
Genesee County Drain Commissioner
Division of Water and Waste Services

(a component unit of Genesee County, Michigan)

Financial Report
with Supplemental Information
December 31, 2019

Genesee County Drain Commissioner

Division of Water and Waste Services

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Independent Auditor's Report

To the Board of Directors
Genesee County Drain Commissioner
Division of Water and Waste Services

Report on the Financial Statements

We have audited the accompanying financial statements of the Enterprise Fund, business-type activities, discretely presented component unit, and aggregate remaining fund information of Genesee County Drain Commissioner Division of Water and Waste Services, a component unit of Genesee County, Michigan (the "Division"), as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise Genesee County Drain Commissioner Division of Water and Waste Services' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund, business-type activities, discretely presented component unit, and aggregate remaining fund information of Genesee County Drain Commissioner Division of Water and Waste Services as of December 31, 2019 and the respective changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, during the year ended December 31, 2019, the Division adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which provides guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

To the Board of Directors
Genesee County Drain Commissioner
Division of Water and Waste Services

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Genesee County Drain Commissioner Division of Water and Waste Services' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Genesee County Drain Commissioner Division of Water and Waste Services' December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2019. In our opinion, the summarized comparative information presented in the other supplemental information as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



May 20, 2020

Genesee County Drain Commissioner Division of Water and Waste Services

Management's Discussion and Analysis

Genesee County (the "County") established a county agency through the County Improvement Act (Public Act 342). The County designated the Drain Commissioner as the county agency. The county agency created the Division of Water and Waste Services (the "Division") as its vehicle to perform required duties. The Division provides public utility services of water and wastewater treatment in parts of Genesee, Saginaw, Shiawassee, Oakland, Lapeer, and Livingston counties. The Division's mission is to treat and distribute water, and collect and treat wastewater in such a manner that is in compliance with all state and federal regulations and at the lowest possible cost to customers. Additionally, the Genesee County Board of Commissioners designated the Division as the county enforcing agency for soil erosion in Genesee County.

Primary Objectives and Oversight

The primary objectives of the Division are to maintain high-quality services along with residential and commercial water and sewer rates that are fair and cost effective to all concerned. Although not required by law, the Division maintains a yearly budget of income and expenses for all cost centers. The budget is reviewed and approved by an advisory board. Each community that is a customer of the Division has a seat on the advisory board, which meets monthly to provide guidance to the Division.

Responsibilities

The Division is responsible for the administration, operation, maintenance, and construction of infrastructure and treatment facilities for the communities (except the City of Flint) located in Genesee County for the sanitary system and water supply. The Division is divided into four distinct cost centers. These cost centers, which include Interceptor and Treatment, Water, District No. 3, and District No. 7, have been established based upon revenue, responsibility, and definable core functions. In addition, the Division offers construction management and system operation and maintenance services to local communities.

Some of the key administrative and engineering duties of both the sanitary sewer operation and the water department operation include comprehensive system planning, interaction and regulation of development, implementing capital improvement projects, and system budget management. The administration team is responsible for the overall operation of the utility's services, engineering, and soil erosion in Genesee County. It is this department's responsibility to secure, allocate, and monitor funding, personnel, and equipment resources for the Division to ensure safe, reliable, and efficient operation of the utility.

The primary functions of the support services area are to efficiently and uniformly provide support to the various operations departments. These services are grouped into categories as follows: safety, human resources, finance, permits, soil erosion, construction, inspection, and information technology.

Genesee County Drain Commissioner Division of Water and Waste Services

Management's Discussion and Analysis (Continued)

The Operation and Maintenance Department - The Operation and Maintenance Department (O&M) has two primary functions: sanitary sewer collection and transportation, and water transmission and distribution. It also performs contracted operations and maintenance for certain local communities. As part of ensuring that these primary functions are met, O&M routinely performs the following tasks:

- Preventive maintenance on water and sewer infrastructure
- Staking of water and sewer infrastructure (Miss Dig)
- Jetting and televising of sanitary sewers
- Inspection of water and sewer infrastructure
- Investigation of customer complaints (i.e., plugged sewers, high bills, etc.)
- Meter installation, reading, and repairs
- Repair of broken water mains
- Coordination and repair of sanitary sewers and sewer main taps
- Cut and capping of individual water and sewer service leads as needed
- After-hours emergency response as needed
- Training in the operation and maintenance of the water and sewer systems, along with safety and regulatory compliance
- Establishment and oversight of capital improvement projects

Sewage Treatment Facilities - The core function of each sewage treatment facility is to effectively and efficiently treat sewage in compliance with regulations established by their NPDES (National Pollutant Discharge Elimination System) permit. Each facility strives to maintain good working relationships with customers and elected officials of their districts to achieve the goals of accountability, transparency, and credibility. Essential activities to accomplish these goals include the following:

- Efficient facility operation and maintenance
- Analytical support to ensure compliance with discharge limits and industrial pretreatment regulations
- Ongoing training for employees in plant operation, maintenance, safety, and regulatory compliance
- Robust residuals management
- Addition of various treatment chemicals and/or use of other treatment alternatives
- Planning for plant improvements, equipment replacement, and upgrades
- Emergency response planning
- Storage lagoon operation and maintenance
- Adherence to discharge limitations via continual monitoring
- Pollutant minimization
- Operation of an Industrial Pretreatment Program (IPP)

Genesee County Drain Commissioner Division of Water and Waste Services

Management's Discussion and Analysis (Continued)

The sanitary sewer treatment operations are responsible for the handling and treatment of effluent at the three disposal facilities under the Division's jurisdiction. These plants are the Linden Facility (District No. 3), the Bird Road Lagoons (District No. 7), and the Anthony Ragnone Treatment Plant (ARTP) (Districts 1, 2, 5, and 6). In addition to serving large portions of Genesee County, the Division has contracts for sewer treatment outside of its jurisdiction with Shiawassee, Lapeer, Saginaw, Oakland, and Livingston counties.

ARTP provides sewage treatment for the majority of the Division's service area, with District Nos. 3 and 7 providing service for several outlying areas. And while the District Nos. 3 and 7 facilities are two distinctly separate operations, they are combined administratively due to their proximity to one another.

The Division also manages two programs that impact its treatment facilities:

- **Biosolids Disposal** - Each treatment plant is responsible for disposing wastewater treatment plant biosolids in a manner that is considered beneficial reuse, in particular, biosolids application on farmland. ARTP accomplished this goal in 2019 by applying 4,892 dry tons of stabilized biosolids on approximately 2,200 acres of approved fields. In 2019, District No. 3 applied 1,200 dry tons of stabilized biosolids on approximately 870 acres of approved fields.
- **Industrial Pretreatment Program** - The Division regulates and monitors industrial and nondomestic dischargers to the wastewater system. The Division reviews applications, issues discharge permits, verifies compliance, calculates fees and surcharge bills for the customers, and enforces regulations through discharge permits, which protect the wastewater treatment facilities and the environment. An arsenic program for drinking water systems was implemented to ensure compliance with MDEQ regulations. The ordinance also allows for best management practices (BMP) in regulating silver and mercury from over 450 physician and dental offices and grease and oil from approximately 1,200 restaurants. Inter-jurisdictional agreements and the sewer use ordinance have been distributed to the municipalities that discharge into the Division's systems, and the local unit of government approval process is ongoing. At this time, there are 14 significant industrial facilities, and four categorical users that pay surcharges for the cost of treating various substances they discharge to the Division.

Genesee County Drain Commissioner Division of Water and Waste Services

Management's Discussion and Analysis (Continued)

Water Supply – Since 2017, the water supply department has been responsible for distributing treated water from our new Water Treatment Plant. The Division distributes potable water to local communities, which in turn supply their residential, commercial, and industrial customers. The Division also contracts with certain local municipalities to operate and maintain their local water distribution systems, as well as provide billing services for their individual customers.

The Division maintains a distribution system consisting of over 600 miles of water mains. It also installs water connections and performs turn-ons/offers at the request of its communities, services and changes water meters, and oversees the backflow prevention program. In order to provide an uninterrupted supply of safe drinking water, the Division works to:

- Identify and evaluate water supply alternatives to meet normal and emergency needs
- Prepare cost estimates to construct, operate, and maintain selected alternatives
- Determine water treatment and pumping requirements

Water Treatment Plant – The water treatment plant, which was completed in 2017, transforms raw water supplied by the Karegnondi Water Authority into a finished water supply for the Division's community customers located throughout Genesee County. This facility is staffed 24/7 by qualified personnel who both treat and monitor water quality on a continual basis. Essential tasks routinely conducted at the water treatment plant include:

- Daily water quality testing
- Plant preventive maintenance
- Raw water reservoir operation and maintenance
- Cooperation with O&M staff to determine daily water volume needs and flows
- Continual recording and reporting of water quality factors to State of Michigan regulators
- Continuing education for plant operators
- Planning for future demands and regulations

Rate Structure

During 2019, the Division maintained water rates at prior year levels. Previously approved sewer rate increases for Districts 3 and 7 took effect in January 2014, while the last ARTP sewer rate increase took effect in July 2014.

Karegnondi Water Authority

The Karegnondi Water Authority (KWA) is a discretely presented component unit of the Division. KWA is governed by a 15-member board and was created pursuant to Act 233, Michigan Public Acts of 1955. Its purpose was to acquire and operate a water pipeline that provides water to the Division and the City of Flint, which in turn would treat the water to be provided to their residents. The City of Flint has since decided to continue purchasing treated water from the Great Lakes Water Authority (GLWA). In the future, KWA could also provide raw water to other local units in Lapeer and Sanilac counties. Please note that the Division has financial accountability for KWA, but also that this is subject to change based upon redistribution of KWA capacity units.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows provide information about the activities of the Division as a whole and assist in presenting a longer-term view of its finances.

Genesee County Drain Commissioner Division of Water and Waste Services

Management's Discussion and Analysis (Continued)

Condensed Financial Information

The following tables present condensed information about the Division's financial position compared to the prior year:

	December 31		Increase (Decrease)	Percent Change
	2019	2018		
Assets				
Current assets	\$ 31,397,532	\$ 32,455,341	\$ (1,057,809)	(3.3) %
Restricted assets	9,855,367	10,798,405	(943,038)	(8.7)
Noncurrent lease receivable and local unit construction in progress	37,962,220	39,397,665	(1,435,445)	(3.6)
Capital assets	410,932,524	418,567,715	(7,635,191)	(1.8)
Total assets	490,147,643	501,219,126	(11,071,483)	(2.2)
Deferred Outflows of Resources	17,093,756	13,404,349	3,689,407	27.5
Liabilities				
Current liabilities	8,829,897	9,522,298	(692,401)	(7.3)
Liabilities payable from restricted assets	9,684,416	10,568,149	(883,733)	(8.4)
Other noncurrent liabilities	57,395,175	51,801,888	5,593,287	10.8
Long-term debt	240,618,299	251,522,094	(10,903,795)	(4.3)
Total liabilities	316,527,787	323,414,429	(6,886,642)	(2.1)
Deferred Inflows of Resources	12,866,601	13,757,800	(891,199)	
Net Position				
Net investment in capital assets	201,246,008	200,013,972	1,232,036	0.6
Restricted	65,951	73,273	(7,322)	-
Unrestricted	(23,469,948)	(22,635,999)	(833,949)	3.7
Total net position	<u>\$ 177,842,011</u>	<u>\$ 177,451,246</u>	<u>\$ 390,765</u>	0.2

	Year Ended December 31		Increase (Decrease)	Percent Change
	2019	2018		
Revenue from operations	\$ 74,452,104	\$ 75,544,034	\$ (1,091,930)	(1.4) %
Interest on operating cash and receivables	341,422	103,693	237,729	229.3
Total revenue	74,793,526	75,647,727	(854,201)	(1.1)
Sludge disposal charges	1,664,580	1,260,396	404,184	32.1
Cost of water	18,115,091	19,745,531	(1,630,440)	(8.3)
Operating and maintenance expense	32,924,652	31,521,400	1,403,252	4.5
Administrative and depreciation expense	15,244,692	14,547,153	697,539	4.8
Total operating expenses	67,949,015	67,074,480	874,535	1.3
Other nonoperating expense	(6,487,691)	(6,358,393)	(129,298)	2.0
Change in net position - Before capital contributions	356,820	2,214,854	(1,858,034)	(83.9)
Capital contributions	33,945	-	33,945	
Change in net position	390,765	2,214,854	(1,824,089)	(82.4)
Net Position - Beginning of year	177,451,246	175,236,392	2,214,854	1.3
Net Position - End of year	<u>\$ 177,842,011</u>	<u>\$ 177,451,246</u>	<u>\$ 390,765</u>	0.2

Genesee County Drain Commissioner

Division of Water and Waste Services

Management's Discussion and Analysis (Continued)

Major Capital Assets and Debt Activity

The majority of the Water Treatment Plant construction project was completed in late 2017, with a small amount of work and invoices completed by contractors during both 2018 and 2019. No new or refinancing debt was issued during 2019.

