

County of
Muskegon,
Michigan



Year Ended
September 30,
2018

Comprehensive
Annual Financial
Report



County of Muskegon, Michigan

Comprehensive Annual Financial Report
For the Year Ended September 30, 2018

*Prepared by
Department of Finance and Management Services/Accounting*

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Director of Finance/Assistant County Administrator*

*Dwight D. Avery, CPA, CCM, CGFM
Accounting Manager*

COUNTY OF MUSKEGON, MICHIGAN

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INTRODUCTORY SECTION

COUNTY OF MUSKEGON, MICHIGAN

Principal Officials

As of March 28, 2019

BOARD OF COMMISSIONERS

Susie Hughes, Chair (District 3)
Gary Foster, Vice Chair (District 7)
Rillastine R. Wilkins (District 1)
Marcia Hovey-Wright (District 2)
Robert N. Scolnik (District 4)
Zach Lahring (District 5)
Charles Nash (District 6)
I. John Snider II (District 8)
Kenneth D. Mahoney (District 9)

JUDICIARY

14th Circuit Court Judges

William C. Marietti, Chief Judge
Timothy G. Hicks, Pro Tem
Kathy L. Hoogstra*
Annette R. Smedley

* Family Division Judge also

60th District Court Judges

Raymond L. Kostrzewa, Jr., Chief Judge
Maria Ladas Hoopes, Pro Tem
Harold F. Closz III
Geoffrey T. Nolan

Probate Court Judges

Gregory C. Pittman, Presiding Judge*
Brenda E. Sprader*

OTHER ELECTED OFFICIALS

Michael J. Poulin
County Sheriff

Tony Moulatsiotis
County Treasurer

D.J. Hilson
Prosecutor

Mark F. Fairchild
Register of Deeds

Timothy W. DeMumbrum
County Surveyor

Nancy A. Waters
County Clerk

Brenda M. Moore
Drain Commissioner

ADMINISTRATION

Mark E. Eisenbarth
County Administrator

Beth M. Dick, CPA
Director of Finance/Assistant County Administrator

MUSKEGON COUNTY

M I C H I G A N

BOARD OF COMMISSIONERS

Susie Hughes
Chair, District 3

Gary Foster
Vice-Chair, District 7

Rillastine R. Wilkins
District 1

Marcia Hovey-Wright
District 2

Robert Scolnik
District 4

Zach Lahring
District 5

Charles Nash
District 6

I. John Snider II
District 8

Kenneth Mahoney
District 9

March 28, 2019

To the Citizens, Administrator Mark Eisenbarth and
the Board of Commissioners of the County of Muskegon:

State law requires that all general-purpose local governments in Michigan publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the County of Muskegon, Michigan for the fiscal year ended September 30, 2018.

Management Responsibility

This report consists of management's representations concerning the finances of Muskegon County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Muskegon County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Muskegon County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Muskegon County comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

The Muskegon County financial statements have been audited by Rehmann Robson, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Muskegon County for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Muskegon County financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

PROFILE OF MUSKEGON COUNTY GOVERNMENT

The County of Muskegon, incorporated in 1859, is located in the western part of Michigan at the intersection of U.S. Highway 31 and Interstate 96 along the shoreline of Lake Michigan. The county is a top tourist destination serving approximately 174,000 residents within an area of 527 square miles. The County of Muskegon is governed by an elected Board of Commissioners consisting of a Chairman and eight other members. The County Board is empowered to levy a property tax on both real and personal property located within the county.

Policy-making and legislative authority are vested in the County Commission. The Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the County Administrator. The County Administrator is responsible for carrying out the policies and ordinances of the County and for overseeing the day-to-day operations of the County. The Commissioners are elected on a partisan basis by district. Commission members serve two-year terms.

The Board of Commissioners adopts an annual budget. The annual budget serves as a foundation for Muskegon County's financial planning and control. A narrative of the budget process is presented in the notes to financial statements section of this report.

Reporting Entity and Services

As required by generally accepted accounting principles, these financial statements present the County of Muskegon primary government and related component units. The individual component units are included in the County's reporting entity because of their operational or financial relationships with the County.

The County provides a wide range of municipal services. These services include legislative, judicial, public safety, health, mental health, welfare, culture, recreation, wastewater treatment, solid waste disposal, transportation (airport and bus services) and general administrative services. In addition to general government activities, because of the significance of their operational and financial relationship, the Muskegon County Road Commission, Muskegon County Drain Commission and the Muskegon County Land Bank Authority are included in the reporting entity.

FACTORS AFFECTING FINANCIAL CONDITION

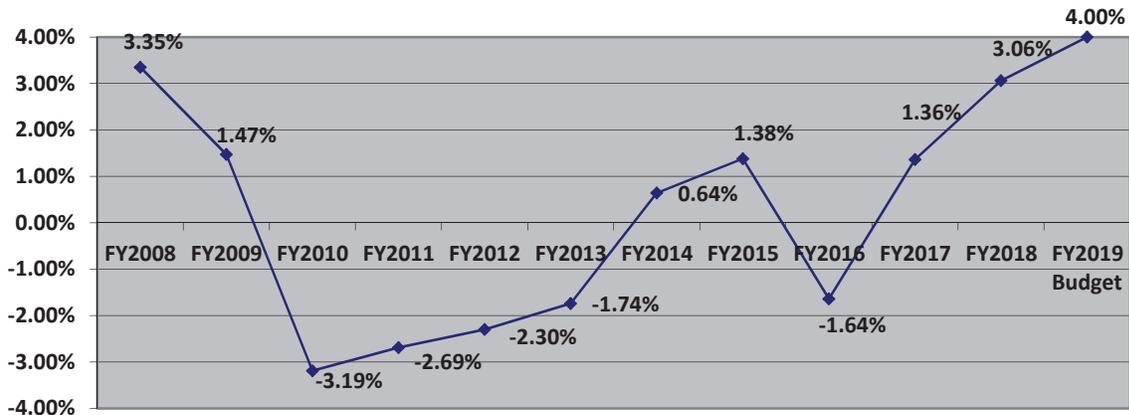
Local Economy

Like other counties in the state, Muskegon County was significantly impacted by the economic downturn that began in 2008. As depicted in the following graphs, taxable values declined from 2010 through 2013 until they finally began to rise again beginning in 2014. Total general fund property tax revenues have yet to increase back to the level of 2008.

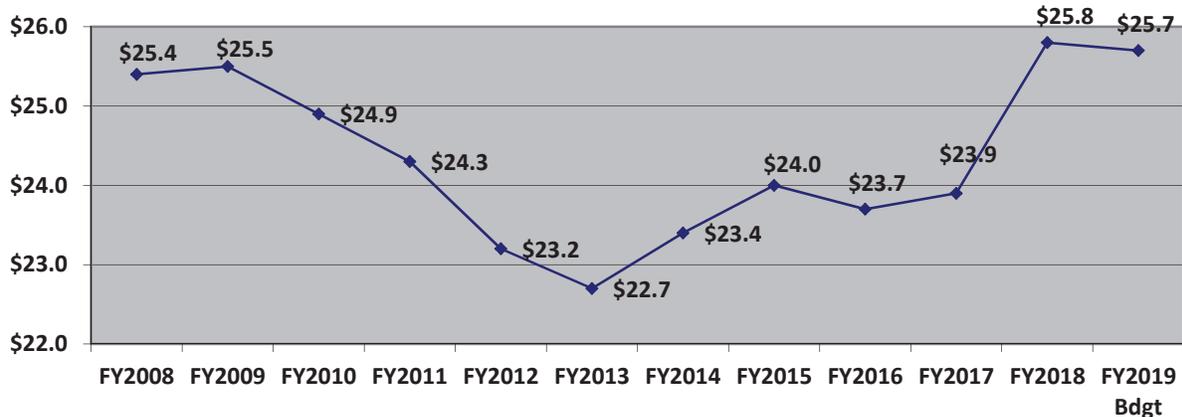
COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

Taxable Value Percent Change Trend



General Fund Property Tax Revenue Trend (in millions)



The decrease in taxable values again in 2016 was the result of the Personal Property Tax Reform passed by the State of Michigan. This law caused a reduction in property tax revenues from those taxpayers that filed for personal property exemptions. Included in the reform was a component that the State would reimburse municipalities for those personal property tax losses. Although the estimated loss in revenue from the personal property exemptions was estimated to be \$499,000, the County received reimbursement from the State of \$1,070,000 in 2016. The year of decline in 2016 was followed by a taxable value increase of 1.36% in 2017. Once again the State issued the County a personal property tax reimbursement of \$1,835,000 in 2017, well in excess of the expected amount of \$496,000. The additional revenue received in each of the last two years was due to the State setting aside more money for these reimbursements than the actual losses incurred and therefore, the excess was distributed to municipalities. In 2018, the County received \$785,000 in reimbursement for its personal property tax losses. Due to a change in the timing by the State of the distribution of surplus funds, no excess reimbursements were received by the County for fiscal year 2018. As evidenced by the 2018

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

taxable value increase, residential building and home sales as well as some commercial and industrial expansion are showing positive signs throughout the county.

Another sign that the local economy is improving is the decline in unemployment rate. Unemployment was as high as 15.9% in fiscal year 2010. Fiscal year 2018 began the year at 5.3% unemployment and ended the year at 3.9%. Many local industries have started to hire again and some are even expanding their operations.

