,063	25	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Leases receivable	-	-	-	-	(6,030)	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	19,761	-	-	-	-	-
<b>Total assets</b>	<b>\$ 20,089</b>	<b>\$ 1,699,070</b>	<b>\$ 12,481</b>	<b>\$ 2,672</b>	<b>\$ 651,210</b>	<b>\$ 109,869</b>	<b>\$ 125,078</b>	<b>\$ 211,321</b>	<b>\$ 5,539</b>	<b>\$ 951</b>
<b>Liabilities</b>										
Accounts payable	\$ 9,195	\$ -	\$ -	\$ -	\$ 13,307	\$ -	\$ -	\$ -	\$ 539	\$ -
Unearned revenue	6,885	-	-	-	-	-	-	-	-	-
Accrued liabilities	1,538	-	-	-	25,878	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>17,618</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>539</b>	<b>-</b>
<b>Deferred inflows of resources</b>										
Taxes levied for subsequent periods	-	1,659,302	-	-	(20,855)	-	-	-	-	-
<b>Fund balances</b>										
Nonspendable	-	-	-	-	19,761	-	-	-	-	-
Restricted	-	39,768	-	-	613,119	109,869	125,078	211,321	5,000	951
Assigned	2,471	-	12,481	2,672	-	-	-	-	-	-
<b>Total fund balances</b>	<b>2,471</b>	<b>39,768</b>	<b>12,481</b>	<b>2,672</b>	<b>632,880</b>	<b>109,869</b>	<b>125,078</b>	<b>211,321</b>	<b>5,000</b>	<b>951</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 20,089</b>	<b>\$ 1,699,070</b>	<b>\$ 12,481</b>	<b>\$ 2,672</b>	<b>\$ 651,210</b>	<b>\$ 109,869</b>	<b>\$ 125,078</b>	<b>\$ 211,321</b>	<b>\$ 5,539</b>	<b>\$ 951</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds  
December 31, 2023

	Special Revenue											
	County Law Library	County House Arrest	Strategic Facility Grant	Sheriff Grant Fund	Child Abuse	Department of Human Services	Department of Human Services Child Care	Probate Child Care	Soldiers' and Sailors' Relief	Opioid Settlement Funds	Veterans' Service Grant	Veterans' Incentive Grant
<b>Assets</b>												
Cash and investments	\$ 5,379	\$ 23,809	\$ 1,650	\$ 18,189	\$ 53,393	\$ 10,189	\$ -	\$ -	\$ 27,522	\$ 263,555	\$ 17,020	\$ 5,629
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	11,565	-	-	-	-	174,224	-	-	-	-
Due from other funds	-	-	-	-	19,062	-	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	200	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	9,132	-	-	-	-
<b>Total assets</b>	<u>\$ 5,379</u>	<u>\$ 24,009</u>	<u>\$ 13,215</u>	<u>\$ 18,189</u>	<u>\$ 72,455</u>	<u>\$ 10,189</u>	<u>\$ -</u>	<u>\$ 183,356</u>	<u>\$ 27,522</u>	<u>\$ 263,555</u>	<u>\$ 17,020</u>	<u>\$ 5,629</u>
<b>Liabilities</b>												
Accounts payable	\$ 1,094	\$ -	\$ -	\$ -	\$ -	\$ 4,496	\$ 433	\$ 32,590	\$ 6,151	\$ -	\$ 1,725	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	40,263	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	107,310	-	-	-	-
<b>Total liabilities</b>	<u>1,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,496</u>	<u>433</u>	<u>180,163</u>	<u>6,151</u>	<u>-</u>	<u>1,725</u>	<u>-</u>
<b>Deferred inflows of resources</b>												
Taxes levied for subsequent periods	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fund balances</b>												
Nonspendable	-	-	-	-	-	-	-	9,132	-	-	-	-
Restricted	4,285	24,009	13,215	18,189	72,455	5,693	(433)	(5,939)	21,371	263,555	15,295	5,629
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<u>4,285</u>	<u>24,009</u>	<u>13,215</u>	<u>18,189</u>	<u>72,455</u>	<u>5,693</u>	<u>(433)</u>	<u>3,193</u>	<u>21,371</u>	<u>263,555</u>	<u>15,295</u>	<u>5,629</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 5,379</u>	<u>\$ 24,009</u>	<u>\$ 13,215</u>	<u>\$ 18,189</u>	<u>\$ 72,455</u>	<u>\$ 10,189</u>	<u>\$ -</u>	<u>\$ 183,356</u>	<u>\$ 27,522</u>	<u>\$ 263,555</u>	<u>\$ 17,020</u>	<u>\$ 5,629</u>

COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds  
December 31, 2023

	Special Revenue									Debt Service
	Veterans' Respite Care	Homeland Security	GIS/Mapping Technology	Indigent Defense	Drug Court	Sheriff K-9	Coronavirus Emergency Supplemental Funding	Community Mental Health	Veterans' Scholarship	Court House
<b>Assets</b>										
Cash and investments	\$ 2,899	\$ -	\$ 7,936	\$ 167,365	\$ 149,590	\$ 1,698	\$ -	\$ 117,833	\$ -	\$ 25
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	64,759	5	27,874	791,170	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Leases receivable	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,899</b>	<b>\$ -</b>	<b>\$ 7,936</b>	<b>\$ 167,365</b>	<b>\$ 214,349</b>	<b>\$ 1,703</b>	<b>\$ 27,874</b>	<b>\$ 909,003</b>	<b>\$ -</b>	<b>\$ 25</b>
<b>Liabilities</b>										
Accounts payable	\$ -	\$ (6,000)	\$ -	\$ 1,093	\$ 19,091	\$ -	\$ 255	\$ 825,681	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	1,809	-	-	-	-	26,278	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>(4,191)</b>	<b>-</b>	<b>1,093</b>	<b>19,091</b>	<b>-</b>	<b>26,533</b>	<b>825,681</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>										
Taxes levied for subsequent periods	-	-	-	-	-	-	-	-	-	-
<b>Fund balances</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	2,899	-	-	-	195,258	1,703	1,341	83,322	-	25
Assigned	-	4,191	7,936	166,272	-	-	-	-	-	-
<b>Total fund balances</b>	<b>2,899</b>	<b>4,191</b>	<b>7,936</b>	<b>166,272</b>	<b>195,258</b>	<b>1,703</b>	<b>1,341</b>	<b>83,322</b>	<b>-</b>	<b>25</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,899</b>	<b>\$ -</b>	<b>\$ 7,936</b>	<b>\$ 167,365</b>	<b>\$ 214,349</b>	<b>\$ 1,703</b>	<b>\$ 27,874</b>	<b>\$ 909,003</b>	<b>\$ -</b>	<b>\$ 25</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Balance Sheet - Nonmajor Governmental Funds  
December 31, 2023

	Debt Service				Capital Projects			Permanent	Total	
	Medical Care Facility Debt Service	Medical Care Facility Small House	Court House HVAC Debt Service	County Office Building	Improvement Fund	Medical Care Facility	E911 Construction Fund	Court House HVAC Fund		MCF Endowment
<b>Assets</b>										
Cash and investments	269,702	720	-	-	1,862,612	-	-	2,613	3,383	4,196,166
Taxes receivable	483,585	-	-	-	-	-	-	-	-	2,066,087
Accounts receivable	-	-	-	-	-	-	-	-	-	1,128,189
Due from other funds	-	-	-	-	-	-	-	-	-	19,062
Leases receivable	-	-	-	-	-	-	-	-	-	(6,030)
Due from other governments	-	-	-	-	-	-	-	-	-	200
Prepaid expenditures	-	-	-	-	-	-	-	-	-	28,893
<b>Total assets</b>	<b>\$ 753,287</b>	<b>\$ 720</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,862,612</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,613</b>	<b>\$ 3,383</b>	<b>\$ 7,432,567</b>
<b>Liabilities</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 909,650
Unearned revenue	-	-	-	-	-	-	-	-	-	6,885
Accrued liabilities	-	-	-	-	-	-	-	-	-	67,679
Due to other funds	-	-	-	-	-	-	-	-	-	135,397
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,119,611</b>
<b>Deferred inflows of resources</b>										
Taxes levied for subsequent periods	162,539	-	-	-	-	-	-	-	-	1,800,986
<b>Fund balances</b>										
Nonspendable	-	-	-	-	-	-	-	-	3,383	32,276
Restricted	590,748	720	-	-	-	-	-	2,613	-	2,421,059
Assigned	-	-	-	-	1,862,612	-	-	-	-	2,058,635
<b>Total fund balances</b>	<b>590,748</b>	<b>720</b>	<b>-</b>	<b>-</b>	<b>1,862,612</b>	<b>-</b>	<b>-</b>	<b>2,613</b>	<b>3,383</b>	<b>4,511,970</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 753,287</b>	<b>\$ 720</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,862,612</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,613</b>	<b>\$ 3,383</b>	<b>\$ 7,432,567</b>