The Division pays for annual debt service through the operating rates charged to users of the system, restricted County Capital Improvement Fees (CCIF) and lease receivables from other governmental entities. CCIF is intended to cover certain outstanding bond issuances and is not sufficient on an annual basis to cover the debt service; it is therefore subsidized by operating revenue. This underfunding was considered in the initial planning of the CCIF program. CCIF will continue to be collected after retirement of the related bonds to reconstitute the fund in full.

Financial Review

Highlights of significant financial activity during 2019 include:

Statement of Net Position

- Current assets decreased approximately \$1.1M to approximately \$31.4M.
- Current liabilities also decreased, by approximately \$700,000 to approximately \$8.8M.
- Combined unrestricted net position decreased slightly to end at approximately a negative \$23.5M. This continued decrease was primarily attributable to pension and OPEB.

Statement of Revenue, Expenses, and Changes in Net Position

- Overall operating revenue decreased by approximately \$1.1M (1.4 percent) in 2019, primarily due to lower water sales. 2019 sewer revenue was essentially even with 2018.
- Investment income was up by \$223,000 due to a more favorable interest rate environment and our ability to lock in rates at higher levels.
- Operating expenses increased by 1.4 percent. The primary drivers of this cost increase were related to increased personnel, fringe benefit, and pension & OPEB costs. The cost of water continued to decrease, by \$1.6M in 2019 due to both a lower volume of water purchased and a lower commodity rate from the Karegnondi Water Authority (KWA).
- The Division experienced an increase in sludge disposal costs due to new disposal contracts going into effect at both the ARTP and District #3 treatment facilities.

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Management’s Discussion and Analysis (Continued)

- Utility costs were flat, partly due to lower water volumes in 2019 versus 2018.
- Repairs and maintenance expenditures decreased by approximately \$600,000, while general contractual services increased by \$800,000 vs 2018.
- Yearly depreciation expenses were lower by approximately \$200,000 to \$11,520,000.

The following table shows the trend in Interceptor and Treatment (I&T) sewage treatment revenue compared to total flow volumes for the Division’s main ARTP treatment facility:

	Year Ended December 31	
	2019	2018
Total revenue from I&T customers	\$ 25,283,043	\$ 25,374,288
Total flow (thousands of gallons)	11,656,438	10,652,000
Revenue per thousands of gallons treated	\$ 2.17	\$ 2.38

Genesee County Drain Commissioner Division of Water and Waste Services

Management's Discussion and Analysis (Continued)

The following table shows the trend in water sales compared to volume of water purchased and volume of water sold, with the resulting water efficiency rate:

	Year Ended December 31	
	2019	2018
Total revenue from water sales	\$ 39,851,813	\$ 41,043,828
Volume of water purchased (cu. ft.) by Division	590,375,380	626,620,880
Volume of water sold (cu. ft.) by Division	514,355,872	544,156,629
Water efficiency rate	87%	87%
Revenue per 100 cu. ft. of water sold	\$ 7.75	\$ 7.54

Covid-19 Observations

The Division has taken considerable steps to safeguard its facilities, employees, and customer facing operations. To date, the Division has maintained full on-premise staffing while limiting direct customer contact. There have been no interruptions to either water distribution or sewer collection and treatment operations.

Contacting the Division's Management

This financial report is intended to provide our constituents, sewer/water users, and bondholders with a general overview of Genesee County Drain Commissioner Division of Water and Waste Services' accountability for the money it receives. These financial statements are included as a component unit of Genesee County and should be viewed as part of the government-wide financial statements. If there are questions about this report or if additional information is needed, we welcome anyone to contact the Drain Commissioner or the director of the Division.

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Statement of Net Position

December 31, 2019

	Primary Government			Component Unit - September 30, 2019
	Enterprise Fund	Internal Service Fund	Total	Karegnondi Water Authority
Assets				
Current assets:				
Cash and investments (Note 2)	\$ 15,545,681	\$ -	\$ 15,545,681	\$ 9,035,985
Receivables:				
Receivables from sales to customers on account	13,697,312	-	13,697,312	-
Accrued interest receivable	-	-	-	96,202
Due from other governments	289,331	-	289,331	249,929
Current portion of leases receivable (Note 9)	1,065,000	-	1,065,000	-
Prepaid expenses and other assets	800,208	-	800,208	-
Total current assets	31,397,532	-	31,397,532	9,382,116
Noncurrent assets:				
Restricted assets (Notes 1 and 3)	9,855,367	-	9,855,367	36,213,405
Leases receivable - Net of current portion (Note 9)	32,703,572	-	32,703,572	-
Due from other governmental units	5,258,648	-	5,258,648	-
Capital assets: (Note 4)				
Assets not subject to depreciation	6,113,005	-	6,113,005	-
Assets subject to depreciation - Net	404,819,519	-	404,819,519	321,232,343
Total noncurrent assets	458,750,111	-	458,750,111	357,445,748
Total assets	490,147,643	-	490,147,643	366,827,864
Deferred Outflows of Resources				
Bond refunding loss being amortized	210,843	-	210,843	-
Deferred outflows related to pensions (Note 6)	12,379,932	-	12,379,932	-
Deferred OPEB costs (Note 7)	4,502,981	-	4,502,981	-
Total deferred outflows of resources	17,093,756	-	17,093,756	-
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	5,016,675	-	5,016,675	111,484
Current portion of long-term debt (Note 5)	3,813,222	-	3,813,222	-
Total current liabilities	8,829,897	-	8,829,897	111,484
Noncurrent liabilities:				
Payable from restricted assets	9,689,416	-	9,689,416	13,676,217
Lease interest payable	-	-	-	5,258,648
Net pension liability (Note 6)	24,839,508	-	24,839,508	-
Net OPEB liability (Note 7)	32,555,667	-	32,555,667	-
Long-term debt - Net of current portion (Note 5)	240,618,299	-	240,618,299	319,307,502
Total noncurrent liabilities	307,702,890	-	307,702,890	338,242,367
Total liabilities	316,532,787	-	316,532,787	338,353,851
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 6)	9,840,107	-	9,840,107	-
Deferred OPEB cost reductions (Note 7)	3,026,494	-	3,026,494	-
Total deferred inflows of resources	12,866,601	-	12,866,601	-
Net Position				
Net investment in capital assets	201,246,008	-	201,246,008	15,842,344
Restricted for debt service	65,951	-	65,951	8,619,685
Unrestricted	(23,469,948)	-	(23,469,948)	4,011,984
Total net position	\$ 177,842,011	\$ -	\$ 177,842,011	\$ 28,474,013

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2019

	Primary Government			Component Unit - Year Ended September 30, 2019
	Enterprise Fund	Internal Service	Total	Karegnondi Water Authority
		Fund		
Operating Revenue				
Sale of water	\$ 39,851,813	\$ -	\$ 39,851,813	\$ 2,691,231
Sewage disposal charges	31,019,986	-	31,019,986	-
Billing services	143,250	-	143,250	-
Water meter sales	190,118	-	190,118	-
Sewer and pumping station - Operation and maintenance	1,307,876	-	1,307,876	-
Other operating revenue	1,939,061	-	1,939,061	-
Total operating revenue	74,452,104	-	74,452,104	2,691,231
Operating Expenses				
Cost of water	18,115,091	-	18,115,091	-
Sludge disposal service	1,664,580	-	1,664,580	-
Cost of insurance claims and expenses	831,526	-	831,526	13,327
Repairs and maintenance	3,602,997	-	3,602,997	296,441
Other supplies and expenses	1,987,948	-	1,987,948	19,151
Contractual services	2,646,244	-	2,646,244	435,540
Utilities	4,131,738	-	4,131,738	763,857
Personnel services	23,201,969	-	23,201,969	-
Depreciation	11,520,402	246,520	11,766,922	5,538,489
Total operating expenses	67,702,495	246,520	67,949,015	7,066,805
Operating Income (Loss)	6,749,609	(246,520)	6,503,089	(4,375,574)
Nonoperating Revenue (Expense)				
Investment income - Net	341,422	-	341,422	814,007
Gain on sale of assets	22,800	-	22,800	-
Community bond interest income	1,636,707	-	1,636,707	-
Community bond interest expense	(1,636,707)	-	(1,636,707)	-
Capacity/Debt service fee	-	-	-	22,177,126
Miscellaneous income	1,038,535	-	1,038,535	-
Interest and fiscal charges	(7,549,026)	-	(7,549,026)	(14,983,737)
Total nonoperating (expense) revenue	(6,146,269)	-	(6,146,269)	8,007,396
Income (Loss) - Before capital contributions	603,340	(246,520)	356,820	3,631,822
Capital Contributions	33,945	-	33,945	-
Transfers In	1,151,439	(1,151,439)	-	-
Change in Net Position	1,788,724	(1,397,959)	390,765	3,631,822
Net Position - Beginning of year	176,053,287	1,397,959	177,451,246	24,842,191
Net Position - End of year	\$ 177,842,011	\$ -	\$ 177,842,011	\$ 28,474,013

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Statement of Cash Flows

Year Ended December 31, 2019

	Primary Government			Component Unit -
				Year Ended
	Enterprise Fund	Internal Service Fund	Total	September 30, 2019
				Karegnondi Water Authority
Cash Flows from Operating Activities				
Receipts from customers	\$ 74,765,148	\$ -	\$ 74,765,148	\$ 2,751,500
Payments to suppliers and others for goods and services	(33,074,637)	-	(33,074,637)	(1,546,159)
Payments for salaries and employee benefits	(22,279,946)	-	(22,279,946)	-
Net cash and cash equivalents provided by operating activities	19,410,565	-	19,410,565	1,205,341
Cash Flows from Capital and Related Financing Activities				
Other debt financing activities	(1,393,462)	-	(1,393,462)	-
Collection of leases receivable from municipalities	2,245,000	-	2,245,000	-
Capacity/Debt service fee	-	-	-	22,177,126
Proceeds from sale of capital assets	22,800	-	22,800	-
Collection of interest from communities and C.U. (KWA)	1,644,720	-	1,644,720	-
Purchase of capital assets	(4,236,394)	-	(4,236,394)	(744,168)
Principal paid on capital debt	(10,125,000)	-	(10,125,000)	(22,187,705)
Interest paid on bonds	(9,556,712)	-	(9,556,712)	-
Miscellaneous revenue	1,039,389	-	1,039,389	-
Net cash and cash equivalents used in capital and related financing activities	(20,359,659)	-	(20,359,659)	(754,747)
Cash Flows from Investing Activities				
Investment income	341,422	-	341,422	682,421
Purchases of investment securities/proceeds of maturity	-	-	-	(603,221)
Net cash and cash equivalents provided by investing activities	341,422	-	341,422	79,200
Net (Decrease) Increase in Cash and Cash Equivalents	(607,672)	-	(607,672)	529,794
Cash and Cash Equivalents - Beginning of year	26,008,720	-	26,008,720	9,693,123
Cash and Cash Equivalents - End of year	\$ 25,401,048	\$ -	\$ 25,401,048	\$ 10,222,917
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 15,545,681	\$ -	\$ 15,545,681	\$ 9,035,985
Restricted cash	9,855,367	-	9,855,367	36,148,344
Less amounts classified as investments	-	-	-	(34,961,412)
Total cash and cash equivalents	\$ 25,401,048	\$ -	\$ 25,401,048	\$ 10,222,917

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Statement of Cash Flows (Continued)