The State of Michigan's financial condition also has a significant impact on the County's budget. Revenue sharing distributions to counties has not been a consistent revenue stream over the last several years. Since fiscal year 2011, Revenue sharing revenues have declined from \$4.1 million down to \$2.9 million in 2014 and then increased to \$3.6 million in fiscal year 2015 and remained for 2016 and 2017. A 1% increase in 2018 brought the amount closer to \$3.7 million. In addition, for fiscal year 2018 the State required that the traditional revenue sharing payments be contingent upon meeting the requirements of the "County Incentive Program" (CIP). This required that the County provide the following:

1. A *Citizen's Guide* showing most-recent local finances and recognition of unfunded liabilities
2. A *Performance Dashboard* of key performance indicators
3. A *Debt Service Report* showing details of all debt, including type of debt, issuance date and amount, pledged revenues, and debt service payment schedules
4. A *Projected Budget Report* displaying current year budget, as well as next year projections

The County complied with all of these CIP requirements and received its full allocation of revenue sharing for 2018.

Long-term financial planning

In an effort toward improving the County's financial outlook, the County Board contracted with a consultant to prepare a five-year financial forecast of the General Fund (FY2018-FY2022). The purpose of the five-year forecast was to gain a better understanding of the financial direction the County's General Fund was headed and to allow time for corrective action to be taken if necessary. The consultant reviewed several years of historical financial information looking at revenue and expenditure trends. Regional economic data was utilized to project future property tax revenues and develop assumptions for wage and benefit projections. The results of the consultant's forecast reveal that the general outlook for Muskegon County's General Fund for the next five years is unsustainable. The report showed overall revenues are expected to remain fairly stagnant increasing only about 0.4% per year. Expenditures however are expected to increase significantly due primarily to the Jail/JTC debt service obligations and pension contributions. The forecast revealed that the consistent disparity between revenues and expenditures would result in the depletion of the General Fund's reserves within the next five years if no action is taken.

Recommendations from the consultant's report for improving the financial projection of the General Fund included:

- Reduce appropriations/subsidies to other funds by exploring special millage options
- Restructure the Jail/JTC bond issue
- Consider the option of issuing pension bonds to minimize the impact of significant projected increases in pension contributions
- Explore options for reducing the cost of retiree health insurance premiums

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

- Research new or increased revenue generating opportunities such as updating fees, selling assets and renting County Jail bed space to federal and state prisoners
- Limit funding for capital improvements

In the development of the FY2018 budget, many of these recommendations were incorporated. The initial budget included revenues for a new youth and family services millage that was placed on the ballot in November 2017. The proceeds from this millage were to be used to maintain and expand programs and services for youth in our juvenile justice system along with their families. This new revenue would replace the \$4.3 million appropriation from the General Fund to the Child Care Fund. The millage proposal however was not supported by the voters. A budget amendment was then approved by the Board in late November to adjust the budget through various revenue increases and expenditure reductions to compensate for the removal of the millage revenue. The County may research and evaluate other millage opportunities in the future.

Another County department that had historically required significant General Fund support to subsidize its operations was Brookhaven Medical Care Facility. The Board made the difficult choice in November 2017 to close this facility. This decision resulted in the need to relocate approximately 90 residents to other facilities and the layoff of approximately 90 employees. The closure process was very well organized and resulted in over 15% of the residents being relocated to less-restrictive community setting homes rather than another nursing home. In addition, employees were provided assistance in finding new employment with over 80% having jobs upon the facility's closure. While it was a difficult decision to make, the Board made the choice to improve the future financial outlook of the County.

During FY2018 the Board also took action to restructure the \$38.9 million Jail/JTC outstanding bond issue by way of the Muskegon County Building Authority's purchase of the County Jail and Juvenile Transition Center from the County primary government. At the time the original bonds were issued in 2013, Detroit had filed for bankruptcy resulting in municipal bonds having limited investment activity in the market. The County was able to negotiate a private placement at that time however the term was for only 20 years at a 4.75% interest rate and included debt services payments that escalated from \$1.8 million initially to over \$6.2 million by FY2026. This increasing level of debt service would have continued to put pressure on the General Fund budget going forward. Therefore, the solution implemented was to have the Building Authority, a blended component unit, fund its purchase of the Jail and JTC from the County by issuing new taxable bonds and simultaneously leasing back those facilities to the County for an amount equivalent to the debt service payments. The Building Authority was able to issue bonds at a 3.93% average interest rate and extend the term out another 10 years to 2044. This allowed for a more manageable annual debt service payment of \$2.7 million.

The County is continually looking for areas to consolidate operations, share services between departments and collaborate with other agencies and municipalities in an effort to generate new revenues and reduce expenditures. The FY2018 General Fund final revised budget anticipated a deficit of \$3.7 million primarily due to significant closure costs related to Brookhaven. The final results were much better due to revenues ending the year higher than anticipated and departmental expenditures coming in significantly under budget. The County's General Fund ended fiscal year 2018 with a deficit of approximately \$1,572,000 which was primarily due to a \$1,673,000 Special Item expenditure in the General Fund related to the closure of Brookhaven. The unassigned fund balance as a percentage of prior year General Fund expenditures has decreased from 19.9% in the FY2017 to 18.6%, which is within the Board's financial policy range of 14 - 19%.

COUNTY OF MUSKEGON, MICHIGAN

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While FY2018's results were better than expected, fiscal challenges were still projected for FY2019 and beyond. For county governments the most significant expenditures are personnel costs. Although the County has already taken steps to reduce retirement costs by closing its defined benefit pension plans to all new hires, five-year projections provided by the Municipal Employees' Retirement System of Michigan (MERS) continued to show significant increases in these costs going forward. In order to address this issue, the County implemented a comprehensive plan for reducing retirement costs beginning in FY2019. The first component was the successful negotiation with five of the nine unions to reduce their pension benefit of active employees for future years of service. The second component was the payment in early fiscal 2019 of \$6.9 million from the Wastewater Management System enterprise fund toward funding the liability for its past and present employees. The final part of the plan was the issuance of \$43 million in 20 year pension obligation bonds in December 2018. The combination of all of these elements reduced the County's overall pension liability and brought the funding level to approximately 85%. In addition, the debt service payments of the bonds along with the remaining annual contribution payments to MERS are projected to be approximately \$7.7 million annually. This is significantly less than the \$10.2 million payment originally projected by MERS for FY2020 with annual increases of \$1 million per year peaking at approximately \$20 million in FY2029.

Measures have also been taken to reduce health care costs by negotiating with the nine unions the elimination of the County's higher cost medical plans. Employees continue to have excellent medical insurance coverage through a Health Savings Account (HSA). Additionally, retiree medical insurance has also been moved to an HSA plan with the intent of improving the County's funding of its other post-employment benefits (OPEB) liability.

Significant financial progress has been made over the last two years. County department heads, elected officials, administrative staff and the County Board of Commissioners are committed to continuing these efforts of improving the County's overall financial outlook while protecting the County's core services.

MAJOR INITIATIVES

During a two-day strategic planning workshop in 2017, the Board was asked to describe a vision of what Muskegon County would look like to a visitor in the year 2022. The following describes their vision:

- Muskegon County will be connected with other municipalities in the region through coordinated infrastructure foundations including transportation, energy, water and sewer and internet
- Muskegon County will be a vibrant high-tech manufacturing center focusing on workforce development and technology education
- The Port of Muskegon will have increased activity from tourism, shipping, retail and housing
- Muskegon County will have an increase in services to senior citizens
- Muskegon County will have a mobile and changing workforce with staff sustainability
- Muskegon County will have improved interaction and collaboration with other local and regional governments to increase participation in the regional economy
- Muskegon County will have improved financial stability

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

In order to achieve this vision for the future, the Board identified 5 major goal areas to focus their efforts on:

1. Economic Development - Future Generations
2. Infrastructure Maintenance and Expansion
3. Citizen Customer Service
4. Expanded/Invigorated Intergovernmental, Business and Nonprofit Communication and Coordination
5. Financial Stability and Sustainability

Economic development continues to be a priority of the County Board. More than \$1 billion in investment in Muskegon County is in various stages of development from recently completed to underway to proposed. This development includes expansions in manufacturing, healthcare, education, retail, restaurants, residential and tourism and hospitality areas. Some of the projects are described below.

Completed Projects

Bayer CropScience completed a \$50 million expansion project for the purpose of doubling the company's production capacity of its leading chemical herbicide needed to meet farmers' demand for weed control management.

GE Aviation invested \$14.5 million to expand its facility in Muskegon by 35,000 square feet by adding 100 new jobs to produce high pressure turbine nozzles and shrouds.

La Colombe, a Philadelphia-based coffee company, chose to invest \$11 million and build a canned latte production facility in Norton Shores resulting in 80 new jobs.

Walmart opened a new 126,000 square foot store costing \$14 million in Whitehall resulting in 210 new jobs.

Muskegon Community College invested \$18 million to renovate the former *Muskegon Chronicle* building and create a downtown campus that houses its comprehensive applied technology programs.

Projects Underway

Mercy Health Muskegon Medical Center is a \$271 million project that will create an all-in-one medical service center for the Muskegon area. The new nine-story tower will be a state-of-the-art facility that will feature 267 single-bed, private patient rooms and house all of the health system's surgical suites. Completion of this facility is anticipated to be in the summer of 2019.

