



Audited Financial Statements

December 31, 2019

September 1, 2020

Presented by:

Michael Bosanac, Administrator/CFO, County of Monroe

Daniel Clark, CPA, Principal, Rehmann Robson

Auditor Report –

Presentation focused on: General Fund, Special Revenue Funds & Postemployment Benefit Trusts

- ✓ Presents 4 year's of data=*trend analysis-other financial and budget reporting includes longer trend analysis to supplement this presentation*
- ✓ *GASB Statement 68-Pension Liability*
- ✓ *GASB Statement 75-OPEB Liability*

• General Fund=Chief operating fund

- ✓ Supports other funds of the County
- ✓ Present operating results of General Fund

• Governmental Funds include: page 19 MD&A

General

Debt Service

Special Revenue

Capital Projects Funds

Auditor Report –

Role as Auditor for County:

- ❑ Act as group auditor for reporting entity-County is reporting entity
- ❑ Outline of how the component units relate to the County
- ❑ Authority & responsibility for component units & their audits



Auditor Report –

pages 13-15

Originally issued CAFR 6/24/20

(Comprehensive Annual Financial Report)

Prepared by County of Monroe Management-Finance Office

Re-issued 8/24/20-corrected statement of assets allocated to County within comingled funds in RHC Trust (Rd. Commission included in County)

❖ Independent Auditor has provided
Unmodified Opinion

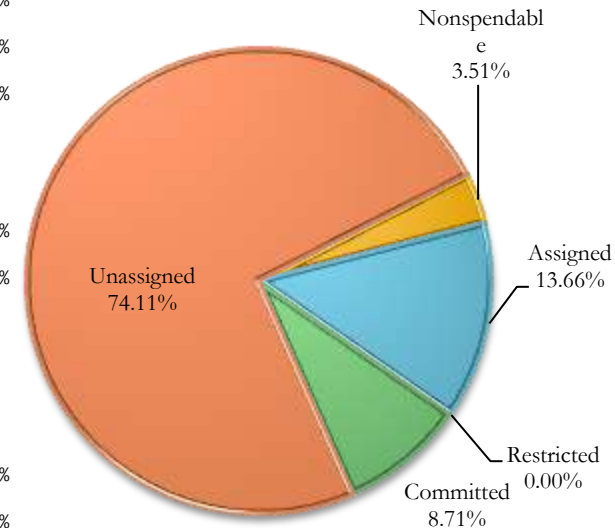
➤ Financial Statements are fairly presented, in all material respects, in conformity with Generally Accepted Accounting Principles.