COUNTY OF HILLSDALE, MICHIGAN

■ Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2023

	Special Revenue									
	Parks	Ambulance	Tobacco and Alcohol Diversion	Sheriff Boat/Marine	E-911 Emergency	Concealed Pistols Permit	Friend of the Court	Register of Deeds Automation	Drug Forfeiture	Law Enforcement Training
<b>Revenues</b>										
Property taxes	\$ -	\$ 1,562,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	3,601	-	-	-	12,400	-	-	-
Charges for services	-	-	-	-	1,250,164	18,941	-	-	-	-
Refunds and reimbursements	-	-	-	-	600	-	-	-	-	-
Interest and rentals	861	-	-	-	16,714	-	-	-	-	-
Other revenue	47,283	-	-	4,650	74,350	-	13,944	38,205	1,278	7,040
<b>Total revenues</b>	<b>48,144</b>	<b>1,562,374</b>	<b>3,601</b>	<b>4,650</b>	<b>1,341,828</b>	<b>18,941</b>	<b>26,344</b>	<b>38,205</b>	<b>1,278</b>	<b>7,040</b>
<b>Expenditures</b>										
Current:										
Judicial	-	-	-	-	-	-	487	-	-	-
General government	-	-	-	-	-	-	-	-	-	-
Community & Economic Development	-	-	-	-	-	-	-	81,003	-	-
Public safety	-	-	1	-	1,244,143	17,093	-	-	2,496	7,550
Health and welfare	-	1,589,308	-	-	-	-	-	-	-	-
Recreation and culture	87,182	7	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	5,000	79,439	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>87,182</b>	<b>1,589,315</b>	<b>1</b>	<b>5,000</b>	<b>1,323,582</b>	<b>17,093</b>	<b>487</b>	<b>81,003</b>	<b>2,496</b>	<b>7,550</b>
Revenues over (under) expenditures	(39,038)	(26,941)	3,600	(350)	18,246	1,848	25,857	(42,798)	(1,218)	(510)
<b>Other financing sources (uses)</b>										
Transfers in	40,000	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(43,288)	-	(66,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,288)</b>	<b>-</b>	<b>(66,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>962</b>	<b>(26,941)</b>	<b>3,600</b>	<b>(350)</b>	<b>(25,042)</b>	<b>1,848</b>	<b>(40,143)</b>	<b>(42,798)</b>	<b>(1,218)</b>	<b>(510)</b>
Fund balances (deficit), beginning of year	1,509	66,709	8,881	3,022	644,454	108,021	165,221	254,119	6,218	1,461
Prior Period Adjustment	-	-	-	-	13,468	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 2,471</b>	<b>\$ 39,768</b>	<b>\$ 12,481</b>	<b>\$ 2,672</b>	<b>\$ 632,880</b>	<b>\$ 109,869</b>	<b>\$ 125,078</b>	<b>\$ 211,321</b>	<b>\$ 5,000</b>	<b>\$ 951</b>

COUNTY OF HILLSDALE, MICHIGAN

■ Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2023

	Special Revenue											
	County Law Library	County House Arrest	Strategic Facility Grant	Sheriff Grant Fund	Child Abuse	Department of Human Services	Department of Human Services Child Care	Probate Child Care	Soldiers' and Sailors' Relief	Opioid Settlement Funds	Veterans' Service Grant	Veterans' Incentive Grant
<b>Revenues</b>												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	16,639	213,700	-	-	-	-	-	63,437	53,894	-
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-	-	-	64,175	-	-	-	-
Interest and rentals	-	-	-	-	-	-	-	941	-	-	-	-
Other revenue	5,000	9,673	-	-	-	-	-	560,931	633	-	-	-
<b>Total revenues</b>	<b>5,000</b>	<b>9,673</b>	<b>16,639</b>	<b>213,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>626,047</b>	<b>633</b>	<b>63,437</b>	<b>53,894</b>	<b>-</b>
<b>Expenditures</b>												
Current:												
Judicial	13,348	250	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	-	-	-	-
Community & Economic Development	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	1	3,424	195,511	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	27,197	18,395	1,782,635	174,287	13,067	71,958	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>13,348</b>	<b>251</b>	<b>3,424</b>	<b>195,511</b>	<b>-</b>	<b>27,197</b>	<b>18,395</b>	<b>1,782,635</b>	<b>174,287</b>	<b>13,067</b>	<b>71,958</b>	<b>-</b>
Revenues over (under) expenditures	(8,348)	9,422	13,215	18,189	-	(27,197)	(18,395)	(1,156,588)	(173,654)	50,370	(18,064)	-
<b>Other financing sources (uses)</b>												
Transfers in	-	-	-	-	-	30,000	-	1,159,462	176,265	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>1,159,462</b>	<b>176,265</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(8,348)</b>	<b>9,422</b>	<b>13,215</b>	<b>18,189</b>	<b>-</b>	<b>2,803</b>	<b>(18,395)</b>	<b>2,874</b>	<b>2,611</b>	<b>50,370</b>	<b>(18,064)</b>	<b>-</b>
Fund balances (deficit), beginning of year	12,633	14,587	-	-	72,455	2,890	17,962	319	18,760	213,185	33,359	5,629
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 4,285</b>	<b>\$ 24,009</b>	<b>\$ 13,215</b>	<b>\$ 18,189</b>	<b>\$ 72,455</b>	<b>\$ 5,693</b>	<b>\$ (433)</b>	<b>\$ 3,193</b>	<b>\$ 21,371</b>	<b>\$ 263,555</b>	<b>\$ 15,295</b>	<b>\$ 5,629</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2023