Arconic Aerospace located in Whitehall has a \$100 million plant expansion underway to increase production capacity and provide new capabilities to meet the growing demand from aerospace engine customers. This project is anticipated to create 45 new jobs.

Odeno is a 300 unit housing development located in Fruitport and owned by the Little River Band of Ottawa Indians. The \$170 million investment is a multi-year, multi-phase project which broke ground in 2017 with estimated completion taking 5 years.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

The County is involved in a public/private partnership with the City of Muskegon and Parkland Properties for the development of a \$17 million, 45,000 square foot convention center attached to a downtown hotel. Through an intergovernmental agreement, the City has agreed to issue bonds to finance the construction of the center while the County will transfer accommodations taxes collected on downtown hotels to make the bond payments. The hotel owner (Parkland Properties) has put \$6 million in improvements into its rebranded hotel and began self-assessing an additional hotel tax that generates new revenues for the County. The project is in the design development phase with anticipated ground breaking in 2019 and completion in 2021.

Proposed Projects

Windward Pointe is a redevelopment project of the former Sappi Fine Paper property. A group of local investors purchased this 120 acre property located on Muskegon Lake with the intent to turn it into a mixed use development with residential, commercial and retail components. Following three years of demolition and clean-up, this anticipated \$250 - \$400 million project is in the redevelopment stage and is anticipated to take 5-10 years to complete.

The Little River Band of Ottawa Indians purchased a former local race track property in Fruitport over 10 years ago with the intent of building a casino. The \$180 million project is still going through the process of obtaining final federal and state government approvals. If approvals are received in early 2019, the casino could open as early as 2020.

These are just some of the many economic development projects that are happening in Muskegon County. The ongoing prosperity of the county continues to be a primary focus today and for the future.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Muskegon for its comprehensive annual financial reporting for the fiscal year ended September 30, 2017. This was the 42nd consecutive year the County has received the award. This Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this current report continues to conform to the Certificate of Achievement program requirements, and will be submitting it to GFOA to determine its eligibility for another certificate for the year ended September 30, 2018.

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance and Management Services Department, as well as the staff throughout the County responsible for financial management and reporting, and the capable assistance of independent auditors. Each participant has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to recognize the County Board of Commissioners for its leadership and support in the management and reporting of the County.

Respectfully submitted,



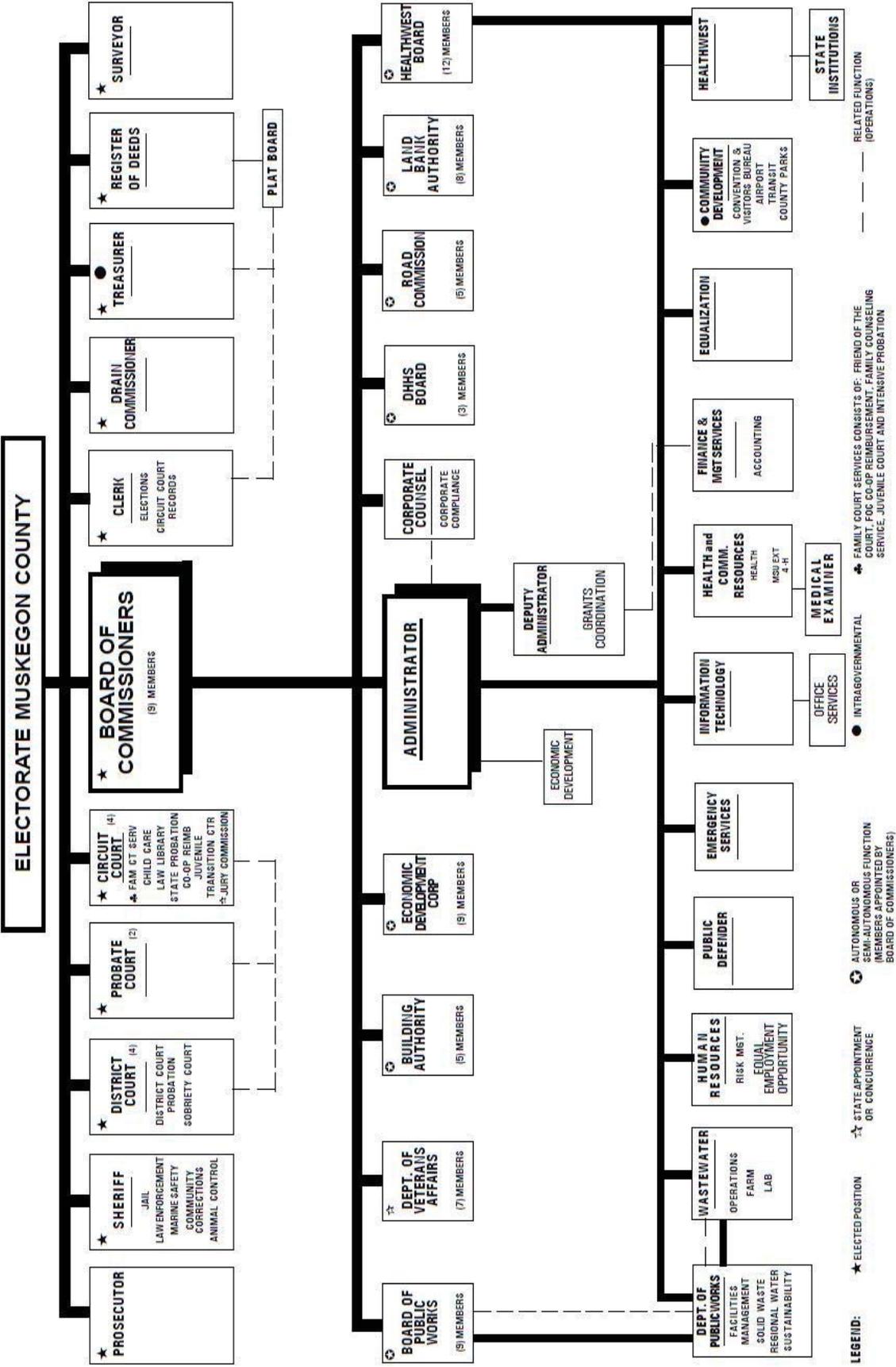
Beth M. Dick, CPA
Director of Finance/Assistant County Administrator



Dwight D. Avery, CPA, CCM, CGFM
Accounting Manager



2018 ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Muskegon
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

March 28, 2019

Honorable Members of the
Board of Commissioners
of the County of Muskegon, Michigan
Muskegon, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Muskegon, Michigan* (the "County"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Muskegon County Road Commission, a discretely presented component unit, which represents 79 percent, 86 percent, and 71 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component units. In addition, we did not audit the financial statements of the HealthWest fund, a major special revenue fund and therefore its own separate opinion unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Muskegon County Road Commission and the HealthWest special revenue fund, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Muskegon County Road Commission were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Muskegon, Michigan as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 75

As described in Note 21, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. Accordingly, beginning net position of governmental activities, Brookhaven Medical Care Facility enterprise fund, Solid Waste enterprise fund, Airport enterprise fund, Wastewater enterprise fund, nonmajor enterprise funds, business-type activities, and Road Commission component unit were restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory and statistical sections, combining and individual fund financial statements and schedules and the schedules required for the Muskegon Area Transit System are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, and the schedules required for the Muskegon Area Transit System (excluding Schedule 4N) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, and the schedules required for the Muskegon Area Transit System (excluding Schedule 4N) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, and Muskegon Area Transit System Schedule 4N, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in a separately issued single audit act compliance report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

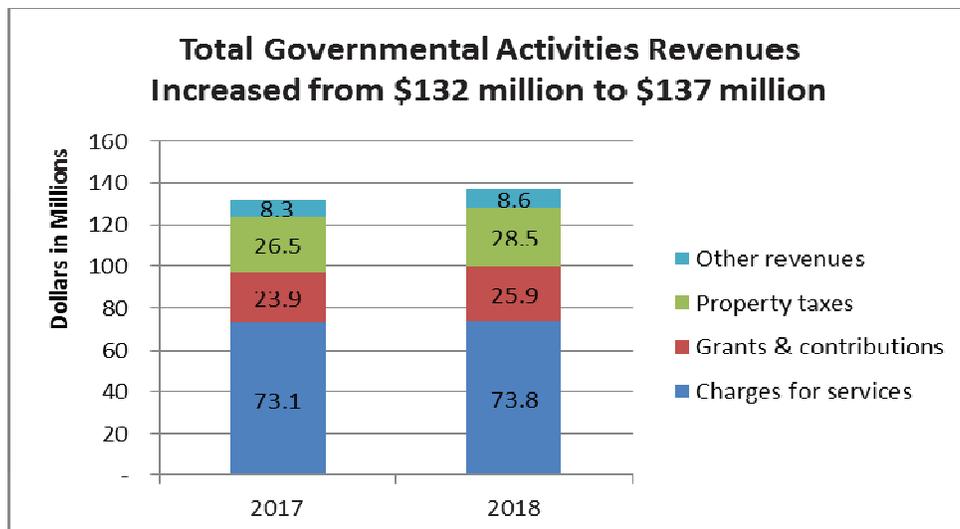
COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