Year Ended December 31, 2019

	Primary Government			Component Unit -
				Year Ended
	Enterprise Fund	Internal Service Fund	Total	September 30, 2019
				Karegnondi Water Authority
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 6,749,609	\$ (246,520)	\$ 6,503,089	\$ (4,375,574)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	11,520,402	246,520	11,766,922	5,538,489
Changes in assets and liabilities:				
Receivables	313,044	-	313,044	-
Due from other governmental units	-	-	-	60,269
Local communities construction in progress	370,445	-	370,445	-
Prepaid and other assets	(87,519)	-	(87,519)	-
Net pension and OPEB liability	991,776	-	991,776	-
Accounts payable and accrued expense	(447,192)	-	(447,192)	(17,843)
Total adjustments	12,660,956	246,520	12,907,476	5,580,915
Net cash and cash equivalents provided by operating activities	<u>\$ 19,410,565</u>	<u>\$ -</u>	<u>\$ 19,410,565</u>	<u>\$ 1,205,341</u>
Significant Noncash Transactions				
Capital contributions	\$ 33,945	\$ -	\$ 33,945	\$ -
Transfer of assets from Internal Service Fund to Enterprise Fund	1,151,439	(1,151,439)	-	-

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Statement of Fiduciary Net Position

December 31, 2019

	<u>OPEB Fiduciary Trust</u>
Assets - Interest in pooled investments	<u>\$ 20,654,052</u>
Net Position -	
Restricted -	
Postemployment benefits other than pension	<u>20,654,052</u>
Total net position	<u><u>\$ 20,654,052</u></u>

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2019

	<u>OPEB Fiduciary Trust</u>
Additions	
Investment income	\$ 2,355,015
Contributions	<u>3,571,982</u>
Total additions	5,926,997
Deductions	
Benefit payments	1,771,982
Administrative expenses	<u>33,629</u>
Total deductions	<u>1,805,611</u>
Net Increase in Fiduciary Net Position	4,121,386
Net Position - Beginning of year, as restated (Note 1)	<u>16,532,666</u>
Net Position - End of year	<u><u>\$ 20,654,052</u></u>

December 31, 2019

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

The Genesee County Drain Commissioner Division of Water and Waste Services, a component unit of Genesee County, Michigan (the "Division"), follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Division:

Reporting Entity

The Division is a discretely presented component unit of Genesee County, Michigan (the "Company"). The Division was organized in September 1965 under Michigan's Public Act 342 of 1939 (as amended subsequently). The Division's major operations are the construction and operation of water and waste systems in Genesee County, Michigan (the "County") and certain areas in surrounding counties. Construction is financed with proceeds from the sale of bonds and federal and state grants. The operating activities are financed primarily through user charges to municipalities in the systems.

The financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Included within the reporting entity are the following:

1. Genesee County Sewage Disposal Systems Nos. 1, 2, 5, and 6 (interceptor and treatment facilities)
2. Genesee County Sanitary Sewage Disposal Systems Nos. 3 and 7
3. Genesee County water supply systems
4. Genesee County Division of Water and Waste Services - Vehicle and Equipment Fund (Internal Service Fund)
5. Karegnondi Water Authority - Component unit (Water Fund)

Discretely Presented Component Unit

In evaluating how to define the Division for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governmental body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Division is able to exercise oversight responsibilities. Based on the application of these criteria, the Karegnondi Water Authority and the OPEB Fiduciary Trust will be presented as described in the following paragraph.

December 31, 2019

Note 1 - Significant Accounting Policies (Continued)

Karegnondi Water Authority

The Karegnondi Water Authority (the "Authority" or KWA) was created to construct a water supply line in Lake Huron and transport that water to its treatment facilities east of Genesee County. The Authority's governing body consists of 15 individuals, of which 8 are currently directly or indirectly appointed by the drain commissioner. In addition, these board members may be removed at the discretion of the drain commissioner. The appointment of board members is subject to change in the future, as additional water supply contracts are entered into or capacity units are redistributed. Complete financial reports can be obtained at the Authority's administrative offices at 4610 Beecher Road, Flint, MI 48532. KWA reports its activities on a fiscal year ending September 30. The KWA column included in these financial statements, therefore, is as of and for the year ended September 30, 2019.

OPEB Fiduciary Trust

The OPEB Fiduciary Trust is a trust governed by the Division that provides other postemployment benefits to eligible employees of the Division. Although it is legally separate from the Division, it is reported as a fiduciary component unit because the Division maintains operational control and the plan imposes a financial burden on the Division.

Report Presentation

This report includes the fund-based statements of the Division. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

Fund Accounting

Proprietary Funds

The Division reports the following major proprietary fund:

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis are financed through user charges.

Additionally, the Division reports the following Internal Service Fund:

The Internal Service Fund accounts for financing of goods and services provided by one department to other departments of the Division on a cost-plus basis. During the year ended December 31, 2019, this fund was closed and remaining assets transferred to the Enterprise Fund.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The OPEB Fiduciary Trust, which accumulates resources for future retiree healthcare payments to retirees

Basis of Accounting

The Division uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

December 31, 2019

Note 1 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value based on quoted market prices. Short-term investments are reported at cost, which approximates fair value.

Receivables and Payables

Outstanding balances between funds are reported in the basic financial statements as "internal balances." All trade receivables are shown as net of an allowance for uncollectible amounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items.

Restricted Assets

The Division's bond ordinance requires certain amounts to be set aside for debt service principal and interest. In addition, unspent bond proceeds and county capital improvement fees are restricted for the construction of water collection and sewage disposal systems projects and debt service. These amounts have been classified as restricted assets. When an expense is incurred that allows the use of restricted assets (such as bond debt principal and interest), those assets are applied before utilizing any unrestricted assets.

Leases Receivable

Leases receivable consist of amounts due to the Division from various municipalities and the component unit, Karegnondi Water Authority, for construction activity. The Division constructs assets for various municipalities under Act 342. Under this act, the County issues bonds and constructs assets on behalf of municipalities. These assets are then leased by the municipalities over the lives of the bonds. Lease payments approximate the debt service requirements of the associated bonds. At December 31, 2019, leases receivable include \$32,300,000 from the Karegnondi Water Authority and \$1,468,572 from other municipalities. See Note 9 for amounts receivable from Karegnondi Water Authority.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., underground networks), are reported in the Enterprise Fund in the fund financial statements. Capital assets are defined by the Division as assets with an initial individual cost of more than \$20,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

December 31, 2019

Note 1 - Significant Accounting Policies (Continued)

Depreciation has been calculated on each class of property using the straight-line method based on the estimated useful lives of the assets, as follows:

	Depreciable Life - Years
Land improvements and underground networks	25-100
Buildings and improvements	10-50
Machinery and equipment	3-25

Local Unit Construction in Progress

Local unit construction in progress represents construction of water and sewer distribution and collection systems performed by the Division for local communities. The projects are recorded as an asset during the construction phase and are offset by an unearned lease. When the projects are substantially complete, the asset and unearned lease are removed from the basic financial statements, and an asset is recorded by the local community.

Long-term Obligations

Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

Liabilities Payable from Restricted Assets

The Division uses the restricted assets to liquidate construction-related payables and current interest and principal payable on outstanding bonds. Therefore, these amounts due have been reported as a noncurrent liability.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

The Division reports deferred outflows related to pension and OPEB costs (assumption changes, investment earnings different than assumed, contributions made subsequent to the measurement date, and experience differences), as well as deferred charges related to advance refundings of bond issues.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The Division reports deferred inflows related to pensions and OPEB (experience differences and assumption changes) that will reduce future year pension expense.

Net Position

Net position of the Division is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted for debt service consists of funds restricted to meet future interest and principal payments on bond obligations. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

December 31, 2019

Note 1 - Significant Accounting Policies (Continued)

Net Position Flow Assumption

The Division will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Division's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pension

The Division offers a defined benefit pension plan to its employees. The Division records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Genesee County Employees Retirement System (GCERS) pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The Division offers retiree healthcare benefits to retirees. The Division records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Division's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences (Vacation and Personal Leave)

It is the Division's policy to permit employees to accumulate earned but unused vacation and personal pay benefits. Personal pay is accrued for the estimated amount that the Division will pay upon retirement or separation. A total of 80 hours of personal leave is granted at the beginning of each year. Nonunion employees are paid up to 112 hours at current salary upon retirement or separation. Union employees are paid up to 112 hours at current salary upon retirement only. Vacation pay is accrued when incurred. Vacation time is granted twice a year based on the length of service, and the unpaid accumulated balance is paid upon retirement or separation at the current salary. Both of these are reported in proprietary fund financial statements. Generally, the funds that report each employee's compensation are used to liquidate the obligations. At December 31, 2019, the Division has recorded a liability of approximately \$656,000 for accumulated vacation and personal leave.

December 31, 2019

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Enterprise Fund and Internal Service Fund is charges to customers for sales and services. The Enterprise Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Enterprise Fund and Internal Service Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Division is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Division's financial statements for the year ending December 31, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Division's financial statements for the December 31, 2021 fiscal year.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the Division's financial statements for the December 31, 2021 fiscal year.

December 31, 2019

Note 1 - Significant Accounting Policies (Continued)

The GASB issued Statement No. 92, *Omnibus*, to address eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Division does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Adoption of New Accounting Pronouncement

During the current year, the Division adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the following activities not previously reported in the financial statements now meet the definition of a fiduciary activity and are now reported as such: the OPEB Fiduciary Trust. The impact of adopting this statement was a restatement of beginning net position for the OPEB Fiduciary Trust of \$16,532,666, which was previously \$0. The impact on the prior year changes in net position could not be determined.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The OPEB Fiduciary Trust fund is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Division has designated two banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Division's deposits and investment policies are in accordance with statutory authority.

December 31, 2019

Note 2 - Deposits and Investments (Continued)

The Division's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Division's deposits may not be returned to it. The Division does not have a deposit policy for custodial credit risk. At year end, the Division had \$10,235,227 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. Bank deposits of \$15,884,883 were insured and \$0 were collateralized. The Division believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Division 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.

For the year ended September 30, 2019, Karegnondi Water Authority had \$2,487,468 (checking and savings accounts) that were not fully insured or collateralized.

Fair Value Measurements

The Division 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 net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The Division's investment in the MERS Total Market Portfolio (\$20,654,052) is valued at net asset value. At December 31, 2019, there were no unfunded commitments or redemption restrictions.

The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers.

Note 3 - Restricted Assets

At December 31, 2019, restricted assets are composed of the following:

Description	Enterprise Fund	Component Unit - KWA
Unspent bond proceeds and related interest	\$ -	\$ 1,051,992
Unspent bond proceeds held by the County	100,000	200,000
General obligation bond restrictions:		
Debt reserve/redemption	9,755,367	20,378,357
Capacity/Debt service fee for debt service	-	14,583,056
Total	\$ 9,855,367	\$ 36,213,405

The general obligation bond debt reserve is restricted for debt service per the bond agreements. The KWA capacity fee is restricted per the bond agreement for current principal and interest payments on general obligation bonds and the capital lease.

Net position has been restricted for \$65,951 and \$8,619,685 for the Division and KWA, respectively, related to the restricted assets held for debt service, net of the related payable.