	Special Revenue									Debt Service
	Veterans' Respite Care	Homeland Security	GIS/Mapping Technology	Indigent Defense	Drug Court	Sheriff K-9	Coronavirus Emergency Supplemental Funding	Community Mental Health	Veterans' Scholarship	Court House
<b>Revenues</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 782,456	\$ -	\$ -
Intergovernmental	-	18,383	-	446,196	52,528	-	28,659	-	-	-
Contributions	-	-	-	-	-	-	-	-	350	-
Fines and forfeits	-	-	-	-	169,761	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	1,417	7,110	-	-	-	-	-
Interest and rentals	-	-	-	-	-	-	-	1,413	-	-
Other revenue	-	-	1,506	-	184,288	1,703	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>18,383</b>	<b>1,506</b>	<b>447,613</b>	<b>413,687</b>	<b>1,703</b>	<b>28,659</b>	<b>783,869</b>	<b>350</b>	<b>-</b>
<b>Expenditures</b>										
Current:										
Judicial	-	-	-	429,314	-	-	-	3	-	-
General government	-	-	-	-	-	-	-	-	-	-
Community & Economic Development	-	-	-	-	-	-	-	-	-	-
Public safety	-	13,751	-	-	402,255	-	27,911	-	-	-
Health and welfare	217	-	-	-	-	-	-	796,726	7,283	-
Recreation and culture	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	5,221	-	-	-	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>217</b>	<b>18,972</b>	<b>-</b>	<b>429,314</b>	<b>402,255</b>	<b>-</b>	<b>27,911</b>	<b>796,729</b>	<b>7,283</b>	<b>-</b>
Revenues over (under) expenditures	(217)	(589)	1,506	18,299	11,432	1,703	748	(12,860)	(6,933)	-
<b>Other financing sources (uses)</b>										
Transfers in	-	-	-	114,646	-	-	-	-	4,000	-
Transfers out	(4,000)	-	-	(3,351)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(4,000)</b>	<b>-</b>	<b>-</b>	<b>111,295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(4,217)</b>	<b>(589)</b>	<b>1,506</b>	<b>129,594</b>	<b>11,432</b>	<b>1,703</b>	<b>748</b>	<b>(12,860)</b>	<b>(2,933)</b>	<b>-</b>
Fund balances (deficit), beginning of year	7,116	4,780	6,430	36,678	183,826	-	593	96,182	2,933	25
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 2,899</b>	<b>\$ 4,191</b>	<b>\$ 7,936</b>	<b>\$ 166,272</b>	<b>\$ 195,258</b>	<b>\$ 1,703</b>	<b>\$ 1,341</b>	<b>\$ 83,322</b>	<b>\$ -</b>	<b>\$ 25</b>

COUNTY OF HILLSDALE, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
Year Ended December 31, 2023

	Debt Service				Capital Projects				Permanent	Total
	Medical Care Facility Debt Service	Medical Care Facility Small House	Court House HVAC Debt Service	County Office Building	Improvement Fund	Medical Care Facility	E911 Construction Fund	Court House HVAC Fund	MCF Endowment	
<b>Revenues</b>										
Property taxes	\$ 606,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,951,300
Intergovernmental	-	-	-	-	-	-	-	-	-	893,436
Contributions	-	-	-	-	-	-	-	-	-	350
Fines and forfeits	-	-	-	-	-	-	-	-	-	185,762
Charges for services	-	-	-	-	-	-	-	-	-	1,269,105
Refunds and reimbursements	-	-	-	-	-	-	-	-	-	73,302
Interest and rentals	108	-	-	-	-	-	-	1,883	113	22,033
Other revenue	-	-	-	-	357,926	-	-	-	-	1,308,410
<b>Total revenues</b>	<b>606,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>357,926</b>	<b>-</b>	<b>-</b>	<b>1,883</b>	<b>113</b>	<b>6,703,698</b>
<b>Expenditures</b>										
Current:										
Judicial	-	-	-	-	-	-	-	-	-	443,402
General government	-	-	-	-	87,180	-	-	-	-	87,180
Community & Economic Development	-	-	-	-	-	-	-	-	-	81,003
Public safety	-	-	-	-	-	-	-	-	-	1,914,136
Health and welfare	-	-	-	-	-	985	-	-	-	4,482,058
Recreation and culture	-	-	-	-	-	-	-	-	-	87,189
Capital outlay	-	-	-	-	7,483,906	-	-	-	-	7,573,566
Debt service										
Principal	570,000	-	135,000	60,000	-	-	40,000	-	-	805,000
Interest	67,815	-	1,725	8,085	-	-	3,288	-	-	80,913
<b>Total expenditures</b>	<b>637,815</b>	<b>-</b>	<b>136,725</b>	<b>68,085</b>	<b>7,571,086</b>	<b>985</b>	<b>43,288</b>	<b>-</b>	<b>-</b>	<b>15,554,447</b>
Revenues over (under) expenditures	(31,237)	-	(136,725)	(68,085)	(7,213,160)	(985)	(43,288)	1,883	113	(8,850,749)
<b>Other financing sources (uses)</b>										
Transfers in	80,938	-	136,725	68,085	3,016,562	-	43,288	-	-	4,869,971
Transfers out	-	-	-	-	-	-	-	-	-	(116,639)
<b>Total other financing sources (uses)</b>	<b>80,938</b>	<b>-</b>	<b>136,725</b>	<b>68,085</b>	<b>3,016,562</b>	<b>-</b>	<b>43,288</b>	<b>-</b>	<b>-</b>	<b>4,753,332</b>
<b>Net changes in fund balances</b>	<b>49,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,196,598)</b>	<b>(985)</b>	<b>-</b>	<b>1,883</b>	<b>113</b>	<b>(4,097,417)</b>
Fund balances (deficit), beginning of year	541,047	720	-	-	6,059,210	985	-	730	3,270	8,595,919
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	13,468
<b>Fund balances, end of year</b>	<b>\$ 590,748</b>	<b>\$ 720</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,862,612</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,613</b>	<b>\$ 3,383</b>	<b>\$ 4,511,970</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds  
December 31, 2023