❖ Highest Level of Assurance



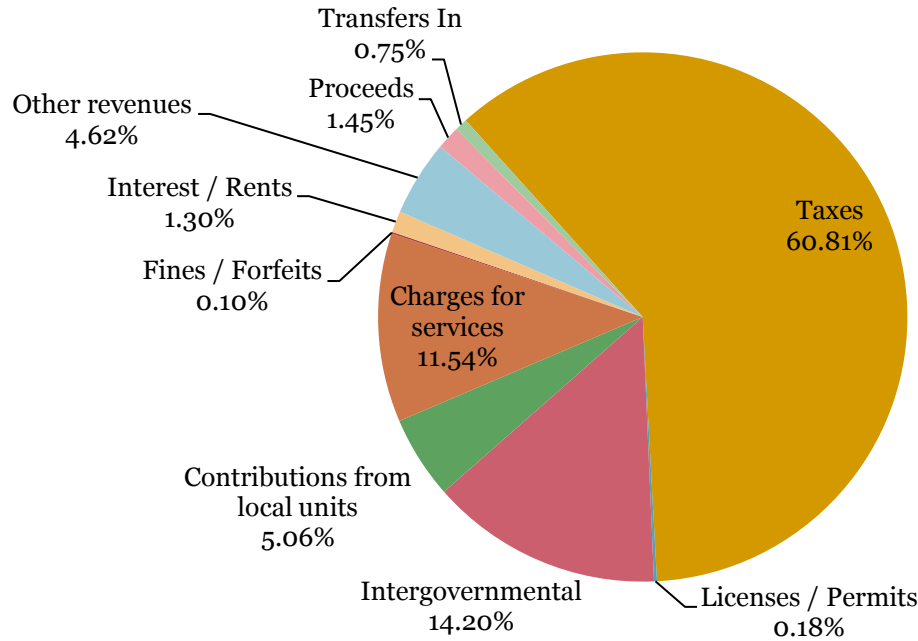
General Fund – Balance Sheet- *page 34*

	2016		2017		2018		2019	
Assets								
Cash and cash equivalents	\$ 8,878,023	27.92%	\$ 95,087	0.52%	\$ 100,319	0.52%	\$ 4,635,653	21.87%
Investments	17,558,437	55.22%	14,094,702	77.51%	15,245,017	79.09%	11,364,444	53.62%
Receivables	5,049,497	15.88%	3,785,229	20.82%	3,685,862	19.12%	4,514,247	21.30%
Other Assets	309,478	0.97%	209,945	1.15%	244,385	1.27%	680,471	3.21%
Total assets	\$ 31,795,435		\$ 18,184,963		\$ 19,275,583		\$ 21,194,815	
Liabilities								
Accounts payable	\$ 762,899	4.09%	\$ 546,911	12.85%	\$ 551,914	20.75%	\$ 983,362	54.17%
Other Liabilities	17,876,454	95.91%	3,709,548	87.15%	2,107,654	79.25%	831,807	45.83%
Total liabilities	18,639,353		4,256,459		2,659,568		1,815,169	
Fund balances								
Nonspendable	139,903	1.06%	209,945	1.51%	244,385	1.47%	680,471	3.51%
Restricted	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Committed	3,022,534	22.97%	1,215,861	8.73%	1,481,969	8.92%	1,688,814	8.71%
Assigned	229,048	1.74%	2,095,429	15.04%	2,153,907	12.96%	2,647,344	13.66%
Unassigned	9,764,597	74.22%	10,407,269	74.72%	12,735,754	76.65%	14,363,017	74.11%
Total fund balances	13,156,082		13,928,504		16,616,015		19,379,646	