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Notes to Financial Statements

December 31, 2019

Note 4 - Capital Assets

Capital asset activity of the Division's proprietary funds was as follows:

Proprietary Funds

	Balance January 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2019
Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 2,343,163	\$ -	\$ 7,360	\$ -	\$ 2,350,523
Construction in progress	1,255,705	(87,356)	2,594,133	-	3,762,482
Subtotal	3,598,868	(87,356)	2,601,493	-	6,113,005
Capital assets being depreciated:					
Distribution and collections system	501,428,397	71,499	486,103	-	501,985,999
Buildings and equipment	22,496,014	2,104,846	704,002	(157,879)	25,146,983
Vehicles	1,730,717	383,487	340,135	-	2,454,339
Subtotal	525,655,128	2,559,832	1,530,240	(157,879)	529,587,321
Accumulated depreciation:					
Distribution and collections system	103,247,402	-	10,205,251	-	113,452,653
Buildings and equipment	7,800,371	1,047,277	1,109,270	(157,879)	9,799,039
Vehicles	1,036,467	273,760	205,883	-	1,516,110
Subtotal	112,084,240	1,321,037	11,520,404	(157,879)	124,767,802
Net capital assets being depreciated	413,570,888	1,238,795	(9,990,164)	-	404,819,519
Net Enterprise Fund capital assets	417,169,756	1,151,439	(7,388,671)	-	410,932,524
Internal Service Fund					
Capital assets being depreciated - Buildings and equipment	8,073,563	(2,472,476)	-	(5,601,087)	-
Accumulated depreciation - Buildings and equipment	6,675,604	(1,321,037)	246,520	(5,601,087)	-
Net Internal Service Fund capital assets	1,397,959	(1,151,439)	(246,520)	-	-
Net proprietary funds capital assets	\$ 418,567,715	\$ -	\$ (7,635,191)	\$ -	\$ 410,932,524

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Notes to Financial Statements

December 31, 2019

Note 4 - Capital Assets (Continued)

Capital asset activity for the Division's component unit, KWA, for the year ended September 30, 2019 was as follows:

Component Unit

	Balance October 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2019
Capital assets being depreciated -					
Water pipeline	\$ 331,706,870	\$ -	\$ 592,410	\$ -	\$ 332,299,280
Accumulated depreciation	5,528,448	-	5,538,489	-	11,066,937
Net capital assets	<u>\$ 326,178,422</u>	<u>\$ -</u>	<u>\$ (4,946,079)</u>	<u>\$ -</u>	<u>\$ 321,232,343</u>

Construction Commitments

The Division has active construction projects at year end, which include improvements and extensions to the water and sewage disposal systems. The most significant project is related to the sewer system construction. The Division spent \$3,743,302 to date and has \$107,087 remaining on outstanding contracts.

The component unit, KWA, had the water pipeline project in progress during the year. At year end, it spent \$260,546,475 and had \$645,270 remaining on the contract.

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Notes to Financial Statements

December 31, 2019

Note 5 - Long-term Debt

The Division issues bonds to provide for the construction of water and waste systems in Genesee County and certain areas in surrounding counties. General obligation bonds are direct obligations and pledge the full faith and credit of the County. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service and require certain financial covenants to be met.

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements:					
Interceptor and Treatment Revenue Bond, Series 2005A	\$ 9,730,000	\$ -	\$ (1,150,000)	\$ 8,580,000	\$ 1,170,000
Interceptor and Treatment Revenue Bond, Series 2005B	6,810,000	-	(805,000)	6,005,000	815,000
Interceptor and Treatment Limited Tax Bond, Series 2005	315,000	-	(315,000)	-	-
Interceptor and Treatment Revenue Bond, Series 2006A	1,385,000	-	(145,000)	1,240,000	145,000
Interceptor and Treatment Revenue Bond, Series 2006B	3,775,000	-	(395,000)	3,380,000	400,000
Interceptor and Treatment Revenue Bond, Series 2006C	2,125,000	-	(220,000)	1,905,000	225,000
Interceptor and Treatment Revenue Bond, Series 2007	5,670,000	-	(525,000)	5,145,000	535,000
Interceptor and Treatment Revenue Bond, Refunding Series 2017	15,345,000	-	(1,260,000)	14,085,000	1,310,000
Interceptor and Treatment Revenue Bond, Series 2010A	9,166,023	-	(675,000)	8,491,023	675,000
Interceptor and Treatment Revenue Bond, Series 2011A	1,020,000	-	(65,000)	955,000	70,000
Sewage Disposal Revenue Bond, Series 2010A	715,000	-	(50,000)	665,000	55,000
Sewage Disposal Revenue Bond, Refunding Series 2017	3,570,000	-	(355,000)	3,215,000	360,000
Sewage Disposal Revenue Bond, Refunding Series 2007	905,000	-	(905,000)	-	-
Water Supply System Revenue Bond, Series 2016A	4,928,527	14,827	(220,000)	4,723,354	225,000
Water Supply System Revenue Bond, Series 2017A	10,140,000	-	(430,000)	9,710,000	435,000

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Notes to Financial Statements

December 31, 2019

Note 5 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Water Supply System Revenue Bond, Series 2011	\$ 654,265	\$ -	\$ (45,000)	\$ 609,265	\$ 45,000
Water Supply System Revenue Bond, Series 2011 Bond premium	15,838	-	(1,218)	14,620	-
Water Supply System Revenue Bond, Series 2015	904,307	-	(45,000)	859,307	45,000
Total direct borrowings and direct placements principal outstanding	77,173,960	14,827	(7,606,218)	69,582,569	6,510,000
Other debt:					
Interceptor and Treatment Revenue Bond, Series 2011B	4,210,000	-	(260,000)	3,950,000	270,000
Water Supply System Revenue Bond, Series 2013	30,910,000	-	(935,000)	29,975,000	975,000
Water Supply System Revenue Bond, Series 2013 Bond premium	505,647	-	(25,282)	480,365	-
Water Supply System Revenue Bond, Series 2014	25,195,000	-	(1,410,000)	23,785,000	1,475,000
Water Supply System Revenue Bond, Series 2014 Bond premium	1,230,881	-	(76,930)	1,153,951	-
Water Supply System Limited Tax Bond, Series 2015	59,395,000	-	(625,000)	58,770,000	670,000
Water Supply System Limited Tax Bond, Series 2015 Bond premium	2,126,132	-	(78,746)	2,047,386	-
Water Supply System Limited Tax Bond, Series 2016	56,150,000	-	(600,000)	55,550,000	620,000
Water Supply System Limited Tax Bond, Series 2016 Bond premium	6,060,474	-	(216,446)	5,844,028	-
Total other debt principal outstanding	185,783,134	-	(4,227,404)	181,555,730	4,010,000
Total business-type activities long-term debt	<u>\$ 262,957,094</u>	<u>\$ 14,827</u>	<u>\$ (11,833,622)</u>	<u>\$ 251,138,299</u>	<u>\$ 10,520,000</u>

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Notes to Financial Statements

December 31, 2019

Note 5 - Long-term Debt (Continued)

Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance September 30, 2019	Due within One Year
Bonds and contracts payable:					
Direct borrowings - Capital lease:	\$ 34,135,000	\$ -	\$ (900,000)	\$ 33,235,000	\$ 935,000
Other debt - Bonds:	282,130,000	-	(5,390,000)	276,740,000	5,670,000
Unamortized bond premiums	16,580,780	-	(643,278)	15,937,502	-
Total component unit long-term debt	\$ 332,845,780	\$ -	\$ (6,933,278)	\$ 325,912,502	\$ 6,605,000

A total of \$6,706,778 of the \$10,520,000 due within one year for the Division is included in payable from restricted assets on the statement of net position.

Total interest expense for the Division for the year was \$9,556,712, none of which was capitalized. Total interest expense for KWA for the year was \$15,626,264.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations excluding bond premiums are as follows:

Years Ending December 31	Business-type Activities					Component Unit Activities		
	Direct Borrowings and Direct Placements		Other Debt		Total	Other Debt		Total
	Principal	Interest	Principal	Interest		Principal	Interest	
2020	\$ 6,510,000	\$ 1,455,519	\$ 4,010,000	\$ 7,839,850	\$ 19,815,369	\$ 5,670,000	\$ 13,864,762	\$ 19,534,762
2021	6,640,000	1,332,874	4,195,000	7,640,675	19,808,549	5,895,000	13,611,612	19,506,612
2022	6,735,000	1,206,280	4,415,000	7,431,600	19,787,880	6,175,000	13,339,862	19,514,862
2023	6,910,000	1,076,718	4,620,000	7,212,250	19,818,968	6,445,000	13,044,362	19,489,362
2024	7,035,000	942,557	4,845,000	6,982,116	19,804,673	6,760,000	12,714,237	19,474,237
2025-2029	26,675,000	2,745,729	28,010,000	31,153,166	88,583,895	39,265,000	57,977,762	97,242,762
2030-2034	5,770,288	916,821	33,250,000	23,138,891	63,076,000	50,470,000	46,484,506	96,954,506
2035-2039	3,292,661	174,545	36,340,000	16,268,559	56,075,765	64,660,000	31,897,156	96,557,156
2040-2044	-	-	39,090,000	7,534,181	46,624,181	83,200,000	12,924,747	96,124,747
2045-2049	-	-	13,255,000	525,775	13,780,775	8,200,000	415,000	8,615,000
Total	\$ 69,567,949	\$ 9,851,043	\$ 172,030,000	\$ 115,727,063	\$ 367,176,055	\$ 276,740,000	\$ 216,274,006	\$ 493,014,006

Note 6 - Pension Plan

Plan Description

The Division participates in a contributory agent multiple-employer defined benefit pension plan known as the Genesee County Employees Retirement System (GCERS or the "System"), administered by Genesee County, Michigan. The plan is included as a pension trust fund in Genesee County's Comprehensive Annual Financial Report.

The system issues a publicly available financial report that can be obtained at 1101 Beach Street, Flint, MI 48502 or on the State of Michigan's website.

December 31, 2019

Note 6 - Pension Plan (Continued)

GCERS was organized pursuant to Section 12a of Act 156, State of Michigan Public Acts of 1851 (MSA 5.33(l); MCLA 46.12a), as amended. GCERS was established by ordinance in 1946, beginning with general county employees and the County Road Commission. Genesee County Water and Waste Services joined the system in 1956; Genesee County Community Mental Health joined in 1966; the City of Mt. Morris, Michigan joined in 1969; and the Genesee District Library joined in 1980. GCERS is regulated under the Genesee County Employees' Retirement System Ordinance, the sections of which have been approved by the State of Michigan Pension Commission.

Benefits Provided

GCERS provides certain retirement, disability, and death benefits to plan members and beneficiaries on behalf of the Division. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in GCERS.

The Division's vesting of benefits occurs after 10 years of service. Generally, participants may elect normal retirement with 23 years of credited service, regardless of age, or retire at age 60 with 10 or more years of credited service; however, employees hired on or after January 1, 2006 may retire at age 55 or older with 23 or more years of credited service or at age 60 with 10 or more years of credited service. Retirement benefits are payable monthly. The retirement benefit is equal to the employee's final average compensation times the sum of 2.0 percent for the first 25 years of credited service, then 1.0 percent for every year of credited service thereafter, or 2.4 percent for the first 25 years of credited service, then 1.0 percent for every year of credit service thereafter, or 2.4 percent for each year of credited service depending on hire date. The Division has a deferred retirement option that requires at least 10 years of credited service to receive benefits at the age of 60.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment is 3.5 percent, noncompounding, for five years with a two-year delay.

Benefit terms, within the parameters established by GCERS, are generally established and amended by authority of the County Commissioners, generally after negotiations of these terms with the affected unions. The covered employees' benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Genesee County Employees Retirement Plan
Date of member count	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	106
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>150</u>
Total employees covered by the plan	<u><u>263</u></u>

December 31, 2019

Note 6 - Pension Plan (Continued)

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, GCERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the GCERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2019, one appointed employee contributed 5 percent, while all others contributed 7 percent of annual pay, and the Division's prescribed actuarial contribution rate was 25.50 percent of annual payroll.

Net Pension Liability

The Division has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The December 31, 2019 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2018 measurement date. The December 31, 2018 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2018	\$ 70,213,419	\$ 46,656,177	\$ 23,557,242
Changes for the year:			
Service cost	1,574,305	-	1,574,305
Interest	4,697,036	-	4,697,036
Differences between expected and actual experience	513,990	-	513,990
Changes in assumptions	(3,731,291)	-	(3,731,291)
Contributions - Employer	-	2,023,100	(2,023,100)
Contributions - Employee	-	784,389	(784,389)
Net investment loss	-	(986,785)	986,785
Benefit payments, including refunds	(3,782,708)	(3,782,708)	-
Administrative expenses	-	(48,930)	48,930
Net changes	(728,668)	(2,010,934)	1,282,266
Balance at December 31, 2018	\$ 69,484,751	\$ 44,645,243	\$ 24,839,508

The plan's fiduciary net position represents 64.3 percent of the total pension liability.

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

For the year ended December 31, 2019, the Division recognized pension expense of \$3,250,203.