As management of the County of Muskegon, Michigan (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found in the introductory section of this report, and the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The *assets and deferred outflows of resources* of the County of Muskegon exceeded its *liabilities and deferred inflows of resources* at September 30, 2018; the difference representing net position of \$6.1 million reported by the primary government. Of this amount, a negative \$118.6 million in *unrestricted (deficit) net position* results from the reporting requirements of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 to record a net pension liability in the amount of \$94.2 million and a net other postemployment benefits (OPEB) liability of \$78.6 million on the government-wide financial statements. *Restricted net position* of \$3.7 million may be used for the County's ongoing obligations related to programs with external restrictions. The County's *net investment in capital assets* was \$121.0 million.
- The Muskegon County primary government's *net position* decreased by \$64.1 million to \$6.1 million from \$70.2 million reported at the prior year end due primarily to the implementation of GASB 75 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*) and the resulting downward restatement of beginning net position of \$48.9 million. The new standard resulted in establishing the *net OPEB liability* of \$78.6 million and a related *deferred outflows of resources* balance of \$9.4 million related to changes in OPEB assumptions and the difference between projected and actual earnings on OPEB plan investments, which are amortized over future periods. GASB 75 also changes the way the County measures OPEB costs under the accrual basis of accounting. Under GASB 75, OPEB expense reflects the change in net OPEB liability and related deferred outflows and inflows of resources. This is different than the prior accounting standard (GASB 45), where the expense had been measured as the County's actuarially determined Annual Required Contribution (ARC).
- The County's *net position* decreased by \$15.2 million as a result of the current year's operations. Net position of governmental activities decreased by approximately \$13.3 million and net position of business-type activities decreased by approximately \$1.9 million for current year activities, excluding special item and restatement.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending *fund balances* of \$10.8 million, a decrease of \$5.4 million from the prior year ending fund balance of \$16.2 million. Approximately \$8.8 million (82%) of the governmental funds total fund balance amount is *unassigned fund balance* in the General Fund.



COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting the County as a Whole

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, legislative, judicial, public safety, health, welfare, culture and economic development, recreation, and interest expense. The business-type activities of the County include Brookhaven Medical Care, delinquent tax revolving, local government public works financing, solid waste, airport operations, regional water, wastewater, and other enterprise funds.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate Muskegon County Road Commission, Muskegon County Drain Commission and Muskegon County Land Bank Authority for which the County is financially accountable. Information for these *component units* are reported separately from the financial information presented for the primary government itself.

Reporting the County's Most Significant Funds

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

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

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

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

Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and change in fund balances* for the General Fund and HealthWest special revenue fund, which are considered *major funds*. Data is combined into a single aggregated presentation for the other governmental funds (*nonmajor governmental funds*). Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and schedules.

The County adopts an annual appropriated budget for its general fund and special revenue funds as required by state law. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with this budget.

- **Proprietary Funds.** *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Brookhaven Medical Care Facility, delinquent tax revolving, local government public works financing, solid waste, airport operations, wastewater, as well as other enterprise operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the County's various functions.

The County utilizes *internal service funds* to account for its office services, south campus facilities management, sheriff garage, energy improvements, equipment revolving, and insurance. Because these services primarily benefit the County's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Brookhaven Medical Care Facility, delinquent tax revolving, local government public works financing, solid waste, airport operations, and wastewater funds, which are considered to be major funds of the County. Conversely, nonmajor enterprise funds and internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis and required pension and other postemployment benefit (OPEB) information. Supplemental information follows the required pension and OPEB information and includes combining and individual fund statements and schedules.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

REPORTING THE COUNTY AS A WHOLE: GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6.1 million at the close of the most recent fiscal year. The following chart illustrates the composition of net position at September 30.

	NET POSITION (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 35.7	\$ 36.2	\$ 88.4	\$ 88.4	\$ 124.1	\$ 124.6
Capital assets, net	82.0	85.2	158.9	162.8	240.9	248.0
Total assets	117.7	121.4	247.3	251.2	365.0	372.6
Deferred outflows of resources	16.7	13.7	2.7	3.6	19.4	17.3
Liabilities						
Long-term debt outstanding	70.5	67.0	112.9	117.6	183.4	184.6
Net pension liability	82.0	83.8	12.2	17.6	94.2	101.4
Net OPEB liability (GASB 75)	66.8	-	11.8	-	78.6	-
Net OPEB obligation (GASB 45)	-	10.9	-	3.8	-	14.7
Other liabilities	14.0	13.2	3.6	4.2	17.6	17.4
Total liabilities	233.3	174.9	140.5	143.2	373.8	318.1
Deferred inflows of resources	3.8	1.3	0.7	0.3	4.5	1.6
Net position						
Net investment in capital assets	21.8	25.0	99.2	98.2	121.0	123.2
Restricted	3.7	3.3	-	-	3.7	3.3
Unrestricted (deficit)	(128.2)	(69.4)	9.6	13.1	(118.6)	(56.3)
Total net position	\$ (102.7)	\$ (41.1)	\$ 108.8	\$ 111.3	\$ 6.1	\$ 70.2

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit unrestricted net position amount of \$118.6 million.

Statement of Activities. The County's total revenue for the fiscal year ended September 30, 2018, was approximately \$177.8 million while total cost of all programs and services was \$193.0 million. The fiscal year's operations result in a decrease in the primary government's net position of \$15.2 million. The *Condensed Statement of Activities* table on page 27 presents a summary for the years ended September 30.

- **Governmental Activities.** Revenues for the County's governmental activities increased by 3.7% (\$4.9 million), while total expenses increased by 5.3% (\$7.7 million). The decrease in net position for governmental activities was \$24.0 million in 2018. This compares to a \$11.6 million decrease in net position reported for 2017.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

The cost of all governmental activities this year was \$152.4 million compared to \$144.7 million last year, representing a 5.3% increase in *expenses* of \$7.7 million. Retiree health expense of \$4.2 million under the first-year GASB 75 standards came in \$2.0 million higher than the prior year's expense per GASB 45, which GASB 75 superseded.

The HealthWest major special revenue fund's community mental health *expenses* increased \$2.9 million (4.4%) from the prior year. The number of individuals served increased by about 750 (12.9%) to approximately 6,550 clients in fiscal 2018 with employee case loads increasing to handle the increased demand for services. *Substance Use Disorder (SUD) services* were provided to about 1,900 individuals, 267 (16.4%) more than the previous year. This led to an increase of \$2.1 million (51.1%) in SUD contracted services, which on a per-patient basis are more costly to provide than other mental health services. HealthWest is experiencing a large need for medication-assisted treatment; often involving daily injections, weekly therapy and monthly medication reviews with a physician. *Community inpatient services* expenses rose by \$0.7 million largely due to increased rates required by psychiatric inpatient facilities.

The \$4.9 million increase in governmental activities *revenues* mentioned above resulted from the results from the following changes:

Changes in governmental activities revenues (dollars in millions)

- \$1.9 HealthWest revenues increase (full accrual basis)
- 1.2 Property taxes operating millage (from increased property values)
- 1.0 Child Care Fund State grants reimbursing administrative costs
- 0.8 Furnace testing and tune-up program grant
- (1.0) State personal property tax replacement shared revenue
- 1.0 Other changes in GA revenues
- \$4.9 Net increase in governmental activities revenue

HealthWest revenues increased by only \$1.9 million (2.8%), which is \$0.9 million less than its increased costs and contributed to the decrease in governmental activities net position accordingly. The increased needs within the community led to expenses exceeding available revenue sources. The shortfall in available funds provided through the Michigan Department of Health and Human Services (MDHHS) is explained as a result of the State of Michigan's General Fund/General Purpose (GF/GP) appropriation not having been enough to cover the cost of services provided to SUD patients that walk through HealthWest's doors. See additional discussion regarding HealthWest revenues in the governmental funds discussion on page 28.

- **Business-type Activities.** Business-type activities increased the County's net position by approximately \$8.8 million during the year, however excluding the special item effect of closing Brookhaven Medical Care Facility the change would be a decrease of \$1.9 million. Additional information on the Brookhaven closing may be found in Note 22 to this report.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