Fund Balance Breakout

General Fund Revenues - page 38

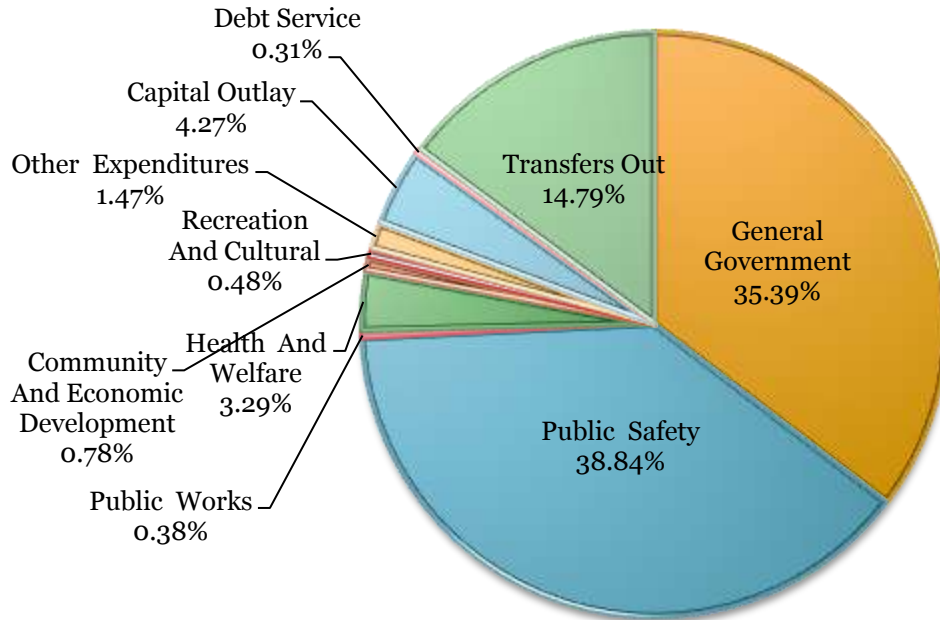


**2019 Revenue
\$2,787,656 higher
than 2018 amount**

REVENUES	2016		2017		2018		2019	
SUMMARY OF TOTALS:								
Taxes	\$ 28,259,407	63.02%	\$ 27,958,285	60.96%	\$ 28,886,166	62.02%	\$ 30,016,563	60.81%
Licenses and permits	146,657	0.33%	121,488	0.26%	121,615	0.26%	89,162	0.18%
Intergovernmental	6,074,086	13.55%	7,346,345	16.02%	6,834,775	14.67%	7,007,922	14.20%
Contributions from local units	2,004,828	4.47%	2,045,189	4.46%	2,056,591	4.42%	2,496,412	5.06%
Charges for services	5,662,511	12.63%	5,566,392	12.14%	5,798,054	12.45%	5,694,978	11.54%
Fines and forfeits	31,425	0.07%	12,750	0.03%	21,458	0.05%	50,793	0.10%
Interest and rents	114,038	0.25%	190,190	0.41%	369,400	0.79%	642,086	1.30%
Other revenues	2,059,352	4.59%	2,157,372	4.70%	2,197,674	4.72%	2,279,900	4.62%
Proceeds	-	0.00%	-	0.00%	-	0.00%	715,045	1.45%
Transfers In	487,137	1.09%	464,054	1.01%	290,711	0.62%	371,239	0.75%
TOTAL	\$ 44,839,441		\$ 45,862,065		\$ 45,576,444		\$ 49,364,100	

Year over Year = 5.99%

General Fund Expenditures - page 38



*When transfers out to Central Dispatch and Jail Dormitory are included, Public Safety accounted for 43.2% of General Fund Expenditures.

\$2,711,535 more Expenditures in 2019 vs. 2018

EXPENDITURES	2016		2017		2018		2019	
SUMMARY OF TOTALS:								
General Government	\$ 16,739,118	38.09%	\$ 17,029,349	37.77%	\$ 16,947,638	38.61%	\$ 16,493,917	35.39%
Public Safety	17,118,601	38.95%	17,043,377	37.80%	16,939,491	38.60%	18,100,673	38.84%
Public Works	175,831	0.40%	161,422	0.36%	150,785	0.34%	176,428	0.38%
Health And Welfare	1,677,541	3.82%	1,544,944	3.43%	1,576,928	3.59%	1,532,615	3.29%
Community And Economic Development	375,310	0.85%	288,392	0.64%	280,506	0.64%	361,772	0.78%
Recreation And Cultural	46,726	0.11%	46,944	0.10%	44,408	0.10%	223,080	0.48%
Other Expenditures	180,111	0.41%	185,034	0.41%	190,425	0.43%	685,136	1.47%
Capital Outlay	1,153,287	2.62%	892,641	1.98%	650,506	1.48%	1,989,353	4.27%
Debt Service	-	0.00%	-	0.00%	-	0.00%	143,009	0.31%
Transfers Out	6,478,836	14.74%	7,897,540	17.52%	7,108,247	16.20%	6,894,486	14.79%
TOTAL	\$ 43,945,361		\$ 45,089,643		\$ 43,888,934		\$ 46,600,469	

Expenditures 6.18% higher than 2018

General Fund Change in Fund Balance –

page 38

	2016	2017	2018	2019
Net change in fund balance	\$ 894,080	\$ 772,422	\$ 2,687,511	\$ 2,763,631
Fund balances, beginning of year	12,262,002	13,156,082	13,928,504	16,616,015
Fund balances, end of year	13,156,082	13,928,504	16,616,015	19,379,646
Nonspendable	139,903	209,945	244,385	680,471
Restricted	-	-	-	-
Committed	3,022,534	1,215,861	1,481,969	1,688,814
Assigned *	229,048	2,095,429	2,153,907	2,647,344
Unassigned	9,764,597	10,407,269	12,735,754	14,363,017
Total fund balances	\$ 13,156,082	\$ 13,928,504	\$ 16,616,015	\$ 19,379,646
* Assigned Fund Balance:				
Encumbrances				
Budget Stabilization				