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Notes to Financial Statements

December 31, 2019

Note 6 - Pension Plan (Continued)

At December 31, 2019, the Division 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	\$ 2,237,178	\$ (1,620,850)
Changes in assumptions	5,412,640	(8,219,257)
Net difference between projected and actual earnings on pension plan investments	1,849,304	-
Employer contributions to the plan subsequent to the measurement date	2,880,810	-
Total	<u>\$ 12,379,932</u>	<u>\$ (9,840,107)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending December 31	Amount
2020	\$ 791,559
2021	319,223
2022	157,553
2023	(706,955)
2024	(749,159)
Thereafter	(153,206)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 3 percent; assumed salary increases (including inflation) of 3.0 to 7.03 percent, which include across-the-board increases, along with merit and longevity increases that range from 0.17 percent up to 4.03 percent; an investment rate of return (net of administrative and investment expenses) of 7.55 percent; and the RP-2014 with fully generational improvements from 2006.

Discount Rate

The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that division contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

December 31, 2019

Note 6 - Pension Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 nominal long-term expected rate of return for the plan as a whole was 7.55 percent. The target allocation by class is as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. equities active or passive	37.00 %	6.20 %
Non-U.S. equities	18.00	6.10
Domestic fixed income	25.00	1.70
Real estate	18.00	6.20
Cash equivalents	2.00	-

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Division, calculated using the discount rate of 7.55 percent, as well as what the Division's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.55%)	Current Discount Rate (7.55%)	1 Percentage Point Increase (8.55%)
Net pension liability of the Division	\$ 33,027,395	\$ 24,839,508	\$ 17,910,951

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

For the December 31, 2018 actuarial valuation, there were assumption changes that resulted in a decrease in the calculated total pension liability. The assumptions changed during the year related to the discount rate, mortality rates, and investment rate of return; see above for the assumption used.

Note 7 - Other Postemployment Benefit Plan

Plan Description

The Division administers the Genesee County Drain Commissioner Division of Water and Waste Services OPEB Plan (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for various classes of employees.

December 31, 2019

Note 7 - Other Postemployment Benefit Plan (Continued)

Benefits Provided

The Plan provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through the Division's self-insurance program, and the full cost of benefits is covered by the Plan.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	OPEB Plan
Date of member count	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	93
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	155
Total plan members	<u>252</u>

Contributions

The Division establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended December 31, 2019, the Division's contribution was \$3,571,982. Employees are not required to contribute to the Plan.

Net OPEB Liability

The Division has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2019 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2019 measurement date. The December 31, 2019 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

Changes in the net OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at January 1, 2019	\$ 44,777,312	\$ 16,532,666	\$ 28,244,646
Changes for the year:			
Service cost	1,842,757	-	1,842,757
Interest	3,360,952	-	3,360,952
Differences between expected and actual experience	1,769,329	-	1,769,329
Changes in assumptions	3,231,351	-	3,231,351
Contributions - Employer	-	3,571,982	(3,571,982)
Net investment income	-	2,334,545	(2,334,545)
Benefit payments, including refunds	(1,771,982)	(1,771,982)	-
Administrative expenses	-	(13,159)	13,159
Net changes	<u>8,432,407</u>	<u>4,121,386</u>	<u>4,311,021</u>
Balance at December 31, 2019	<u>\$ 53,209,719</u>	<u>\$ 20,654,052</u>	<u>\$ 32,555,667</u>

The plan's fiduciary net position represents 38.82 percent of the total OPEB liability.

December 31, 2019

Note 7 - Other Postemployment Benefit Plan (Continued)

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

For the year ended December 31, 2019, the Division recognized OPEB expense of \$4,194,364.

At December 31, 2019, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,497,125	\$ (2,817,534)
Changes in assumptions	2,734,220	(208,960)
Net difference between projected and actual earnings on OPEB plan investments	271,636	-
Total	<u>\$ 4,502,981</u>	<u>\$ (3,026,494)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending December 31	Amount
2020	\$ 284,452
2021	284,452
2022	284,452
2023	(80,117)
2024	318,581
Thereafter	<u>384,667</u>
Total	<u>\$ 1,476,487</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 3.00 percent; assumed salary increases (including inflation) of 4.00 percent; an investment rate of return (net of investment expenses) of 7.00 percent; a healthcare cost trend rate of 8.50 percent for 2019, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent for 2035 and later years; and the RP-2014 mortality tables with the MP-2017 improvement scale. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that division contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

December 31, 2019

Note 7 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2019 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	5.65 %
Global fixed income	18.50	0.76
Real assets	13.50	6.72
Diversifying	12.50	4.50

Rates of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 13.52 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Division, calculated using the discount rate of 7 percent, as well as what the Division's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the Plan	\$ 40,018,541	\$ 32,555,667	\$ 26,378,375

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Division, calculated using the healthcare cost trend rate of 8.50-4.50 percent, as well as what the Division's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.50-3.50%)	Current Healthcare Cost Trend Rate (8.50-4.50%)	1 Percentage Point Increase (9.50-5.50%)
Net OPEB liability of the Plan	\$ 25,405,166	\$ 32,555,667	\$ 41,483,602

December 31, 2019

Note 7 - Other Postemployment Benefit Plan (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is not available in a separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

For the December 31, 2019 actuarial valuation, there were assumption changes that resulted in an increase in the calculated total OPEB liability. The assumptions changed during the year related to the mortality table, discount rate, and long-term rate of return; see above for the assumptions used.

Note 8 - Risk Management

The Division is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Division is partially self-insured for medical, dental, and vision benefits and has purchased commercial insurance for life, disability, workers' compensation, and general liability insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Division estimates the liability for medical claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. The liability is included with accounts payable and other accrued expenses in the statement of net position. Changes in the estimated liability for the past two fiscal years were as follows:

	2019	2018
Unpaid claims - Beginning of year	\$ 598,100	\$ 464,933
Incurred claims, including claims incurred but not reported	3,674,965	2,911,806
Claim payments	(3,511,727)	(2,778,639)
Unpaid claims - End of year	\$ 761,338	\$ 598,100

Note 9 - Related Party Transactions

During fiscal year 2013, the Karegnondi Water Authority (the "Authority") was formed. The Authority retained the services of the Division to administer the design and construction of the raw water supply system. In addition, the Authority contracted with the Division for the operation and maintenance of the raw water supply system. The Authority has no employees of its own, with all current and future services expected to be rendered by division employees.

The Division has entered into certain contracts with the Authority as a local unit so as to acquire a supply of raw water. This new raw water supply system began being utilized by the Division in late 2017, at which time the Division ceased purchasing finished water from the Great Lakes Water Authority.

December 31, 2019

Note 9 - Related Party Transactions (Continued)

In August 2013, the Division entered into a water purchase contract with the Authority, which provides the Division with 42 MGD of capacity, out of a total authority capacity of 60 MGD. This arrangement in effect means the Division will provide the Authority with 70 percent or more of its total operating revenue over the coming years. In addition, the Division has entered into a financing contract with the Authority, which obligates the Division to pay to the Authority approximately 66 percent of the Authority's debt service. This allocation takes into account and credits the Division for financing and being responsible for the payment of 100 percent of the costs of the intake portion of the project discussed below. A copy of the financing contract can be viewed in the Authority's bonding official statements.

The Division has a lease receivable related to the Division's \$35 million bond issuance in 2013 for construction of an intake facility and two pump stations. Recording of the receivable was a result of modification of a supply contract with KWA in April 2014, effectively stating the Division is to turn over title to the aforementioned facilities to KWA upon redemption of the bonds. Based on contract terms, GASB Statement No. 62, paragraph 213 requires KWA to treat facilities as a capital lease and record as construction in progress the cost of land and other construction costs previously incurred by the Division. The Division reports a lease receivable, and KWA reports long-term debt.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded as a present value of the future minimum lease payments as of the inception date. The future minimum lease obligations (for KWA) and the net present value are as follows:

2020	\$ 2,529,188
2021	2,525,438
2022	2,529,438
2023	2,525,688
2024	2,529,438
2025 - 2029	12,637,162
2030 - 2034	12,632,662
2035 - 2039	12,639,653
2040 - 2041	<u>5,054,224</u>
Total minimum lease payments	55,602,891
Less amount representing interest	<u>(23,302,891)</u>
Present value	<u>\$ 32,300,000</u>

Note 10 - Subsequent Events

The United States and the State of Michigan declared a state of emergency in early March 2020 due to the global coronavirus disease 2019 (COVID-19) pandemic. COVID-19 will impact subsequent periods of the Division. The impact on the Division's future operating costs, revenue, and any recovery from emergency funding, whether federal, state, or local, cannot be estimated.

Subsequent to year end, the Division's investment portfolio within the Division's OPEB plan has experienced a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Subsequent to year end, the Division intends to issue new debt for the Interceptor and Treatment Facilities Fund and has been given approval for up to \$50,000,000 of par value in revenue bonds. Only a portion of the \$50,000,000 is expected to be issued during fiscal year 2020.

Required Supplemental Information

**Genesee County Drain Commissioner
Division of Water and Waste Services**

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

Last Five Fiscal Years Ended December 31

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 1,574,305	\$ 1,663,146	\$ 1,541,981	\$ 879,564	\$ 792,297
Interest	4,697,036	4,270,786	4,014,166	4,017,471	3,903,244
Differences between expected and actual experience	513,990	2,589,458	(2,164,986)	(50,724)	(1,552,139)
Changes in assumptions	(3,731,291)	(5,212,701)	(2,560,324)	12,131,977	1,720,622
Benefit payments, including refunds	(3,782,708)	(3,586,080)	(3,536,526)	(3,474,956)	(3,430,840)
Other	-	-	-	205,519	-
Net Change in Total Pension Liability	(728,668)	(275,391)	(2,705,689)	13,708,851	1,433,184
Total Pension Liability - Beginning of year	70,213,419	70,488,810	73,194,499	59,485,648	58,052,464
Total Pension Liability - End of year	<u>\$ 69,484,751</u>	<u>\$ 70,213,419</u>	<u>\$ 70,488,810</u>	<u>\$ 73,194,499</u>	<u>\$ 59,485,648</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,023,100	\$ 1,751,177	\$ 1,642,376	\$ 1,608,830	\$ 1,434,116
Contributions - Member	784,389	613,544	571,224	573,221	491,212
Net investment (loss) income	(986,785)	5,008,597	3,287,118	519,442	2,799,943
Administrative expenses	(48,930)	(61,061)	(39,153)	(46,313)	(45,417)
Benefit payments, including refunds	(3,782,708)	(3,586,080)	(3,536,526)	(3,474,956)	(3,430,840)
Other	-	-	(7,976)	56,737	-
Net Change in Plan Fiduciary Net Position	(2,010,934)	3,726,177	1,917,063	(763,039)	1,249,014
Plan Fiduciary Net Position - Beginning of year	46,656,177	42,930,000	41,012,937	41,775,976	40,526,962
Plan Fiduciary Net Position - End of year	<u>\$ 44,645,243</u>	<u>\$ 46,656,177</u>	<u>\$ 42,930,000</u>	<u>\$ 41,012,937</u>	<u>\$ 41,775,976</u>
Division's Net Pension Liability - Ending	<u>\$ 24,839,508</u>	<u>\$ 23,557,242</u>	<u>\$ 27,558,810</u>	<u>\$ 32,181,562</u>	<u>\$ 17,709,672</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.25 %	66.45 %	60.90 %	56.03 %	70.23 %
Covered Payroll	\$ 10,288,609	\$ 9,729,524	\$ 8,828,330	\$ 8,211,886	\$ 7,910,806
Division's Net Pension Liability as a Percentage of Covered Payroll	241.43 %	242.12 %	312.16 %	391.90 %	223.90 %

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Required Supplemental Information
Schedule of Pension Contributions**

**Last Ten Fiscal Years
Years Ended December 31**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 2,623,595	\$ 1,863,204	\$ 1,430,189	\$ 1,330,325	\$ 1,456,379	\$ 1,491,452	\$ 1,456,416	\$ 1,531,645	\$ 1,763,782	\$ 1,744,861
Contributions in relation to the actuarially determined contribution	2,880,810	2,059,753	1,767,501	1,642,376	1,608,830	1,491,452	1,456,416	1,531,645	1,763,782	1,744,861
Contribution Excess	\$ 257,215	\$ 196,549	\$ 337,312	\$ 312,051	\$ 152,451	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 10,288,609	\$ 9,729,524	\$ 8,828,330	\$ 8,211,886	\$ 7,910,806	\$ 7,331,367	\$ 7,199,930	\$ 7,050,579	\$ 7,312,770	\$ 7,610,890
Contributions as a Percentage of Covered Payroll	28.00 %	21.17 %	20.02 %	20.00 %	20.34 %	20.34 %	20.23 %	21.72 %	24.12 %	22.93 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the Division's fiscal year ended December 31, 2019 were determined based on the actuarial valuation as of December 31, 2017. The most recent valuation is as of December 31, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	25 years, closed
Asset valuation method	Four-year smoothed market
Inflation	3.00 percent
Salary increase	3.0-7.03 percent, based on age
Investment rate of return	7.55 percent, net of investment expenses
Retirement age	60
Mortality	RP-2014 with fully generational improvements from 2006
Other information	None