	CONDENSED STATEMENT OF ACTIVITIES (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 73.8	\$ 73.1	\$ 35.4	\$ 41.8	\$ 109.2	\$ 114.9
Operating grants	25.5	23.5	5.1	5.4	30.6	28.9
Capital grants	0.4	0.4	0.5	0.6	0.9	1.0
General revenues:						
Property taxes	28.5	26.5	-	-	28.5	26.5
Other taxes	2.0	2.0	-	-	2.0	2.0
State shared revenue	3.7	3.6	-	-	3.7	3.6
Other	2.9	2.8	-	-	2.9	2.8
Total revenues	<u>136.8</u>	<u>131.9</u>	<u>41.0</u>	<u>47.8</u>	<u>177.8</u>	<u>179.7</u>
Program expenses						
General government	17.3	16.7	-	-	17.3	16.7
Legislative	0.5	0.5	-	-	0.5	0.5
Judicial	16.1	15.0	-	-	16.1	15.0
Public safety	20.6	20.6	-	-	20.6	20.6
Health	89.1	86.1	-	-	89.1	86.1
Welfare	3.5	1.7	-	-	3.5	1.7
Culture and economic development	0.3	0.1	-	-	0.3	0.1
Recreation	2.0	1.1	-	-	2.0	1.1
Interest	3.0	2.9	-	-	3.0	2.9
Brookhaven	-	-	5.1	13.7	5.1	13.7
Delinquent tax revolving	-	-	1.1	1.0	1.1	1.0
Local govt public works financing	-	-	1.3	0.7	1.3	0.7
Solid waste	-	-	3.8	3.4	3.8	3.4
Airport operations	-	-	2.5	2.6	2.5	2.6
Regional water	-	-	3.2	3.1	3.2	3.1
Wastewater	-	-	17.2	18.3	17.2	18.3
Other enterprise funds	-	-	6.4	6.5	6.4	6.5
Total program expenses	<u>152.4</u>	<u>144.7</u>	<u>40.6</u>	<u>49.3</u>	<u>193.0</u>	<u>194.0</u>
Transfers in/(out)	<u>2.3</u>	<u>1.2</u>	<u>(2.3)</u>	<u>(1.2)</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) before special item</i>	<i>(13.3)</i>	<i>(11.6)</i>	<i>(1.9)</i>	<i>(2.7)</i>	<i>(15.2)</i>	<i>(14.3)</i>
Special item - Brookhaven	<u>(10.7)</u>	<u>-</u>	<u>10.7</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Increase (decrease) in net position</i>	<i>(24.0)</i>	<i>(11.6)</i>	<i>8.8</i>	<i>(2.7)</i>	<i>(15.2)</i>	<i>(14.3)</i>
Net position-beginning of year,						
as previously reported	(41.1)	(29.5)	111.3	114.0	70.2	84.5
Restatement for GASB 75 (Note 21)	<u>(37.6)</u>	<u>-</u>	<u>(11.3)</u>	<u>-</u>	<u>(48.9)</u>	<u>-</u>
Net position, end of year	<u>\$ (102.7)</u>	<u>\$ (41.1)</u>	<u>\$ 108.8</u>	<u>\$ 111.3</u>	<u>\$ 6.1</u>	<u>\$ 70.2</u>

The County's net position decreased by \$15.2 million during the current fiscal year and \$14.3 million in the prior fiscal year. In the notes to the financial statements, see Note 21 for details regarding the above restatement of beginning net position downward by \$48.9 million, pertaining to the implementation of GASB 75, and see Note 22 for details of the special item related to the closing of Brookhaven Medical Care Facility.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS: FUND FINANCIAL STATEMENTS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$10.8 million, a decrease of \$5.4 million from the prior year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8.8 million while total fund balance amounted to \$9.1 million. The General Fund's total fund balance decreased from the prior year by \$1.6 million. At September 30, 2018, General Fund *unassigned fund balance* approximated 18.6% of reported General Fund expenditures plus transfers of the prior year, which compares with approximately 19.9% at the end of the prior year.

The HealthWest major special revenue fund's governmental fund statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting* required of governmental funds and have a ninety day availability period for most revenues, including for Medicaid programs. Of the HealthWest fund's \$8.4 million balance due from other governments at the end of the fiscal year, \$3.9 million had not been collected within three months of fiscal year end from the Prepaid Inpatient Health Plan (PIHP) organization that acts as fiscal agent for Medicaid program monies. This portion of the receivables is not included in 2018 revenues, but instead is recorded as deferred inflows of resources on the governmental funds balance sheet. Deferred outflows of resources are converted to revenues as collections are made.

As previously mentioned, HealthWest community mental health activities had a \$0.9 million shortfall between revenues and expenses reported on the government-wide statement of activities, which uses the *economic resources measurement focus* and *accrual basis of accounting* whereby revenues are recorded regardless of timing of the related cash receipts. The \$3.9 million deferral, together with the \$0.9 million of unreimbursed expenditures, resulted in a \$4.8 million decrease in fund balance and an ending fund balance deficit of \$3.6 million for the HealthWest fund.

Additional information can be located in its separately issued financial statements of the HealthWest special revenue fund.

Proprietary Funds. The County's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Muskegon County enterprise funds provide service to most residents and businesses of the County and reported an increase in net position of \$8.8 million. The local government public works financing fund operates on a breakeven basis. The composition of the net position of the County's enterprise funds as September 30, 2018, is shown in the below table.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

Enterprise Funds Net Position (dollars in 000s)	Net Investment in Capital Assets	Unrest- ricted Net Position	Total Net Position
Brookhaven Medical Care Facility	\$ -	\$ -	\$ -
Delinquent tax revolving	-	2,346	2,346
Local government public works	-	58	58
Solid waste	4,298	1,253	5,551
Airport	28,113	(1,322)	26,792
Wastewater	55,754	8,898	64,652
Nonmajor enterprise funds	11,060	(1,679)	9,381
Total net position	<u>\$ 99,225</u>	<u>\$ 9,555</u>	<u>\$ 108,780</u>

The enterprise funds ending net position of \$108.78 million is \$2.57 million less than reported at the end of the prior year. As illustrated in the following table, the change resulted largely from the net impact of two factors. First, implementation of GASB 75 required restatement of beginning net position for reporting units using the accrual basis of accounting that recorded a net OPEB liability (as described in Note 21). The restatement downward for the County enterprise funds net position totaled \$11.322 million. Brookhaven recognized special item revenue (Note 22) due to governmental activities assuming Brookhaven's net liabilities following the medical care facility's closure.

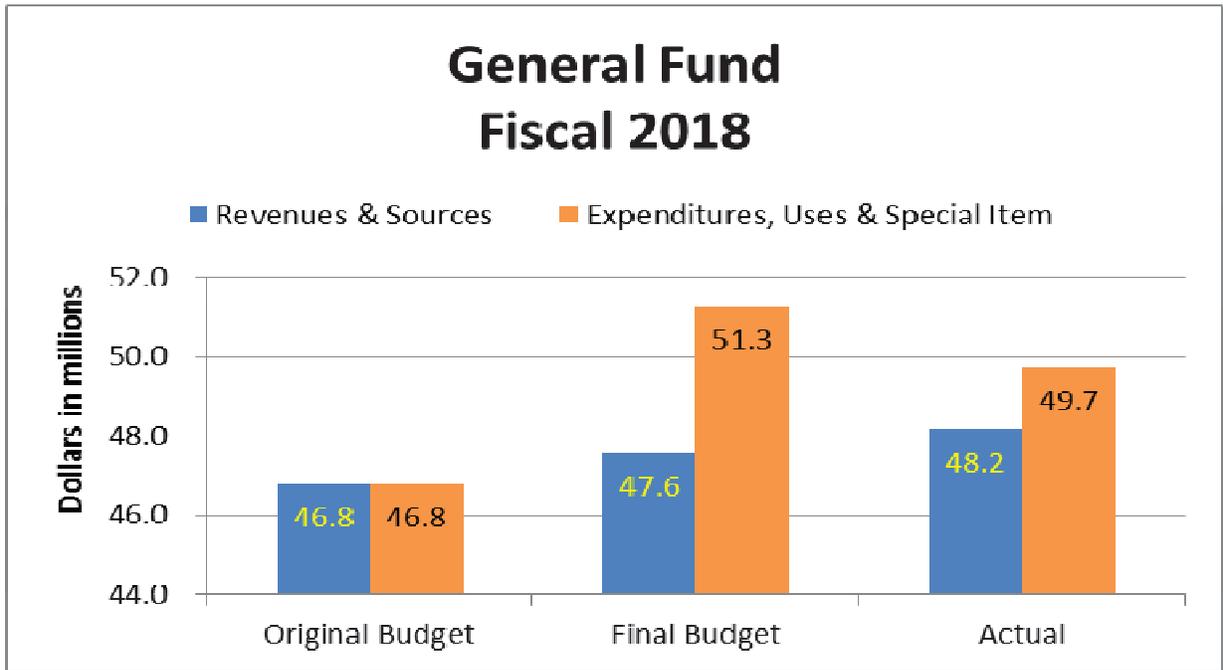
Enterprise Funds	Analysis of Enterprise Funds Changes in Net Position (dollars in 000s)					
	Beginning Balance			Changes in Net Position		
	Previously Reported	Restate- ment for GASB 75	Restated Beginning Balance	Special Item Brookhaven Closure	Change in Net Position from Opns	
Brookhaven Medical Care Facility	\$ (5,784)	\$ (3,677)	\$ (9,461)	\$ 10,700	\$ (1,239)	\$ -
Delinquent tax revolving	2,696	-	2,696	-	(350)	2,346
Local government public works	701	-	701	-	(643)	58
Solid waste	6,717	(1,059)	5,658	-	(107)	5,551
Airport	27,829	(365)	27,464	-	(672)	26,792
Wastewater	65,582	(3,599)	61,983	-	2,669	64,652
Nonmajor enterprise funds	13,609	(2,622)	10,987	-	(1,606)	9,381
Total net position	<u>\$ 111,350</u>	<u>\$ (11,322)</u>	<u>\$ 100,028</u>	<u>\$ 10,700</u>	<u>\$ (1,948)</u>	<u>\$ 108,780</u>

Information regarding funds with deficit unrestricted net position balances can be found in Note 3 of this report.