2019 Balance Sheet:

Special Revenue Funds – Major & Select Others –

pages 34, 157 & 159

	County Health	Federal Prisoner Housing	Senior Citizen	Central Dispatch	Child Care (Youth Center)
Assets					
Cash and cash equivalents	\$ 5,966,443	\$ 1,077,434	\$ 318,442	\$ 2,015	\$ 2,041
Investments	-	-	485,599	-	-
Receivables	698,956	407,096	4,062,141	932,728	583,650
Total assets	\$ 6,665,399	\$ 1,484,530	\$ 4,866,182	\$ 934,743	\$ 585,691
Liabilities					
Accounts payable	483,086	184,249	156,334	238,801	382,513
Total liabilities	\$ 483,086	\$ 184,249	\$ 156,334	\$ 238,801	\$ 382,513
Deferred inflow of resources					
Taxes levied for a subsequent period	-	-	4,062,141	-	-
Fund balances					
Nonspendable	49,084	3,886	-	787	8,285
Restricted	2,252,940	-	647,707	42,493	194,893
Committed	3,880,289	1,296,395	-	652,662	-
Total fund balances	\$ 6,182,313	\$ 1,300,281	\$ 647,707	\$ 695,942	\$ 203,178
Total liabilities, deferred inflows of resources and fund balances	\$ 6,665,399	\$ 1,484,530	\$ 4,866,182	\$ 934,743	\$ 585,691

2019 Revenue & Expenditures:

Special Revenue Funds – Major & Select Others

pages 38, 160 & 162

	County Health	Federal Prisoner Housing	Senior Citizen	Central Dispatch	Child Care (Youth Center)
Revenues					
Taxes	\$ -	\$ -	\$ 3,136,116	\$ -	\$ -
Licenses and permits	379,115	-	-	-	-
Intergovernmental revenues	2,784,751	2,385,797	155,240	370,427	1,818,555
Charges for services	1,433,080	111,552	-	2,015,929	207,975
Interest and rents	-	49	23,671	-	-
Other revenue	116,330	32,719	277	-	48,595
Total revenues	4,713,276	2,530,117	3,315,304	2,386,356	2,075,125
Expenditures					
Public safety	-	4,419,946	-	2,492,380	3,716,833
Health and welfare	5,231,159	-	3,147,021	-	-
Debt service-interest	-	-	-	20,378	-
Capital outlay	118,926	148,770	-	177,632	57,830
Total expenditures	5,350,085	4,568,716	3,147,021	2,690,390	3,774,663
Revenues over (under) expenditures	(636,809)	(2,038,599)	168,283	(304,034)	(1,699,538)
Other financing sources (uses)					
Transfers in	1,029,501	2,004,998	-	1,011,131	1,800,073
Transfers out	-	-	(199,111)	(194,268)	-
Total other financing sources (uses)	1,029,501	2,004,998	(199,111)	816,863	1,800,073
Net change in fund balances	392,692	(33,601)	(30,828)	512,829	100,535
Fund balances, beginning of year	5,789,621	1,333,882	678,535	183,113	102,643
Fund balances, end of year	\$ 6,182,313	\$ 1,300,281	\$ 647,707	\$ 695,942	\$ 203,178