	Non Major Delinquent Tax Revolving	Building Inspection	Geographic Information Systems	Total
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 1,922,872	\$ 2,053,555	\$ 32,476	\$ 4,008,903
Taxes receivable	79,299	-	-	79,299
Accounts receivable	64,337	-	38	64,375
Interest receivable	293,004	-	-	293,004
Prepays	1,868	4,314	-	6,182
<b>Total current assets</b>	<b>2,361,380</b>	<b>2,057,869</b>	<b>32,514</b>	<b>4,451,763</b>
Noncurrent assets:				
Capital assets	-	25,195	-	25,195
<b>Total noncurrent assets</b>	<b>-</b>	<b>25,195</b>	<b>-</b>	<b>25,195</b>
<b>Total assets</b>	<b>2,361,380</b>	<b>2,083,064</b>	<b>32,514</b>	<b>4,476,958</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	25,267	673	-	25,940
Accrued liabilities	350	4,340	-	4,690
Due to other governments	2,432	-	-	2,432
<b>Total current liabilities</b>	<b>28,049</b>	<b>5,013</b>	<b>-</b>	<b>33,062</b>
<b>Total liabilities</b>	<b>28,049</b>	<b>5,013</b>	<b>-</b>	<b>33,062</b>
<b>Net position</b>				
Net investment in capital assets	-	25,195	-	25,195
Unrestricted	2,333,331	2,052,856	32,514	4,418,701
<b>Total net position</b>	<b>\$ 2,333,331</b>	<b>\$ 2,078,051</b>	<b>\$ 32,514</b>	<b>\$ 4,443,896</b>

# COUNTY OF HILLSDALE, MICHIGAN

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

Nonmajor Enterprise Funds

Year Ended December 31, 2023

	Non Major Delinquent Tax Revolving	Building Inspection	Geographic Information Systems	Total
<b>Operating revenues</b>				
Charges for services	\$ 385,973	\$ 695,987	\$ 12,511	\$ 1,094,471
Refunds and reimbursements	-	11,322	-	11,322
Other operating revenue	631	-	-	631
<b>Total operating revenues</b>	<b>386,604</b>	<b>707,309</b>	<b>12,511</b>	<b>1,106,424</b>
<b>Operating expenses</b>				
Depreciation	-	11,642	-	11,642
Cost of services	92,334	462,889	9,442	564,665
<b>Total operating expenses</b>	<b>92,334</b>	<b>474,531</b>	<b>9,442</b>	<b>576,307</b>
<b>Operating income (loss)</b>	<b>294,270</b>	<b>232,778</b>	<b>3,069</b>	<b>530,117</b>
<b>Non-operating revenues (expenses)</b>				
Interest revenue	4,920	-	-	4,920
Interest expense	(1)	-	-	(1)
<b>Total non-operating revenues (expenses)</b>	<b>4,919</b>	<b>-</b>	<b>-</b>	<b>4,919</b>
Income (loss) before transfers	299,189	232,778	3,069	535,036
<b>Transfers</b>				
Transfers in	-	-	18,500	18,500
Transfers out	(12,525)	-	-	(12,525)
<b>Change in net position</b>	<b>286,664</b>	<b>232,778</b>	<b>21,569</b>	<b>541,011</b>
Net position, beginning of year	2,046,667	1,845,273	10,945	3,902,885
<b>Net position, end of year</b>	<b>\$ 2,333,331</b>	<b>\$ 2,078,051</b>	<b>\$ 32,514</b>	<b>\$ 4,443,896</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds  
Year Ended December 31, 2023

	Non Major Delinquent Tax Revolving	Building Inspection	Geographic Information Systems	Total
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 505,925	\$ 707,309	\$ 12,472	\$ 1,225,706
Cash payments to suppliers for goods and services	(87,835)	(467,199)	(9,404)	(564,438)
<b>Net cash provided by (used in) operating activities</b>	<b>418,090</b>	<b>240,110</b>	<b>3,068</b>	<b>661,268</b>
<b>Cash flows from non-capital financing activities</b>				
Transfers in/out	(12,525)	-	18,500	5,975
<b>Net cash provided by (used in) operating activities</b>	<b>(12,525)</b>	<b>-</b>	<b>18,500</b>	<b>5,975</b>
<b>Cash flows from capital and related financing activities</b>				
Principal payments	(800,000)	-	-	(800,000)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(800,000)</b>	<b>-</b>	<b>-</b>	<b>(800,000)</b>
<b>Cash flows from investing activities</b>				
Interest received	4,919	-	-	4,919
<b>Total cash provided by (used in) investing activities</b>	<b>4,919</b>	<b>-</b>	<b>-</b>	<b>4,919</b>
<b>Net change in cash and cash equivalents</b>	<b>(389,516)</b>	<b>240,110</b>	<b>21,568</b>	<b>(127,838)</b>
Cash and cash equivalents, beginning of year	2,312,388	1,813,445	10,908	4,136,741
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,922,872</b>	<b>\$ 2,053,555</b>	<b>\$ 32,476</b>	<b>\$ 4,008,903</b>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 294,270	\$ 232,778	\$ 3,069	\$ 530,117
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	11,642	-	11,642
(Increase) decrease in:				
Taxes receivable	237,626	-	-	237,626
Accounts receivable	29,780	-	(39)	29,741
Interest receivable	(148,085)	-	-	(148,085)
Prepays	500	(4,314)	38	(3,776)
Accounts payable	3,999	4	-	4,003
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 418,090</b>	<b>\$ 240,110</b>	<b>\$ 3,068</b>	<b>\$ 661,268</b>