General Fund Budgetary Highlights. The County Board of Commissioners adopts a General Fund operating budget prior to the start of each fiscal year. During the fiscal year ended September 30, 2018, the Board approved several budget amendments and revised the full General Fund budget three times. The General Fund actual results and the original and final budgets are summarized in the following table:

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis



Significant revisions from the Original Budget included the following:

- Property tax revenue were amended upward by \$1.292 million from the original budget. The increase was partially due to the final settlement of 2017 property taxes coming in higher than the receivable recorded at the end of fiscal 2017 by approximately \$.684 million. In addition, \$.333 million in TIFA distribution from a local municipality was received and not included in the original budget. Finally the original budget assumed a 2.0% increase in taxable value however the actual increase was 3.06% resulting in \$.250 million in additional revenues.
- Local grants and contributions were amended upward by \$.273 million from the original budget due to an increase in the activity in the DTE Test and Tune-up program. This increase in revenues was offset by a corresponding increase of \$.272 million in the welfare program expenditures.
- State grants and contributions were amended downward by \$.220 million primarily due to the removal of a \$.531 million state grant that had been anticipated to support public defender operations in 2018 however was postponed to 2019. This reduction was offset by an increase of \$.292 million in personal property tax reimbursements based on updated projections.
- Charges for services were amended downward by \$.917 million primarily due to the reduction in anticipated revenues of housing state inmates in the jail.
- General government expenditures were amended downward by \$.266 million due to budget reductions in various departments resulting from the youth and family services millage not being supported by the voters. Given that the original budget assumed a successful millage vote, the General Fund budget needed to be adjusted through expenditure reductions including some position eliminations.
- Judicial expenditures were amended upward by \$.251 million due primarily to anticipated savings in wages and benefits in various departments from vacancies throughout the year that were not realized. In addition, certain court costs were increased as the result of a high profile murder case.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

- Transfers in were amended upward by \$.264 million. The original budget assumed that a youth and family services millage proposal placed on the ballot in November 2017 would be successful. This millage was anticipated to generate \$6 million in property tax revenues that would have replaced the General Fund's annual contribution to the Child Care fund of approximately \$4.3 million. The original budget assumed a transfer from a new Youth and Family Services fund of \$1.228 million to reimburse the General Fund for approximately three months of transfers to the Child Care fund. The millage proposal was not supported by the voters and therefore the budget was amended to remove the transfer from the Youth and Family Services fund and increase the transfer from the Delinquent Tax Fund by \$1.254 million. In addition, a transfer from the Public Improvement fund of \$.204 million was added to the General Fund budget.
- Transfers out to the Child Care fund were amended upward by \$2.949 million due to the voters not supporting a new youth and family services millage previously mentioned.
- The Special Item was added to the budget for \$2.329 million for the anticipated costs related to the closure of Brookhaven Medical Care Facility. Of this amount \$.941 million represented the remaining balance of the long-term advance between the General Fund and Brookhaven. The remainder of the budgeted Special Item represented estimated additional closure costs in excess of facility revenues generated prior to the closure.



COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of September 30 were as follows:

	CAPITAL ASSETS (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 4.6	\$ 4.7	\$ 20.2	\$ 20.2	\$ 24.8	\$ 24.9
Construction in progress	0.5	0.9	3.7	7.2	4.2	8.1
Depreciable capital assets	134.7	127.7	290.7	287.8	425.4	415.5
Accumulated depreciation	(57.8)	(48.1)	(155.7)	(152.4)	(213.5)	(200.5)
Total capital assets, net	<u>\$ 82.0</u>	<u>\$ 85.2</u>	<u>\$ 158.9</u>	<u>\$ 162.8</u>	<u>\$ 240.9</u>	<u>\$ 248.0</u>

As of September 30, 2018, net capital assets used in the primary government's governmental and business-type activities decreased by \$7.1 million, or 2.9%, over the prior year. This year-to-year change represents about \$7.1 million in capital additions less \$14.2 million in depreciation expense.

Additional information on the County's capital assets can be found in Note 9 of this report.

Long-term Debt. At the end of the current fiscal year, the County had total long-term debt, including compensated absences liabilities as follows:

	OUTSTANDING DEBT (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Bonds	\$ 62.8	\$ 59.5	\$ 75.8	\$ 81.7	\$ 138.6	\$ 141.2
Delinquent tax notes	-	-	16.0	16.0	16.0	16.0
Other debt	0.6	0.7	-	-	0.6	0.7
Total installment debt	63.4	60.2	91.8	97.7	155.2	157.9
Deferred premium	0.3	0.2	2.1	2.3	2.4	2.5
Closure and sludge liability	-	-	17.8	16.3	17.8	16.3
Compensated absences	6.8	6.6	1.2	1.3	8.0	7.9
Totals	<u>\$ 70.5</u>	<u>\$ 67.0</u>	<u>\$ 112.9</u>	<u>\$ 117.6</u>	<u>\$ 183.4</u>	<u>\$ 184.6</u>

State statutes limit the amount of general obligation debt a local government may incur to 10 percent of its total assessed property valuation. The current debt limitation for the County is approximately \$527.8 million, which is significantly in excess of the County's approximately \$155.2 million of outstanding general obligation debt.

Additional information on the County long-term debt can be found in Note 10.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following table shows a summary of the County General Fund changes in fund balance for the last two fiscal years along with a summary of the original fiscal 2019 balanced budget.

	General Fund Changes in Fund Balance Fiscal 2017 & 2018 with 2019 Budget (dollars in thousands)		
	2019 Budget	2018	2017
Revenues	\$ 46,525	\$ 45,492	\$ 44,208
Expenditures			
General government	12,530	12,530	11,629
Legislative	393	398	389
Judicial	8,383	8,449	8,154
Public safety	14,364	14,625	14,163
Welfare	1,079	1,328	831
Cultural	6	186	37
Total expenditures	36,755	37,516	35,203
Revenues over expenditures	9,770	7,976	9,005
Other financing sources/(uses)			
Transfers in	2,802	2,661	3,545
Transfers out	(12,572)	(10,553)	(12,271)
Other	-	17	-
Total other financing sources/(uses)	(9,770)	(7,875)	(8,726)
Special item	-	(1,673)	-
Change in fund balance	-	(1,572)	279
Fund balance, beginning	9,065	10,637	10,358
Fund balance, ending	\$ 9,065	\$ 9,065	\$ 10,637

The following economic factors were considered in preparing the County's budget for the 2019 fiscal year:

- After experiencing a 3.06% increase in taxable values for fiscal 2018, General Fund property tax revenues for fiscal 2019 were budgeted assuming a taxable value increase of 4.0%. This increase is based on projected inflationary increases, new housing construction, home sales and business expansions.
- State revenue sharing is budgeted to increase by .5% to \$3.690 million based on the state budget allocation.
- A new state grant for \$.531 million from the Michigan Indigent Defense Commission to support the operations of the public defender office is included in fiscal 2019 revenues.
- In fiscal 2016 and 2017 the County received cumulative excess distributions from the state for personal property reimbursements of \$1.556 million. Due to a change in legislation the timing of these payment of these excess distributions shifted from November to May and therefore no excess distribution was received in fiscal 2018. Fiscal 2019's budget does include an excess personal property tax reimbursement of \$1 million.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

- Fiscal 2019's budget includes a transfer from the Public Improvement fund of \$.510 million provided by funds from the repayment of a long-term loan to another local municipality.
- A transfer in of \$2.261 million from the Delinquent Tax fund to the General Fund is budgeted for fiscal 2019 compared to \$2.392 million in fiscal 2018.
- An 11% increase in medical insurance costs has been incorporated into the 2019 budget. This increase was offset by anticipated savings from more employees switching to the Health Savings Account medical plan. The overall net increase to the General Fund budget was \$128,000.
- An updated methodology for allocating defined benefit pension costs was used in the fiscal 2019 budget. An overall fringe benefit rate of 17.51% was calculated based on the total actuarially determined annual required contribution for fiscal 2019 divided by total projected wages. Using the 17.51% fringe benefit rate resulted in a decrease in retirement costs in the General Fund of \$.814 million with offsetting increases in other funds. On a county-wide basis the annual required contribution increased 10.6% over 2018.
- A transfer out of \$2.525 million from the General Fund to the Building Authority Jail/JTC debt service fund is included in the fiscal 2019 budget. This compares to a transfer of only \$.924 million in fiscal 2018. The restructuring of this bond issue resulted having to make only one interest payment during fiscal 2018. Fiscal 2019 includes two interest payments and a principle payment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance / Assistant County Administrator, County of Muskegon, 990 Terrace Street, Muskegon, MI 49442.