2019 Change in Fund Balance / Special Revenue Funds

– Major & Select Others

pages 38, 160 & 162

	County Health	Federal Prisoner Housing	Senior Citizen	Central Dispatch	Child Care (Youth Center)
Total revenues	<u>\$4,713,276</u>	<u>\$2,530,117</u>	<u>\$3,315,304</u>	<u>\$2,386,356</u>	<u>\$2,075,125</u>
Total expenditures	<u>5,350,085</u>	<u>4,568,716</u>	<u>3,147,021</u>	<u>2,690,390</u>	<u>3,774,663</u>
Revenues over (under) expenditures	(636,809)	(2,038,599)	168,283	(304,034)	(1,699,538)
Other financing sources (uses)					
Transfers in	1,029,501	2,004,998	-	1,011,131	1,800,073
Transfers out	-	-	(199,111)	(194,268)	-
Total other financing sources (uses)	<u>1,029,501</u>	<u>2,004,998</u>	<u>(199,111)</u>	<u>816,863</u>	<u>1,800,073</u>
Net change in fund balances	392,692	(33,601)	(30,828)	512,829	100,535
Fund balances, beginning of year	<u>5,789,621</u>	<u>1,333,882</u>	<u>678,535</u>	<u>183,113</u>	<u>102,643</u>
Fund balances, end of year	<u><u>\$6,182,313</u></u>	<u><u>\$1,300,281</u></u>	<u><u>\$ 647,707</u></u>	<u><u>\$ 695,942</u></u>	<u><u>\$ 203,178</u></u>

Retirement System Trust Fund

Schedule of Funding Progress per Actuarial Valuation

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
December 31, 2019	\$215,267,546	(\$86,028,538)	71.40%
December 31, 2018	\$209,672,672	(\$83,930,031)	71.41%
December 31, 2017	\$207,191,203	(\$77,122,322)	72.87%
December 31, 2016	\$202,718,040	(\$71,826,363)	73.84%

Schedule of Contributions

page 205

<u>Year Ended</u>	<u>Employer Contributions (including Supplemental)</u>	<u>Employee Contributions/Service Time Purchased</u>	<u>Total Contributions</u>	<u>% ADC Contributed</u>
December 31, 2019	\$9,853,368	\$916,775	\$10,770,143	100%
December 31, 2018	\$8,359,272	\$944,299	\$9,303,571	100%
December 31, 2017	\$8,483,096	\$868,337	\$9,351,433	100%
December 31, 2016	\$8,044,525	\$851,150	\$8,895,675	100%

Retiree Health Care Trust Fund

Schedule of Funding Progress per Actuarial report

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
December 31, 2019 (expected in August)	N/A	N/A	N/A
December 31, 2018	\$58,907,665	(\$74,212,661)	44.25%
December 31, 2017	\$55,573,568	(\$75,302,071)	42.50%
December 31, 2016	\$50,126,969	(\$77,490,432)	39.30%

Schedule of Contributions page 205

<u>Year Ended</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Retiree Contribution</u>	<u>Total Contributed</u>	<u>% ADC Contributed</u>
December 31, 2019	\$6,797,410	\$361,406	\$322,911	\$7,481,727	73.82%
December 31, 2018	\$6,498,074	\$392,779	\$285,828	\$7,176,681	72.71%
December 31, 2017	\$6,308,394	\$404,303	\$285,737	\$6,988,434	72.57%
December 31, 2016	\$6,721,737	\$126,920	\$292,329	\$7,140,986	75.49%

2019 Pension & Other Employee Benefits Trust Funds

Combining Statement of Fiduciary Net Position *page 203*

As of 12/31/2019	Employees Retirement System	Retiree Health Care
<u>Assets:</u>		
Cash and Investments	\$212,539,686	\$68,423,728
Receivables	\$ 1,400,675	\$ 763
Total Assets	\$213,940,361	\$68,424,491
Liabilities	\$ 98,540	\$ -
Net Position	\$213,841,821	\$68,424,491