COUNTY OF HILLSDALE, MICHIGAN

**Combining Statement of Fiduciary Assets and Liabilities**  
 Agency Funds  
 December 31, 2023

	Trust & Agency	Library Penal Fines	Employee Benefit Trust	Sheriff Department Retirement	District Court	Inmate Trust	Community Development Block Grant	Total
<b>Assets</b>								
Cash and investments	\$ 1,067,965	\$ 76,984	\$ 1,362	\$ 3,405	\$ 2,981	\$ 80,117	\$ 59,707	\$ 1,292,521
<b>Liabilities</b>								
Due to other governments	\$ 571,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 571,685
Undistributed receipts	496,280	76,984	1,362	3,405	2,981	80,117	59,707	720,836
<b>Total liabilities</b>	<u>\$ 1,067,965</u>	<u>\$ 76,984</u>	<u>\$ 1,362</u>	<u>\$ 3,405</u>	<u>\$ 2,981</u>	<u>\$ 80,117</u>	<u>\$ 59,707</u>	<u>\$ 1,292,521</u>



COUNTY OF HILLSDALE, MICHIGAN

**Combining Statement of Changes of Fiduciary Net Position**  
 Agency Funds  
 December 31, 2023

	Trust & Agency	Library Penal Fines	Employee Benefit Trust	Sheriff Department Retirement	District Court	Inmate Trust	Community Development Block Grant	Total
<b>Additions</b>								
Taxes/Fees/Fines	\$ 22,172,947	\$ 127,080	\$ -	\$ 841,918	\$ 82,004	\$ 88,773	\$ 19,097	\$ 23,331,820
<b>Deductions</b>								
Distributions	\$ 22,172,947	\$ 127,080	\$ -	\$ 841,918	\$ 82,004	\$ 88,773	\$ 19,097	\$ 23,331,820
<b>Changes in Net Position</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Position Beginning of Year</b>	-	-	-	-	-	-	-	-
<b>Net Position End of Year</b>	-	-	-	-	-	-	-	\$ -

COUNTY OF HILLSDALE, MICHIGAN

Statement of Net Position / Governmental Funds Balance Sheet

Drain Commission Component Unit  
December 31, 2023

	Debt Service		Capital Projects				Total	Internal Service		Statement of Net Position
	Drain Construction Debt	Drain Special Assessment	Drain Revolving	Lake Level Special Assessment	Lake Level Revolving	Drain Construction		Drain Equipment Revolving	Adjustments	
<b>Assets</b>										
Cash and investments	\$ 318	\$ 782,644	\$ 142,413	\$ 19,069	\$ 59,630	\$ -	\$ 1,004,074	\$ 107,157	\$ -	\$ 1,111,231
Special assessments receivable	-	388,975	-	50,460	-	-	439,435	-	-	439,435
Due from other funds	-	-	69,919	-	60,212	-	130,131	-	(130,131)	-
Capital assets, net	-	-	-	-	-	-	-	679,202	-	679,202
<b>Total assets</b>	<b>\$ 318</b>	<b>\$ 1,171,619</b>	<b>\$ 212,332</b>	<b>\$ 69,529</b>	<b>\$ 119,842</b>	<b>\$ -</b>	<b>\$ 1,573,640</b>	<b>\$ 786,359</b>	<b>(130,131)</b>	<b>2,229,868</b>
<b>Liabilities</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (207)	\$ -	\$ (207)
Due to other funds	-	69,919	-	60,212	-	-	130,131	-	(130,131)	-
Long Term Liabilities	-	-	-	-	-	-	-	-	1,048,189	1,048,189
Advance to Primary Government	-	-	-	-	225,000	-	225,000	-	-	225,000
<b>Total liabilities</b>	<b>-</b>	<b>69,919</b>	<b>-</b>	<b>60,212</b>	<b>225,000</b>	<b>-</b>	<b>355,131</b>	<b>(207)</b>	<b>918,058</b>	<b>1,272,982</b>
<b>Deferred inflows of resources</b>										
Unavailable revenue - special assessments	-	388,975	-	50,460	-	-	439,435	-	(439,435)	-
<b>Fund balances</b>	<b>318</b>	<b>712,725</b>	<b>212,332</b>	<b>(41,143)</b>	<b>(105,158)</b>	<b>-</b>	<b>779,074</b>	<b>786,566</b>	<b>(1,565,640)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 318</b>	<b>\$ 1,171,619</b>	<b>\$ 212,332</b>	<b>\$ 69,529</b>	<b>\$ 119,842</b>	<b>\$ -</b>	<b>\$ 1,573,640</b>	<b>\$ 786,359</b>		
<b>Net position</b>										
Net investment in capital assets									679,202	679,202
Unrestricted									277,684	277,684
<b>Total net position</b>									<b>\$ 956,886</b>	<b>\$ 956,886</b>