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Two Fiscal Years	
	2019	2018
Total OPEB Liability		
Service cost	\$ 1,842,757	\$ 1,704,537
Interest	3,360,952	3,422,903
Differences between expected and actual experience	1,769,329	(4,016,485)
Changes in assumptions	3,231,351	(297,879)
Benefit payments, including refunds	(1,771,982)	(1,644,402)
Net Change in Total OPEB Liability	8,432,407	(831,326)
Total OPEB Liability - Beginning of year	44,777,312	45,608,638
Total OPEB Liability - End of year	\$ 53,209,719	\$ 44,777,312
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,571,982	\$ 4,081,875
Net investment income (loss)	2,334,545	(625,911)
Benefit payments, including refunds	(1,771,982)	(1,644,402)
Administrative expenses	(13,159)	(38,594)
Net Change in Plan Fiduciary Net Position	4,121,386	1,772,968
Plan Fiduciary Net Position - Beginning of year	16,532,666	14,759,698
Plan Fiduciary Net Position - End of year	\$ 20,654,052	\$ 16,532,666
Net OPEB Liability - Ending	\$ 32,555,667	\$ 28,244,646
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	38.82 %	36.92 %
Covered Employee Payroll	\$ 10,568,064	\$ 10,167,151
Net OPEB Liability as a Percentage of Covered Employee Payroll	308.06 %	277.80 %

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Required Supplemental Information
Schedule of OPEB Contributions**

**Last Ten Fiscal Years
Years Ended December 31**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 3,042,002	\$ 3,033,990	\$ 2,845,372	\$ 2,715,562	\$ 3,554,246	\$ 2,523,914	\$ 3,818,480	\$ 3,933,831	\$ 2,587,823	\$ 2,085,921
Contributions in relation to the actuarially determined contribution	3,571,982	4,081,875	3,260,251	3,087,627	3,006,763	3,742,617	3,202,908	4,023,879	1,418,354	1,475,865
Contribution Excess (Deficiency)	\$ 529,980	\$ 1,047,885	\$ 414,879	\$ 372,065	\$ (547,483)	\$ 1,218,703	\$ (615,572)	\$ 90,048	\$ (1,169,469)	\$ (610,056)
Covered Employee Payroll	\$ 10,568,064	\$ 10,167,151	\$ 9,397,507	\$ 8,244,365	\$ 8,163,418	\$ 7,092,691	\$ 7,092,691	\$ 7,312,770	\$ 7,610,890	\$ 7,610,890
Contributions as a Percentage of Covered Employee Payroll	33.80 %	40.15 %	34.69 %	37.45 %	36.83 %	52.77 %	45.16 %	55.03 %	18.64 %	19.39 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which the contributions are reported. Contributions for the Division's fiscal year ended December 31, 2019 were determined based on the actuarial valuation as of December 31, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	30 years
Asset valuation method	Market
Inflation	3.00 percent
Healthcare cost trend rates	8.50 percent (7.00 for Medicare), graded down 0.25 percent to 4.50 percent
Investment rate of return	7.00 percent, net of plan investment expense
Retirement age	60
Mortality	RP 2014 Mortality Table with MP 2017
Other information	None

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Required Supplemental Information
Schedule of OPEB Investment Returns**

**Last Two Fiscal Years
Years Ended December 31**

	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	13.54 %	(3.64)%

December 31, 2019

Pension Information

Changes in Assumptions

In 2019, assumptions changed related to the discount rate, investment rate of return, and mortality tables, resulting in an increase in the total pension liability.

In 2018, 2017, and 2016, assumptions changed related to the discount rate, resulting in a decrease or increase in the total pension liability.

In 2015, mortality tables were adjusted to reflect longer lifetimes, and the discount rate was lowered, resulting in an increase in the total pension liability.

OPEB Information

Changes in Assumptions

In 2019, there were assumption changes related to the mortality table, discount rate, and long-term rate of return that resulted in an increase in the calculated total OPEB liability.

In 2018, there were assumption changes related to the mortality table that resulted in a decrease in the calculated total OPEB liability.

Other Supplemental Information

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Other Supplemental Information
Combining Statement of Net Position
Enterprise Fund Divisional Detail**

December 31, 2019

(with comparative totals for 2018)

	2019				Total	2018
	Interceptor and Treatment Facilities	Sewage Disposal District No. 3	Sewage Disposal District No. 7	Water Supply Systems		
Assets						
Current assets:						
Cash and cash equivalents	\$ 8,155,096	\$ 2,312,385	\$ 418,020	\$ 4,660,180	\$ 15,545,681	\$ 15,210,315
Receivables:						
Receivables from sales to customers on account	6,029,119	917,150	343,162	6,407,881	13,697,312	14,010,356
Due from other governments	-	6,294	-	283,037	289,331	297,344
Current portion of leases receivable	-	-	-	1,065,000	1,065,000	2,245,000
Prepaid expenses and other assets	76,085	14,941	576	708,606	800,208	692,326
Total current assets	14,260,300	3,250,770	761,758	13,124,704	31,397,532	32,455,341
Noncurrent assets:						
Restricted assets	4,974,781	496,574	-	4,384,012	9,855,367	10,798,405
Leases receivable - Net of current portion	-	-	-	32,703,572	32,703,572	33,768,572
Due from other governmental units	-	-	-	5,258,648	5,258,648	5,258,648
Local unit construction in progress	-	-	-	-	-	370,445
Capital assets - Net	193,700,706	24,333,494	325,895	192,572,429	410,932,524	417,169,756
Total noncurrent assets	198,675,487	24,830,068	325,895	234,918,661	458,750,111	467,365,826
Total assets	212,935,787	28,080,838	1,087,653	248,043,365	490,147,643	499,821,167
Deferred Outflows of Resources						
Bond refunding loss being amortized	196,711	5,535	-	8,597	210,843	231,748
Deferred outflows related to pensions	6,377,478	1,289,387	361,572	4,351,495	12,379,932	11,714,324
Deferred OPEB costs	2,244,286	409,771	107,621	1,741,303	4,502,981	1,458,277
Total deferred outflows of resources	8,818,475	1,704,693	469,193	6,101,395	17,093,756	13,404,349
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	2,668,001	314,916	55,022	1,978,736	5,016,675	4,994,892
Unearned revenue	-	-	-	-	-	468,975
Current portion of long-term debt	884,135	-	-	2,929,087	3,813,222	4,058,431
Total current liabilities	3,552,136	314,916	55,022	4,907,823	8,829,897	9,522,298
Noncurrent liabilities:						
Payable from restricted assets	4,974,781	430,623	-	4,284,012	9,689,416	10,568,149
Net pension liability	12,802,283	2,590,760	720,346	8,726,119	24,839,508	23,557,242
Net OPEB liability	16,225,745	2,962,565	778,080	12,589,277	32,555,667	28,244,646
Long-term debt - Net of current portion	48,135,643	3,465,000	-	189,017,656	240,618,299	251,522,094
Total noncurrent liabilities	82,138,452	9,448,948	1,498,426	214,617,064	307,702,890	313,892,131
Total liabilities	85,690,588	9,763,864	1,553,448	219,524,887	316,532,787	323,414,429
Deferred Inflows of Resources						
Deferred pension cost reductions	5,068,453	1,024,484	287,916	3,459,254	9,840,107	10,087,371
Deferred OPEB cost reductions	1,508,405	275,411	72,332	1,170,346	3,026,494	3,670,429
Total deferred inflows of resources	6,576,858	1,299,895	360,248	4,629,600	12,866,601	13,757,800
Net Position						
Net investment in capital assets	144,877,639	20,874,029	325,895	35,168,445	201,246,008	198,616,013
Restricted - Debt service	-	65,951	-	-	65,951	73,273
Unrestricted	(15,390,823)	(2,218,208)	(682,745)	(5,178,172)	(23,469,948)	(22,635,999)
Total net position	\$ 129,486,816	\$ 18,721,772	\$ (356,850)	\$ 29,990,273	\$ 177,842,011	\$ 176,053,287

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Other Supplemental Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Enterprise Fund Divisional Detail**

**Year Ended December 31, 2019
(with comparative totals for 2018)**

	2019				Total	2018
	Interceptor and Treatment Facilities	Sewage Disposal District No. 3	Sewage Disposal District No. 7	Water Supply Systems		
Operating Revenue						
Sale of water	\$ -	\$ -	\$ -	\$ 39,851,813	\$ 39,851,813	\$ 41,043,828
Sewage disposal charges	25,283,043	4,802,908	934,035	-	31,019,986	31,062,903
Billing services	143,250	-	-	-	143,250	142,944
Water meter sales	-	-	-	190,118	190,118	156,776
Sewer and pumping station - Operation and maintenance	1,307,876	-	-	-	1,307,876	1,300,447
Other operating revenue	633,987	480,189	10,454	814,431	1,939,061	1,837,136
Total operating revenue	27,368,156	5,283,097	944,489	40,856,362	74,452,104	75,544,034
Operating Expenses						
Cost of water	-	-	-	18,115,091	18,115,091	19,745,531
Sludge disposal service	1,238,132	426,050	398	-	1,664,580	1,260,396
Cost of insurance claims and expenses	284,742	76,717	16,627	453,440	831,526	757,439
Repairs and maintenance	1,521,501	994,613	222,918	863,965	3,602,997	4,221,919
Other supplies and expenses	808,138	167,406	26,223	986,181	1,987,948	1,882,731
Contractual services	1,231,893	287,792	20,179	1,106,380	2,646,244	1,806,398
Utilities	2,621,750	431,245	183,408	895,335	4,131,738	4,178,131
Personnel services	11,171,147	2,027,045	783,815	9,219,962	23,201,969	21,165,563
Depreciation	5,533,234	861,881	27,922	5,097,365	11,520,402	11,734,684
Total operating expenses	24,410,537	5,272,749	1,281,490	36,737,719	67,702,495	66,752,792
Operating Income (Loss)	2,957,619	10,348	(337,001)	4,118,643	6,749,609	8,791,242
Nonoperating Revenue (Expense)						
Investment income - Net	174,199	40,141	8,730	118,352	341,422	103,693
Gain on sale of assets	10,906	1,676	1,419	8,799	22,800	-
Community bond interest income	4,463	9,050	-	1,623,194	1,636,707	1,750,021
Community bond interest expense	(4,463)	(9,050)	-	(1,623,194)	(1,636,707)	(1,750,021)
Miscellaneous income	466,273	-	-	572,262	1,038,535	1,473,811
Interest and fiscal charges	(1,218,760)	(90,338)	-	(6,239,928)	(7,549,026)	(7,841,809)
Total nonoperating (expense) revenue	(567,382)	(48,521)	10,149	(5,540,515)	(6,146,269)	(6,264,305)
Income (Loss) - Before capital contributions	2,390,237	(38,173)	(326,852)	(1,421,872)	603,340	2,526,937
Capital Contributions	33,945	-	-	-	33,945	-
Transfers In	545,325	22,028	5,507	578,579	1,151,439	-
Change in Net Position	2,969,507	(16,145)	(321,345)	(843,293)	1,788,724	2,526,937
Net Position - Beginning of year	126,517,309	18,737,917	(35,505)	30,833,566	176,053,287	173,526,350
Net Position - End of year	\$ 129,486,816	\$ 18,721,772	\$ (356,850)	\$ 29,990,273	\$ 177,842,011	\$ 176,053,287

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Other Supplemental Information
Combining Statement of Cash Flows
Enterprise Fund Divisional Detail**