2019 Pension & Other Employee Benefits Trust Funds

Statement of Changes in Plan Net Position-*page 205*

	Employees Retirement System	Retiree Health Insurance	Total
<u>Additions:</u>			
Investment Income			
Net appreciation in fair value of investments	\$ 28,813,452	\$ 8,621,135	\$ 37,434,587
Interest and dividends	5,103,660	2,283,902	7,387,562
Total investment income	33,917,112	10,905,037	44,822,149
Less: investment management fees	(954,646)	(141,468)	(1,096,114)
Net investment income	32,962,466	10,763,569	43,726,035
Contributions			
Employer	9,253,368	6,797,410	16,050,778
Employee	883,911	361,406	1,245,317
Retiree and other	-	322,911	322,911
Employer supplemental contributions	600,000	-	600,000
Time purchase	32,864	-	32,864
Total Contributions	10,770,143	7,481,727	18,251,870
Total Additions	43,732,609	18,245,296	61,977,905
<u>Deductions:</u>			
Benefit Payments	17,069,336	5,311,362	22,380,698
Refunds of Contributions	851,265	73,434	924,699
Administrative expenses	214,400	46,819	261,219
Total Deductions	18,135,001	5,431,615	23,566,616
Change in net position	25,597,608	12,813,681	38,411,289
Net Position, beginning of the Year	188,244,213	55,610,810	243,855,023
Net Position, end of the Year	\$ 213,841,821	\$ 68,424,491	\$ 282,266,312
% Increase in Net Position	13.6%	23.04%	15.75%

2019 General Fund Operating Results- Summary

As Compared to 2019 Budget:

	2019 Budget	2019 Actual	Actual to Budget
Revenues	\$ 46,826,524	\$49,364,100	\$ 2,537,576
Expenditures	\$ 48,351,708	<u>\$46,600,469</u>	\$ (1,751,239)
Operating Surplus		\$ 2,763,631	

As Compared to Prior Year (2018):

	2019 Actual	2018 Actual	Year over Year	
Revenues	\$ 49,364,100	\$46,576,444	\$2,787,656	+5.99%
Expenditures	\$ 46,600,469	\$43,888,934	\$2,711,535	+6.18%

2019 General Fund Operating Results (Continued)

Revenues:

- Tax revenues account for majority of increase; \$1,130,397 (**60.81%**); lower v. 2018 (**62.02%**)
- Contributions from Local Units increased by \$439,821, mainly due to higher deputy costs and additional SRO at Whiteford Schools; also participation in County-wide Public Safety Records Management System
- Interest revenues increased by \$272,686; additional cash reserves for pension pre-payment
- Indicators of economic recovery continued; this was prior to pandemic
- Personal Property Tax replacement payment (higher than budgeted & more than prior year; \$1,005,007 received and was \$357,934 above 2018 amount)
- In 2019, County had \$4.5 million of federal funds expended in operations serving public
- Received \$3,199,724 of combined State revenue sharing & County Incentive Plan payments

Expenditures:

- With exception of General Government (down \$453,720), Health & Welfare (down \$44,312) and Transfers Out (down \$213,761), all other expenditure categories increased as compared to **2019**.
- Audited 2019 Final Operating Results of **\$2,763,631**; appropriation spend rate 96.57%
- As compared to final budget=**5.64%** (operating margin)

Findings / Other Matters:

Data Provided for OPEB Actuarial Valuation
(Finance)

Grant Accounting
(Finance)

Accounting Records
(Drain Commission/County Agency)

Trust & Agency Accounts-Insufficient Detail
(County Clerk)

General Observations:

1. Overall, County's Finances are well managed.
2. Good trend of positive GF results: 10 years.
3. Overall, internal controls and financial reporting are accurate and compliant with good outcomes; exception is reporting of comingled RHC assets. Been addressed.
4. Staff is small compared to other local units, but competent to handle the workload.....but only possible from the teamwork. Some things thru the cracks.
5. Staff was responsive and engaging in all aspects of the audit and any follow up action. Difficult in pandemic.
6. Continue addressing challenges of legacy benefit programs and cost control to create future financial stability.
7. No other concerns to report to the Governing Board.

External Financial Reporting

Michigan Department of Treasury:

- F65-Annual Financial Report
- PA202-Local Retirement and Retiree Health Care Reporting
- Qualifying Statement (to retain eligibility for issuing debt)

Federal Audit Clearing House:

- Single Audit Act Compliance

Electronic Municipal Market Access (EMMA):

- Continuing Disclosure (due to outstanding debt service)

QUESTIONS