# COUNTY OF HILLSDALE, MICHIGAN

## Reconciliation

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

<b>Fund balances - governmental funds</b>	<b>\$ 779,074</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain activities, for equipment usage, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in the internal service fund	786,566
Long-term liability used in governmental activities are not financial resources and therefore are not reported in funds.	(1,048,189)
Other long-term assets are not available to pay current year expenditures and, therefore, are not recorded in the funds.	
Deferred inflows on long-term special assessments receivable	<u>439,435</u>
<b>Net position of governmental activities</b>	<b><u>\$ 956,886</u></b>

COUNTY OF HILLSDALE, MICHIGAN

**Statement of Activities / Governmental Funds Revenues,**  
 Expenditures, and Changes in Fund Balances  
 Drain Commission Component Unit  
 Year Ended December 31, 2023

	Debt Service	Capital Projects					Total	Internal Service	Adjustments	Statement of Net Activities
	Drain Construction Debt	Drain Special Assessment	Drain Revolving	Lake Level Special Assessment	Lake Level Revolving	Drain Construction		Drain Equipment Revolving		
<b>Revenues</b>										
Interest revenue	\$ (1)	\$ 18,511	\$ -	\$ 6	\$ -	\$ -	\$ 18,516	\$ 28	\$ -	\$ 18,544
Equipment rentals	\$ -	-	-	-	-	-	-	99,482	-	99,482
Other revenue	-	341,652	-	152,578	-	-	494,230	-	(31,813)	462,417
<b>Total revenues</b>	<b>(1)</b>	<b>360,163</b>	<b>-</b>	<b>152,584</b>	<b>-</b>	<b>-</b>	<b>512,746</b>	<b>99,510</b>	<b>(31,813)</b>	<b>580,443</b>
<b>Expenditures/Expenses</b>										
Public works	171,086	160,633	-	101,935	-	-	433,654	-	(157,759)	275,895
Operating Expense	-	-	-	-	-	-	-	99,786	-	99,786
Depreciation	-	-	-	-	-	-	-	68,387	-	68,387
<b>Total expenditures/expenses</b>	<b>171,086</b>	<b>160,633</b>	<b>-</b>	<b>101,935</b>	<b>-</b>	<b>-</b>	<b>433,654</b>	<b>168,173</b>	<b>(157,759)</b>	<b>444,068</b>
<b>Excess of revenues over (under) expenditures/expenses</b>	<b>(171,087)</b>	<b>199,530</b>	<b>-</b>	<b>50,649</b>	<b>-</b>	<b>-</b>	<b>79,092</b>	<b>(68,663)</b>	<b>125,946</b>	<b>136,375</b>
<b>Other financing sources (uses)</b>										
Transfers In	171,087	-	-	-	-	-	171,087	-	-	171,087
Transfers Out	-	(169,386)	(1,701)	-	-	-	(171,087)	-	-	(171,087)
<b>Net change in fund balances/ change in net position</b>	<b>-</b>	<b>30,144</b>	<b>(1,701)</b>	<b>50,649</b>	<b>-</b>	<b>-</b>	<b>79,092</b>	<b>(68,663)</b>	<b>125,946</b>	<b>136,375</b>
Fund balances / net position, Beginning of year	318	682,581	214,033	(91,792)	(105,158)	-	699,982	855,229	(734,700)	820,511
<b>Fund balances / net position, end of year</b>	<b>\$ 318</b>	<b>\$ 712,725</b>	<b>\$ 212,332</b>	<b>\$ (41,143)</b>	<b>\$ (105,158)</b>	<b>\$ -</b>	<b>\$ 779,074</b>	<b>\$ 786,566</b>	<b>\$ (608,754)</b>	<b>\$ 956,886</b>

**COUNTY OF HILLSDALE, MICHIGAN**

**Statement of Net Position / Governmental Funds Balance Sheet**

Drain Commission Component Unit  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balance to the Statement of Activities  
 Year Ended December 31, 2023

Net change in fund balance - Governmental funds \$ 79,092

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

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

Net operating change from governmental activities accounted for in the internal service fund 57,283

**Change in net position of governmental activities \$ 136,375**

## Reports on Compliance

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

**KINROSS OFFICE**

KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

TORI N. KRUISE, CPA

MEMBER AICPA DIVISION FOR  
CPA FIRMS

MEMBER MACPA

OFFICES IN MICHIGAN

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Hillsdale, Michigan, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County of Hillsdale, Michigan's basic financial statements and have issued our report thereon dated June 28, 2024. Our report includes a reference to other auditors who audited the financial statements of the Hillsdale County Road Commission and Medical Care Facility as described in our report on the County of Hillsdale, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