**Year Ended December 31, 2019
(with comparative totals for 2018)**

	2019				Total	2018
	Interceptor and Treatment Facilities	Sewage Disposal District No. 3	Sewage Disposal District No. 7	Water Supply Systems		
Cash Flows from Operating Activities						
Receipts from customers	\$ 27,823,387	\$ 5,299,893	\$ 812,638	\$ 40,829,230	\$ 74,765,148	\$ 75,833,449
Payments to suppliers and others for goods and services	(7,381,255)	(3,138,732)	(475,189)	(22,079,461)	(33,074,637)	(38,806,072)
Payments for salaries and employee benefits	(11,236,169)	(2,187,430)	(604,144)	(8,252,203)	(22,279,946)	(20,375,006)
Net cash and cash equivalents provided by (used in) operating activities	9,205,963	(26,269)	(266,695)	10,497,566	19,410,565	16,652,371
Cash Flows from Capital and Related Financing Activities						
Other debt financing activities	(340,136)	(915,492)	-	(137,834)	(1,393,462)	-
Collection of leases receivable from municipalities	315,000	905,000	-	1,025,000	2,245,000	2,955,000
Proceeds from sale of capital assets	10,906	1,676	1,419	8,799	22,800	-
Collection of interest from communities and C.U. (KWA)	6,694	22,863	-	1,615,163	1,644,720	3,227,707
Purchase of capital assets	(2,609,015)	(40,938)	(3,046)	(1,583,395)	(4,236,394)	(8,634,381)
Principal paid on bond maturities	(5,500,000)	(405,000)	-	(4,220,000)	(10,125,000)	(10,115,000)
Interest paid on bonds	(1,222,836)	(90,475)	-	(8,243,401)	(9,556,712)	(9,225,545)
Miscellaneous revenue	466,500	-	-	572,889	1,039,389	1,473,811
Capital grant contribution	-	-	-	-	-	4,950,882
Net cash and cash equivalents used in capital and related financing activities	(8,872,887)	(522,366)	(1,627)	(10,962,779)	(20,359,659)	(15,367,526)
Cash Flows Provided by Investing Activities -						
Investment income	174,199	40,141	8,730	118,352	341,422	103,694
Net Increase (Decrease) in Cash and Cash Equivalents	507,275	(508,494)	(259,592)	(346,861)	(607,672)	1,388,539
Cash and Cash Equivalents - Beginning of year	12,622,602	3,317,453	677,612	9,391,053	26,008,720	24,620,181
Cash and Cash Equivalents - End of year	\$ 13,129,877	\$ 2,808,959	\$ 418,020	\$ 9,044,192	\$ 25,401,048	\$ 26,008,720
Classification of Cash and Cash Equivalents						
Cash and investments	\$ 8,155,096	\$ 2,312,385	\$ 418,020	\$ 4,660,180	\$ 15,545,681	\$ 15,210,315
Restricted cash	4,974,781	496,574	-	4,384,012	9,855,367	10,798,405
Total cash and cash equivalents	\$ 13,129,877	\$ 2,808,959	\$ 418,020	\$ 9,044,192	\$ 25,401,048	\$ 26,008,720

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Other Supplemental Information
Combining Statement of Cash Flows (Continued)
Enterprise Fund Divisional Detail**

**Year Ended December 31, 2019
(with comparative totals for 2018)**

	2019				Total	2018
	Interceptor and Treatment Facilities	Sewage Disposal District No. 3	Sewage Disposal District No. 7	Water Supply Systems		
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 2,957,619	\$ 10,348	\$ (337,001)	\$ 4,118,643	\$ 6,749,609	\$ 8,791,242
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	5,533,234	861,881	27,922	5,097,365	11,520,402	11,734,684
Changes in assets and liabilities:						
Receivables	455,231	16,796	(131,851)	(27,132)	313,044	72,107
Local communities construction in progress	370,445	-	-	-	370,445	(370,445)
Prepaid and other assets	(25,475)	(12,166)	(576)	(49,302)	(87,519)	325,292
Net pension and OPEB liability	(45,087)	(151,904)	182,260	1,006,507	991,776	850,651
Accounts payable and accrued expense	(40,004)	(751,224)	(7,449)	351,485	(447,192)	(4,751,160)
Total adjustments	6,248,344	(36,617)	70,306	6,378,923	12,660,956	7,861,129
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 9,205,963</u>	<u>\$ (26,269)</u>	<u>\$ (266,695)</u>	<u>\$ 10,497,566</u>	<u>\$ 19,410,565</u>	<u>\$ 16,652,371</u>
Significant Noncash Transactions						
Capital contributions	\$ 33,945	\$ -	\$ -	\$ -	\$ 33,945	\$ -
Transfer of assets from Internal Service Fund to Enterprise Fund	545,235	22,028	5,507	578,579	1,151,349	-

**Genesee County Drain Commissioner
Division of Water and Waste Services**

Other Supplemental Information
Statement of Net Position
Internal Service Fund (Equipment Fund)

**December 31, 2019
(with comparative totals for 2018)**

	2019	2018
Assets		
Noncurrent assets - Capital assets - Assets subject to depreciation - Net of depreciation	\$ -	\$ 1,397,959
Net Position		
Net investment in capital assets	-	1,397,959
Total net position	\$ -	\$ 1,397,959

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Other Supplemental Information
Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Fund (Equipment Fund)**

**Year Ended December 31, 2019
(with comparative totals for 2018)**

	2019	2018
Revenue	\$ -	\$ -
Operating Expenses		
Supplies	-	73,056
Depreciation	246,520	248,632
Total operating expenses	246,520	321,688
Operating Loss	(246,520)	(321,688)
Nonoperating Revenue - Gain on sale of assets	-	9,605
Transfers Out	(1,151,439)	-
Change in Net Position	(1,397,959)	(312,083)
Net Position - Beginning of year	1,397,959	1,710,042
Net Position - End of year	\$ -	\$ 1,397,959

**Genesee County Drain Commissioner
Division of Water and Waste Services**

**Other Supplemental Information
Statement of Cash Flows
Internal Service Fund (Equipment Fund)**

**Year Ended December 31, 2019
(with comparative totals for 2018)**

	2019	2018
Cash Flows Used in Operating Activities - Payments to suppliers and others for goods and services	\$ -	\$ (73,056)
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	-	9,605
Purchase of capital assets	-	(72,112)
Net cash and cash equivalents used in capital and related financing activities	-	(62,507)
Net Decrease in Cash and Cash Equivalents	-	(135,563)
Cash and Cash Equivalents - Beginning of year	-	135,563
Cash and Cash Equivalents - End of year	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (246,520)	\$ (321,688)
Adjustments to reconcile operating loss to net cash from operating activities - Depreciation	246,520	248,632
Net cash and cash equivalents used in operating activities	\$ -	\$ (73,056)
Significant Noncash Transactions - Transfer of assets from Internal Service Fund to Enterprise Fund	\$ (1,151,439)	\$ -

Genesee County Drain Commissioner

Division of Water and Waste Services

Description of Issue	Principal	Issued During the	Retired During the	Principal Outstanding	2020		2021	
	Outstanding January 1, 2019				Year	Year	December 31, 2019	Principal
Interceptor and Treatment Facilities								
<u>Genesee County Drain Commissioner Bonds</u>								
Payable:								
Series 2005A \$22,180,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Northeast Extension Sewer project. Fully drawn May 2007. Due in amounts ranging from \$950,000 to \$1,285,000 through 2026 with an interest rate of 1.625%	9,730,000	-	(1,150,000)	8,580,000	1,170,000	139,425.00	1,185,000	120,413.00
Series 2005B \$15,505,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee for Division project. Fully drawn May 2007. Due in amounts ranging from \$660,000 to \$900,000 through 2026 with an interest rate of 1.625%	6,810,000	-	(805,000)	6,005,000	815,000	90,959.00	830,000	77,594.00
Series 2006A \$2,815,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Division Northeast Extension Sewer project. Fully drawn October 2007. Due in amounts ranging from \$120,000 to \$165,000 through 2027 with an interest rate of 1.625%	1,385,000	-	(145,000)	1,240,000	145,000	20,150.00	150,000	17,794.00
Series 2006B \$7,705,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Division Northeast Extension Sewer project. Fully drawn July 2008. Due in amounts ranging from \$330,000 to \$445,000 through 2027 with an interest rate of 1.625%	3,775,000	-	(395,000)	3,380,000	400,000	54,925.00	405,000	48,425.00
Series 2006C \$4,335,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Division Northeast Extension Sewer project. Fully drawn January 2008. Due in amounts ranging from \$185,000 to \$250,000 through 2027 with an interest rate of 1.625%	2,125,000	-	(220,000)	1,905,000	225,000	30,956.00	230,000	27,300.00
Series 2007 \$10,500,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Division Northeast Extension Sewer project. Fully drawn in December 2010. Due in amounts ranging from \$450,000 to \$610,000 through 2028 with an interest rate of 1.625%	5,670,000	-	(525,000)	5,145,000	535,000	79,259.00	545,000	70,484.00
Series 2010A \$14,010,023 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Pump Station #1, ARTP Blower Revamp, and ARTP Clarifiers. Fully drawn May 2013. Due in amounts ranging from \$569,000 to \$861,023 through 2030 with an interest rate of 2.50%	9,166,023	-	(675,000)	8,491,023	675,000	212,276.00	710,000	195,401.00

Genesee County Drain Commissioner Division of Water and Waste Services

Summary of Bonds Payable Year Ended December 31, 2019

2022		2023		2024		Later		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1,205,000	101,156.00	1,225,000	81,575.00	1,245,000	61,669.00	2,550,000	62,319.00	8,580,000	566,557.00
845,000	63,984.00	860,000	50,131.00	870,000	36,075.00	1,785,000	29,129.00	6,005,000	347,872.00
150,000	15,356.00	155,000	12,919.00	155,000	10,400.00	485,000	15,843.00	1,240,000	92,462.00
410,000	41,844.00	420,000	35,181.00	425,000	28,356.00	1,320,000	43,062.00	3,380,000	251,793.00
230,000	23,563.00	235,000	19,825.00	240,000	16,006.00	745,000	24,294.00	1,905,000	141,944.00
555,000	61,547.00	560,000	52,488.00	570,000	43,306.00	2,380,000	78,163	5,145,000	385,247
710,000	177,651.00	745,000	159,901.00	745,000	141,276.00	4,906,023	436,781.00	8,491,023	1,323,286.00

Genesee County Drain Commissioner Division of Water and Waste Services

Description of Issue	Principal	Issued During the Year	Retired During the Year	Principal Outstanding	2020		2021		
	Outstanding January 1, 2019			December 31, 2019	Principal	Interest	Principal	Interest	
Interceptor and Treatment Facilities									
<u>Genesee County Drain Commissioner Bonds Payable:</u>									
Series 2011A \$1,445,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for ARTP Switchgears. Fully drawn in October 2012. Due in amounts ranging from \$55,000 to \$90,000 through 2031 with an interest rate of 2.50%	1,020,000	-	(65,000)	955,000	70,000	23,875.00	70,000	22,125.00	
Series 2011B \$4,825,000 Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for NEES 3E. Due serially and term in amounts ranging from \$180,000 to \$405,000 through 2031 with interest rates from 3.00% to 5.00%	4,210,000	-	(260,000)	3,950,000	270,000	169,525.00	270,000	158,725.00	
Refunding Series 2017 \$15,890,000 Revenue Bonds backed by the full faith and credit of the County of Genesee Limited Tax General Obligation. Refunded 2007B, \$8,000,000 and 2009A, \$15,000,000 for the Northeast Extension Sewer Project bonds. Due in amounts ranging from \$545,000 to \$1,575,000 through 2029 with an interest rate of 2.09%	15,345,000	-	(1,260,000)	14,085,000	1,310,000	294,376.50	1,360,000	266,997.50	
Total Genesee County Drain Commission bonds payable	59,236,023	-	(5,500,000)	53,736,023	5,615,000	1,115,726.50	5,755,000	1,005,258.50	
<u>Community-related Bonds Payable:</u>									
Refunding Series 2005 \$2,900,000 County of Genesee Limited Tax General Obligation Bonds. Refunded Series 1999, \$3,800,000 Bonds for Mt. Morris Township Sanitary Sewer System project. Due serially in amounts ranging from \$15,000 to \$315,000 through 2019 with interest rates from 4.00% to 4.25%	315,000	-	(315,000)	-	-	-	-	-	
Total Community-related bonds payable	315,000	-	(315,000)	-	-	-	-	-	
Total Interceptor and Treatment Facilities bonds payable	\$ 59,551,023	\$ -	\$ (5,815,000)	\$ 53,736,023	\$ 5,615,000	\$ 1,115,726.50	\$ 5,755,000	\$ 1,005,258.50	