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

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

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

### Report on Compliance and Other Matters

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

### Purpose of this Report

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



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

June 28, 2024





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

**KINROSS OFFICE**

KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

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MEMBER AICPA DIVISION FOR  
CPA FIRMS

MEMBER MACPA  
OFFICES IN MICHIGAN

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

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

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

***Opinion on Each Major Federal Program***

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

The County of Hillsdale, Michigan's basic financial statements include the operations of the Hillsdale County Road Commission and Medical Care Facility, which received \$1,368,199 and \$813,097, respectively, in federal awards, which are not included in the County of Hillsdale, Michigan's schedule of expenditures of federal awards during the year ended December 31, 2023. Our audit, described below, did not include the operations of the Hillsdale County Road Commission or Medical Care Facility because they were engaged by other auditors to perform a separate financial audit and it did not meet compliance requirements for a single audit in accordance with the Uniform Guidance, as expenditures of directly administered federal awards did not exceed \$750,000.

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

***Basis for Opinion on Each Major Federal Program***

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

To the Board of Commissioners  
County of Hillsdale, Michigan

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

To the Board of Commissioners  
County of Hillsdale, Michigan

## Report on Internal Control Over Compliance

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

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

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

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



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

June 28, 2024

HILLSDALE COUNTY, MICHIGAN

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

Federal/ Pass-through Grantor Program Title	Covid Related	Federal CFDA Number	Passed Through	Pass-through Grantor's Number	Federal Expenditures
<b>U.S. Department of Justice</b>					
District Drug Court Fed Grant	N	16.585	DIRECT	15JCOPS-22-GG-01510-TECP	\$ 210,000
District Drug Court Fed Grant	N	16.585	DIRECT	15PBJA-21-GG-04128-DGCT	52,428
Family Treatment Drug Court Fed Grant	N	16.838	DIRECT	15PJDP-21-GG-04509-COAP	169,760
Coronavirus Emergency Supplemental Funding Program	Y	16.034	MSP	2020-VD-BX0434	28,659
<b>Total U.S. Department of Justice</b>					<b>460,848</b>
<b>U.S. Department of Transportation</b>					
Hazardous Materials Emergency Preparedness	N	20.703	MSP	HM-HMP-0558-16-01-000	300
<b>Total U.S. Department of Transportation</b>					<b>300</b>
<b>U.S. Department of Treasury</b>					
American Recovery Plan Act-State and Local Fiscal Recovery Funds	Y	21.027	DIRECT	NA	2,451,719
<b>Total U.S. Department of Treasury</b>					<b>2,451,719</b>
<b>U.S. Department of Health and Human Services</b>					
Child Support Enforcement:					
IV-D Support Incentive	N	93.563	MDHS	CSFOC17-30001	51,486
IV-D Support Incentive	N	93.563	MDHS	CSCOM24-30003	16,195
Friend of the Court	N	93.563	MDHS	CSFOC17-30001	225,772
Friend of the Court	N	93.563	MDHS	CSCOM24-30003	83,837
Prosecuting Attorney	N	93.563	MDHS	CSPA17-30002	60,451
<b>Total U.S. Department of Health and Human Services</b>					<b>437,741</b>
<b>U.S. Department of Homeland Security</b>					
Boating Safety Financial Assistance	N	97.012	DNR	MS20-014	12,042
Emergency Management Preparedness Grant	N	97.042	MSP	EMC-2019-EP-00004	6,163
2020 Homeland Security Grant Program	N	97.067	COI	R1-2020-80-0086	18,083
<b>Total U.S. Department of Homeland Security</b>					<b>36,288</b>
<b>Total expenditures of federal awards</b>					<b>\$ 3,386,896</b>

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

**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Hillsdale, Michigan under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Hillsdale, Michigan, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Hillsdale, Michigan. All expenditures of federal awards from component units are included in the schedule except for the Road Commission and Medical Care Facility which issues a separate report.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - COGNIZANT AGENCY:**

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Treasury which provided the greatest amount of indirect federal funding to the County during 2023.

**NOTE D - INDIRECT COST:**

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

**NOTE E - SUBRECIPIENTS:**

There were no awards passed through to subrecipients.

**NOTE F - RECONCILIATION TO BASIC FINANCIAL STATEMENTS:**

The following is a reconciliation of the amounts reported on the basic financial statements to the schedule of expenditures of federal awards:

Total Federal per Financial Statements Revenues	\$ <u>3,388,180</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	\$ <u>3,388,180</u>

Section I - Summary of Auditor's Results

**Financial Statements**

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

**Federal Awards**

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

**Identification of Major Programs**

<b><u>CFDA NUMBERS</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
21.027	Coronavirus State and Local Fiscal Recovery Act
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

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**NONE.**

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

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**NONE.**

Section III - Federal Award Findings and Questioned Costs

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NONE.