Summary of Bonds Payable (Continued)
Year Ended December 31, 2019

2022		2023		2024		Later		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
75,000	20,375.00	75,000	18,500.00	75,000	16,625.00	590,000	60,375.00	955,000	161,875.00
290,000	147,525.00	290,000	135,925.00	295,000	124,041.00	2,535,000	449,291.00	3,950,000	1,185,032.00
1,380,000	238,573.50	1,425,000	209,731.50	1,465,000	179,949.00	7,145,000	431,167	14,085,000	1,620,795.00
5,850,000	891,574.50	5,990,000	776,176.50	6,085,000.00	657,703.00	24,441,023	1,630,424.00	53,736,023	6,076,863.00
-	-	-	-	-	-	-	-	-	-
<u>\$ 5,850,000</u>	<u>\$ 891,574.50</u>	<u>\$ 5,990,000</u>	<u>\$ 776,176.50</u>	<u>\$ 6,085,000</u>	<u>\$ 657,703.00</u>	<u>\$ 24,441,023</u>	<u>\$ 1,630,424.00</u>	<u>\$ 53,736,023</u>	<u>\$ 6,076,863.00</u>

Genesee County Drain Commissioner Division of Water and Waste Services

Description of Issue	Principal	Issued During the	Retired During the	Principal Outstanding	2020		2021	
	Outstanding January 1, 2019				Year	Year	December 31, 2019	Principal
District No. 3								
Genesee County Drain Commissioner Bonds Payable:								
Series 2010A \$1,089,000 State Revolving Fund Program Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for District #3 Digester Phase I. Fully drawn in September 2011. Due in amounts ranging from \$44,000 to \$70,000 through 2030 with an interest rate of 2.50%	715,000	-	(50,000)	665,000	55,000	16,625.00	55,000	15,250.00
Refunding Series 2017 \$3,905,000 Revenue Bonds backed by the full faith and credit of the County of Genesee Limited Tax General Obligation. Refunded 2007 for the Treatment Plant Improvement project. Due in amounts ranging from \$335,000 to \$435,000 through 2027 with an interest rate of 2.14%	3,570,000	-	(355,000)	3,215,000	360,000	64,949.00	375,000	57,084.50
Total Genesee County Drain Commission bonds payable	4,285,000	-	(405,000)	3,880,000	415,000	81,574.00	430,000	72,334.50
Community-related Bonds Payable:								
Refunding Series 2007 \$5,615,000 County of Genesee Limited Tax General Obligation Bonds. Partially refunded Series 1998, \$7,140,000 Bonds for City of Fenton, Fenton Township, and City of Linden Sewage Disposal System project. Due serially in amounts ranging from \$20,000 to \$915,000 through 2019 with an interest rate of 4.00%	905,000	-	(905,000)	-	-	-	-	-
Total Community-related bonds payable	905,000	-	(905,000)	-	-	-	-	-
Total District No. 3 bonds payable	\$ 5,190,000	\$ -	\$ (1,310,000)	\$ 3,880,000	\$ 415,000	\$ 81,574.00	\$ 430,000	\$ 72,334.50

Summary of Bonds Payable (Continued)
Year Ended December 31, 2019

2022		2023		2024		Later		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
55,000	13,875.00	55,000	12,500.00	60,000	11,125.00	\$ 385,000	34,500.00	\$ 665,000	103,875.00
385,000	48,952.50	395,000	40,606.50	410,000	31,993.00	\$ 1,290,000	41,623.00	\$ 3,215,000	285,208.50
440,000	62,827.50	450,000	53,106.50	470,000	43,118.00	1,675,000	76,123.00	3,880,000	389,083.50
						-	-	-	0.00
-	-	-	-	-	-	-	-	-	-
<u>\$ 440,000</u>	<u>\$ 62,827.50</u>	<u>\$ 450,000</u>	<u>\$ 53,106.50</u>	<u>\$ 470,000</u>	<u>\$ 43,118.00</u>	<u>\$ 1,675,000</u>	<u>\$ 76,123.00</u>	<u>\$ 3,880,000</u>	<u>\$ 389,083.50</u>

Genesee County Drain Commissioner Division of Water and Waste Services

Description of Issue	Principal	Issued During the	Retired During the	Principal Outstanding	2020		2021	
	Outstanding January 1, 2019				Year	Year	December 31, 2019	Principal
Water Supply Systems								
<u>Genesee County Drain Commissioner Bonds Payable:</u>								
Series 2013 \$35,000,000 Revenue Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Lake Huron Initiative project. Due serially and term in various amounts ranging from \$670,000 to \$2,400,000 through 2038 with interest rates from 2.00% to 5.375%	30,910,000	-	(935,000)	29,975,000	975,000	1,554,187.50	1,020,000	1,505,437.50
Series 2014 \$30,285,000 Revenue Refunding Bonds backed by the full faith and credit of the County of Genesee. Due serially in various amounts ranging from \$1,210,000 to \$2,130,000 through 2034 with interest rates from 3.00% to 5.00%	25,195,000	-	(1,410,000)	23,785,000	1,475,000	1,040,787.50	1,560,000	967,037.50
Series 2015 \$60,000,000 Revenue Bonds backed by the County of Genesee Limited Tax General Obligation. Bond proceeds used for water treatment plant. Due serially in amounts ranging from \$605,000 to \$2,490,000 through 2035 with interest rates from 5.00% to 3.625% and in term amounts of \$15,880,000 and \$22,320,000 with interest of 5.25% and 4.00% in 2040 and 2045 respectively	59,395,000	-	(625,000)	58,770,000	670,000	2,590,568.76	705,000	2,556,193.76
Series 2016A \$4,943,354 Drinking Water Revolving Fund Revenue Bonds backed by the County of Genesee Limited Tax General Obligation. Bond proceeds used for water meter upgrade project. Due in amounts ranging from \$220,000 to \$355,000 through 2038 with an interest rate of 2.50%.	4,928,527	14,827	(220,000)	4,723,354	225,000	115,163.24	195,000.00	110,021.36
Series 2016B \$56,895,000 Revenue and Revenue Refunding Bonds backed by the County of Genesee Limited Tax General Obligation. Bond proceeds used for water treatment plant and refunding Series 2007. Due serially in amounts ranging from \$145,000 to \$2,425,000 through 2036 with interest rates from 5.00% to 3.125% and in term amounts of \$14,825,000 and \$19,515,000 with interest of 4.00% and 5.00% in 2041 and 2046 respectively	56,150,000	-	(600,000)	55,550,000	620,000	2,484,781.26	640,000.00	2,453,281.26
Series 2017A \$10,500,000 Revenue Bonds backed by the County of Genesee Limited Tax General Obligation. Bond proceeds used for water transmission main from Henderson Road to Genesee Road (Potter Road Southeast Loop Extension). Due serially in amounts ranging from \$360,000 to \$695,000 through 2037 with interest rates from .90% to 3.65%	10,140,000	-	(430,000)	9,710,000	435,000	276,428.75	440,000.00	270,082.50
Total Genesee County Drain Commission bonds payable	186,718,527	14,827	(4,220,000)	182,513,354	4,400,000	8,061,917.01	4,560,000.00	7,862,053.88

Summary of Bonds Payable (Continued)
Year Ended December 31, 2019

2022		2023		2024		Later		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1,075,000	1,454,437.50	1,125,000	1,400,687.50	1,185,000	1,344,437.50	24,595,000	10,785,056.28	29,975,000	18,044,243.78
1,640,000	889,037.50	1,735,000	807,037.50	1,825,000	720,287.50	15,550,000	2,811,631.26	23,785,000	7,235,818.76
740,000	2,520,068.76	770,000	2,482,318.76	775,000	2,443,693.76	55,110,000	31,658,440.70	58,770,000	44,251,284.50
200,000.00	105,083.86	205,000.00	100,021.36	210,000.00	94,833.86	3,688,354	687,119.61	4,723,354	1,212,243.29
670,000.00	2,420,531.26	700,000.00	2,386,281.26	765,000.00	2,349,656.26	52,155,000	32,916,153.23	55,550,000	45,010,684.53
445,000.00	262,667.50	455,000.00	253,998.75	465,000.00	244,103.75	7,470,000	1,761,716.25	9,710,000	3,068,997.50
4,770,000.00	7,651,826.38	4,990,000.00	7,430,345.13	5,225,000	7,197,012.63	158,568,354	80,620,117.33	182,513,354	118,823,272.36

Genesee County Drain Commissioner Division of Water and Waste Services

Description of Issue	Principal	Issued During the Year	Retired During the Year	Principal Outstanding	2020		2021	
	Outstanding January 1, 2019			December 31, 2019	Principal	Interest	Principal	Interest
Water Supply Systems								
Community-related Bonds Payable:								
Series 2011 \$933,515 Drinking Water Revolving Fund Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Fenton Road Watermain - Bristol to Maple. Fully drawn in July 2012. Due in amounts ranging from \$34,250 to \$59,265 through 2031 with an interest rate of 2.50%	654,265	-	(45,000)	609,265	45,000	14,669.00	45,000	13,544.00
Series 2015 \$1,050,000 Drinking Water Revolving Fund Bonds backed by the full faith and credit of the County of Genesee. Bond proceeds used for Dalton Subdivision Watermain Replacement. Will be fully drawn in 2017. Due serially in amounts ranging from \$50,000 to \$80,000 through 2035 with an interest rate of 2.50%	904,307		(45,000)	859,307	45,000	21,482.68	45,000	20,357.68
Total Community-related bonds payable	1,558,572	-	(90,000)	1,468,572	90,000	36,151.68	90,000	33,901.68
Total Water Supply Systems bonds payable	<u>\$ 188,277,099</u>	<u>\$ 14,827</u>	<u>\$ (4,310,000)</u>	<u>\$ 183,981,926</u>	<u>\$ 4,490,000</u>	<u>\$ 8,098,068.69</u>	<u>\$ 4,650,000</u>	<u>\$ 7,895,955.56</u>
Total Genesee County Drain Commission bonds payable	\$ 250,239,550	\$ 14,827	\$ (10,125,000)	\$ 240,129,377	\$ 10,430,000	9,259,217.51	10,745,000	8,939,646.88
Total Community-related bonds payable	2,778,572	-	(1,310,000)	1,468,572	90,000	36,151.68	90,000	33,901.68
Total - All bonds payable	<u>\$ 253,018,122</u>	<u>\$ 14,827</u>	<u>\$ (11,435,000)</u>	<u>\$ 241,597,949</u>	<u>\$ 10,520,000</u>	<u>\$ 9,295,369.19</u>	<u>\$ 10,835,000</u>	<u>\$ 8,973,548.56</u>

Summary of Bonds Payable (Continued)
Year Ended December 31, 2019

2022		2023		2024		Later		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
45,000	12,419.00	50,000	11,232.00	50,000	9,982.00	374,265	33,819.00	609,265	95,665.00
45,000	19,232.68	50,000	18,107.68	50,000	16,857.68	624,307	97,184.48	859,307	193,222.88
90,000	31,651.68	100,000	29,339.68	100,000	26,839.68	998,572	131,003.48	1,468,572	288,887.88
\$ 4,860,000	\$ 7,683,478.06	\$ 5,090,000	\$ 7,459,684.81	5,325,000	\$ 7,223,852.31	\$ 159,566,926	\$ 80,751,120.81	\$ 183,981,926	\$ 119,112,160.24
11,060,000	8,606,228.38	11,430,000	8,259,628.13	11,780,000	7,897,833.63	\$ 184,684,377	82,326,664.33	\$ 240,129,377	125,289,218.86
90,000	31,651.68	100,000	29,339.68	100,000	26,839.68	998,572	131,003.48	1,468,572	288,887.88
\$ 11,150,000	\$ 8,637,880.06	\$ 11,530,000	\$ 8,288,967.81	\$ 11,880,000	\$ 7,924,673.31	\$ 185,682,949	\$ 82,457,667.81	\$ 241,597,949	\$ 125,578,106.74