BASIC FINANCIAL STATEMENTS

COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 9,415,272	\$ 49,130,394	\$ 58,545,666	\$ 15,177,065
Receivables, net	24,574,857	36,917,850	61,492,707	13,671,671
Internal balances	549,152	(549,152)	-	-
Other assets	1,125,383	82,476	1,207,859	2,673,264
Restricted assets	-	2,558,955	2,558,955	-
Advances to component units	21,500	225,000	246,500	-
Capital assets not being depreciated	5,117,693	23,849,196	28,966,889	31,228,725
Capital assets being depreciated, net	76,868,182	135,008,125	211,876,307	51,730,690
Net OPEB asset	-	-	-	590,434
Total assets	117,672,039	247,222,844	364,894,883	115,071,849
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	3,483,695	391,817	3,875,512	-
Deferred pension amounts	5,202,990	839,312	6,042,302	1,847,240
Deferred OPEB amounts	7,967,174	1,420,262	9,387,436	-
Total deferred outflows of resources	16,653,859	2,651,391	19,305,250	1,847,240
LIABILITIES				
Payables	13,970,343	3,584,933	17,555,276	2,481,876
Advances from primary government	-	-	-	246,500
Unearned revenue	103,982	4,517	108,499	547,872
Long-term debt:				
Due within one year	3,580,951	19,259,626	22,840,577	1,140,624
Due in more than one year	66,887,914	93,563,778	160,451,692	8,651,959
Net pension liability (due in more than one year)	81,963,381	12,196,081	94,159,462	5,187,692
Net OPEB liability (due in more than one year)	66,751,230	11,838,777	78,590,007	-
Total liabilities	233,257,801	140,447,712	373,705,513	18,256,523
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	3,765,710	646,972	4,412,682	572,834
Deferred OPEB amounts	-	-	-	431,596
Total deferred outflows of resources	3,765,710	646,972	4,412,682	1,004,430
NET POSITION				
Net investment in capital assets	21,820,519	99,224,678	121,045,197	77,426,488
Restricted for:				
Grant programs and other activities	3,665,975	-	3,665,975	-
Debt service	-	-	-	838,958
Nonexpendable endowments	36,670	-	36,670	-
County roads	-	-	-	9,640,201
Unrestricted (deficit)	(128,220,777)	9,554,873	(118,665,904)	9,752,489
Total net position	\$ (102,697,613)	\$ 108,779,551	\$ 6,081,938	\$ 97,658,136

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

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COUNTY OF MUSKEGON, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2018

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 17,285,401	\$ 6,075,634	\$ 2,038,953	\$ 386,733
Legislative	465,165	-	-	-
Judicial	16,138,442	3,184,781	4,354,935	-
Public safety	20,627,421	1,927,268	1,469,234	-
Health	89,108,563	61,316,506	14,864,859	-
Welfare	3,487,147	-	2,260,747	-
Culture and economic development	262,091	39,925	184,954	-
Recreation	1,993,879	892,703	289,735	-
Interest on long-term debt	3,000,693	365,328	-	-
Total governmental activities	<u>152,368,802</u>	<u>73,802,145</u>	<u>25,463,417</u>	<u>386,733</u>
Business-type activities:				
Brookhaven Medical Care	5,119,491	3,797,392	6	-
Delinquent tax revolving	1,057,609	3,245,402	69,110	-
Local government public works financing	1,421,200	773,754	5,228	-
Solid waste	3,806,077	3,539,658	158,834	-
Airport operations	2,455,736	1,176,825	202,455	345,452
Regional water	3,199,762	2,743,938	74,683	-
Wastewater	17,173,628	19,558,813	264,156	-
Other enterprise funds	6,433,251	543,516	4,281,857	175,102
Total business-type activities	<u>40,666,754</u>	<u>35,379,298</u>	<u>5,056,329</u>	<u>520,554</u>
Total primary government	<u>\$ 193,035,556</u>	<u>\$ 109,181,443</u>	<u>\$ 30,519,746</u>	<u>\$ 907,287</u>
Component units				
Road Commission	\$ 16,605,878	\$ 3,605,202	\$ 14,257,703	\$ 5,774,619
Drain Commission	437,519	47,965	128,997	7,755,258
Land Bank Authority	955,110	698,203	23,136	99,516
Total component units	<u>\$ 17,998,507</u>	<u>\$ 4,351,370</u>	<u>\$ 14,409,836</u>	<u>\$ 13,629,393</u>

Net (expense) revenue

General revenues:
Taxes:
Property taxes
Liquor control taxes
Lodging excise taxes
State shared revenue, not restricted to a specific program
Unrestricted investment earnings
Gain on sale of capital assets
Other revenue
Transfers - internal activities
Total general revenues and transfers
Change in net position before special item
Special item (Note 22)
Change in net position
Net position, beginning of year, as restated
Net position, end of year

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

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (8,784,081)	\$ -	\$ (8,784,081)	\$ -
(465,165)	-	(465,165)	-
(8,598,726)	-	(8,598,726)	-
(17,230,919)	-	(17,230,919)	-
(12,927,198)	-	(12,927,198)	-
(1,226,400)	-	(1,226,400)	-
(37,212)	-	(37,212)	-
(811,441)	-	(811,441)	-
(2,635,365)	-	(2,635,365)	-
(52,716,507)	-	(52,716,507)	-
-	(1,322,093)	(1,322,093)	-
-	2,256,903	2,256,903	-
-	(642,218)	(642,218)	-
-	(107,585)	(107,585)	-
-	(731,004)	(731,004)	-
-	(381,141)	(381,141)	-
-	2,649,341	2,649,341	-
-	(1,432,776)	(1,432,776)	-
-	289,427	289,427	-
(52,716,507)	289,427	(52,427,080)	-
-	-	-	7,031,646
-	-	-	7,494,701
-	-	-	(134,255)
-	-	-	14,392,092
(52,716,507)	289,427	(52,427,080)	14,392,092
28,528,123	-	28,528,123	-
787,733	-	787,733	-
1,231,196	-	1,231,196	-
3,672,600	-	3,672,600	-
79,754	-	79,754	87,384
330,751	23,763	354,514	3,321
2,538,632	-	2,538,632	625,267
2,262,204	(2,262,204)	-	-
39,430,993	(2,238,441)	37,192,552	715,972
(13,285,514)	(1,949,014)	(15,234,528)	15,108,064
(10,700,625)	10,700,625	-	-
(23,986,139)	8,751,611	(15,234,528)	15,108,064
(78,711,474)	100,027,940	21,316,466	82,550,072
\$ (102,697,613)	\$ 108,779,551	\$ 6,081,938	\$ 97,658,136

COUNTY OF MUSKEGON, MICHIGAN

Balance Sheet
 Governmental Funds
 September 30, 2018

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 2,079,570	\$ 2,700	\$ 5,040,889	\$ 7,123,159
Receivables, net:				
Accounts	250,206	1,019,435	504,965	1,774,606
Due from other governments	2,061,331	8,441,650	3,503,835	14,006,816
Property taxes	6,847,990	-	-	6,847,990
Notes	-	-	800,000	800,000
Prepaid and other items	36,632	38,121	16,359	91,112
Inventories	-	-	12,568	12,568
Advances to component units	21,500	-	-	21,500
Total assets	<u>\$ 11,297,229</u>	<u>\$ 9,501,906</u>	<u>\$ 9,878,616</u>	<u>\$ 30,677,751</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Negative equity in pooled cash	\$ -	\$ 3,752,115	\$ 2,177,339	\$ 5,929,454
Payables:				
Accounts payable	959,511	5,342,443	1,450,096	7,752,050
Due to other governments	126,017	44,454	20,954	191,425
Accrued liabilities	1,141,596	-	577,345	1,718,941
Unearned revenue	4,306	50,000	29,810	84,116
Total liabilities	<u>2,231,430</u>	<u>9,189,012</u>	<u>4,255,544</u>	<u>15,675,986</u>
Deferred inflows of resources:				
Unavailable revenues - lodging receivable and Medicaid fee for service and capitation	-	3,885,373	289,390	4,174,763
Fund balances:				
Nonspendable	58,132	38,121	65,597	161,850
Restricted	96,827	-	3,222,574	3,319,401
Committed	-	-	1,945,981	1,945,981
Assigned	73,267	-	99,530	172,797
Unassigned (deficit)	8,837,573	(3,610,600)	-	5,226,973
Total fund balances	<u>9,065,799</u>	<u>(3,572,479)</u>	<u>5,333,682</u>	<u>10,827,002</u>
Total liabilities, deferred inflows or resources and fund balances	<u>\$ 11,297,229</u>	<u>\$ 9,501,906</u>	<u>\$ 9,878,616</u>	<u>\$ 30,677,751</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
September 30, 2018

Fund balances - total governmental funds \$ 10,827,002

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

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

Capital assets not being depreciated	4,276,635
Capital assets being depreciated, net	63,629,216

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

Net position of governmental activities accounted for in internal service funds	9,077,977
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The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Deferred inflows for unavailable revenues - lodging receivable and Medicaid fee for service and capitation	4,174,763
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Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment liabilities and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

Net pension liability	(81,963,381)
Deferred outflows related to the net pension liability	5,202,990
Deferred inflows related to the net pension liability	(3,765,710)
Net OPEB liability	(66,751,230)
Deferred outflows related to the net OPEB liability	7,967,174

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

Bonds and capital leases payable, and related premium	(51,273,337)
Unamortized deferred charge on bond refunding	3,483,695
Compensated absences	(6,655,519)
Accrued interest on long-term debt	(927,888)

Net position of governmental activities	<u>\$ (102,697,613)</u>
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The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds

For the Year Ended September 30, 2018

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 26,866,811	\$ -	\$ 3,706,975	\$ 30,573,786
Grants and contributions:				
Federal	156,303	3,695,433	6,114,165	9,965,901
State	5,897,209	2,029,330	8,903,896	16,830,435
Local	1,482,875	270,828	288,838	2,042,541
Charges for services	9,576,280	56,780,330	2,599,846	68,956,456
Fines and forfeitures	560,962	-	91	561,053
Investment income	95,381	-	47,957	143,338
Rentals	117,002	-	749,487	866,489
Other	739,347	713,072	600,003	2,052,422
Total revenues	<u>45,492,170</u>	<u>63,488,993</u>	<u>23,011,258</u>	<u>131,992,421</u>
EXPENDITURES				
Current:				
General government	12,530,814	-	755,630	13,286,444
Legislative	398,247	-	-	398,247
Judicial	8,448,583	-	6,061,892	14,510,475
Public safety	14,624,510	-	2,174,901	16,799,411
Health	-	69,000,280	16,236,161	85,236,441
Welfare	1,327,980	-	2,140,276	3,468,256
Cultural	185,919	-	76,102	262,021
Recreation	-	-	1,900,693	1,900,693
Debt service:				
Principal	-	-	720,000	720,000
Interest and fiscal charges	-	-	1,178,070	1,178,070
Bond issuance costs	-	-	329,700	329,700
Capital outlay	-	-	503,321	503,321
Total expenditures	<u>37,516,053</u>	<u>69,000,280</u>	<u>32,076,746</u>	<u>138,593,079</u>
Revenues over (under) expenditures	<u>7,976,117</u>	<u>(5,511,287)</u>	<u>(9,065,488)</u>	<u>(6,600,658)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,660,840	736,934	53,003,346	56,401,120
Transfers out	(10,552,879)	-	(43,628,865)	(54,181,744)
Proceeds from sale of capital assets	17,401	-	288,665	306,066
Issuance of refunding bonds	-	-	48,220,000	48,220,000
Premium on issuance of refunding bonds	-	-	149,879	149,879
Payment to refunded bond escrow agent	-	-	(48,031,091)	(48,031,091)
Total other financing sources (uses)	<u>(7,874,638)</u>	<u>736,934</u>	<u>10,001,934</u>	<u>2,864,230</u>
Net change in fund balances before special item	101,479	(4,774,353)	936,446	(3,736,428)
SPECIAL ITEM (note 22)	(1,673,127)	-	-	(1,673,127)
Net change in fund balances	<u>(1,571,648)</u>	<u>(4,774,353)</u>	<u>936,446</u>	<u>(5,409,555)</u>
Fund balances, beginning of year	10,637,447	1,201,874	4,397,236	16,236,557
Fund balances, end of year	<u>\$ 9,065,799</u>	<u>\$ (3,572,479)</u>	<u>\$ 5,333,682</u>	<u>\$ 10,827,002</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds \$ (5,409,555)

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

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

Purchase and construction of capital assets	635,013
Depreciation expense	(3,569,296)
Proceeds on the sale of capital assets	(306,066)
Gain on sale of capital assets	305,509

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

Net change in deferred inflows for unavailable revenues - lodging receivable and Medicaid fee for service and capitation	4,174,763
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Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of refunding bonds	(48,220,000)
Premium on issuance of refunding bonds	(149,879)
Payment to refunded bond escrow agent	48,031,091
Principal payments on long-term liabilities	720,000

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

Change in accrued interest payable on long-term debt	(866,421)
Amortization of deferred charge on refunding	(15,400)
Amortization of bond premiums	3,692
Change in the accrual for compensated absences	(208,688)
Change in net pension liability and related deferred amounts	(5,256,660)
Change in net OPEB liability and related deferred amounts	(4,152,751)
Special item related to capital assets, pension and OPEB liabilities	(9,027,498)

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Interest income from internal service funds	(63,584)
Interest expense from internal service funds	(614,794)
Gain on sale of capital assets from internal service funds	25,242
Operating loss from governmental activities in internal service funds	(450,418)
Capital contributions to internal service funds	386,733
Net transfers from internal service funds	42,828

Change in net position of governmental activities \$ (23,986,139)

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

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances Budget and Actual - GENERAL FUND For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES				
Taxes	\$ 25,530,844	\$ 26,822,456	\$ 26,866,811	\$ 44,355
Grants and contributions:				
Federal	148,894	148,344	156,303	7,959
State	6,029,233	5,809,258	5,897,209	87,951
Local	1,217,629	1,490,222	1,482,875	(7,347)
Charges for services	10,142,533	9,225,284	9,576,280	350,996
Fines and forfeitures	536,300	556,300	560,962	4,662
Investment income	90,845	74,991	95,381	20,390
Rentals	103,639	117,916	117,002	(914)
Other	611,471	658,417	739,347	80,930
Total revenues	<u>44,411,388</u>	<u>44,903,188</u>	<u>45,492,170</u>	<u>588,982</u>
EXPENDITURES				
Current:				
General government	12,815,713	12,549,672	12,530,814	(18,858)
Legislative	404,690	417,151	398,247	(18,904)
Judicial	8,481,842	8,732,701	8,448,583	(284,118)
Public safety	15,156,893	15,118,465	14,624,510	(493,955)
Welfare	1,120,176	1,392,249	1,327,980	(64,269)
Cultural	89,092	91,423	185,919	94,496
Total expenditures	<u>38,068,406</u>	<u>38,301,661</u>	<u>37,516,053</u>	<u>(785,608)</u>
Revenues over expenditures	<u>6,342,982</u>	<u>6,601,527</u>	<u>7,976,117</u>	<u>1,374,590</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Delinquent tax fund	1,138,468	2,392,933	2,392,933	-
Other funds	1,258,563	267,907	267,907	-
Total transfers in	<u>2,397,031</u>	<u>2,660,840</u>	<u>2,660,840</u>	<u>-</u>
Transfers out:				
Child care fund	(1,228,563)	(4,177,842)	(4,161,469)	(16,373)
Public health fund	(1,852,699)	(1,701,666)	(1,691,885)	(9,781)
Other funds	(5,658,751)	(4,776,198)	(4,699,525)	(76,673)
Total transfers out	<u>(8,740,013)</u>	<u>(10,655,706)</u>	<u>(10,552,879)</u>	<u>(102,827)</u>
Proceeds from sale of capital assets	-	18,250	17,401	(849)
Total other financing sources (uses)	<u>(6,342,982)</u>	<u>(7,976,616)</u>	<u>(7,874,638)</u>	<u>101,978</u>
Net change in fund balances before special item	-	(1,375,089)	101,479	1,476,568
SPECIAL ITEM (Note 22)	-	(2,328,882)	(1,673,127)	655,755
Net change in fund balances	-	(3,703,971)	(1,571,648)	2,132,323
Fund balances, beginning of year	10,637,447	10,637,447	10,637,447	-
Fund balances, end of year	<u>\$ 10,637,447</u>	<u>\$ 6,933,476</u>	<u>\$ 9,065,799</u>	<u>\$ 2,132,323</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balances Budget and Actual - HEALTHWEST SPECIAL REVENUE FUND For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES				
Grants and contributions:				
Federal	\$ 2,938,923	\$ 3,473,921	\$ 3,695,433	\$ 221,512
State	2,116,264	2,391,092	2,029,330	(361,762)
Local	196,000	185,570	270,828	85,258
Charges for services:				
Medicaid fee for service and capitation	55,572,366	58,224,969	54,583,131	(3,641,838)
Other insurance	2,309,100	2,309,100	2,197,199	(111,901)
Other	890,599	1,444,811	713,072	(731,739)
Total revenues	<u>64,023,252</u>	<u>68,029,463</u>	<u>63,488,993</u>	<u>(4,540,470)</u>
EXPENDITURES				
Current - Health	<u>64,760,186</u>	<u>68,766,397</u>	<u>69,000,280</u>	<u>233,883</u>
Revenues under expenditures	(736,934)	(736,934)	(5,511,287)	(4,774,353)
OTHER FINANCING SOURCES				
Transfers in - General Fund	<u>736,934</u>	<u>736,934</u>	<u>736,934</u>	<u>-</u>
Net change in fund balances	-	-	(4,774,353)	(4,774,353)
Fund balances, beginning of year	<u>1,201,874</u>	<u>1,201,874</u>	<u>1,201,874</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,201,874</u>	<u>\$ 1,201,874</u>	<u>\$ (3,572,479)</u>	<u>\$ (4,774,353)</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position Proprietary Funds September 30, 2018

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 7,793,784	\$ 53,302	\$ 15,930,320
Receivables, net:				
Accounts	1,415,078	51,970	300	364,680
Due from other governments	-	-	-	9,668
Accrued interest	-	-	-	-
Taxes	-	10,436,305	-	-
Notes	-	-	-	-
Leases	-	-	1,351,867	-
Special assessments	-	-	-	-
Prepays	-	-	-	-
Inventories	-	-	-	6,096
Total current assets	<u>1,415,078</u>	<u>18,282,059</u>	<u>1,405,469</u>	<u>16,310,764</u>
Noncurrent assets:				
Advances to other funds	-	-	-	51,432
Advances to component units	-	225,000	-	-
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	2,430,000
Notes receivable	-	-	-	-
Leases receivable	-	-	16,762,898	-
Special assessments receivable	-	-	-	-
Capital assets not being depreciated	-	-	-	909,629
Capital assets being depreciated, net	-	-	-	3,387,952
Total noncurrent assets	<u>-</u>	<u>225,000</u>	<u>16,762,898</u>	<u>6,779,013</u>
Total assets	<u>1,415,078</u>	<u>18,507,059</u>	<u>18,168,367</u>	<u>23,089,777</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	-	-	282,495	-
Deferred pension amounts	-	-	-	89,923
Deferred OPEB amounts	-	-	-	189,038
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>282,495</u>	<u>278,961</u>

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 670,988	\$ 22,336,307	\$ 4,774,109	\$ 51,558,810	\$ 8,221,567
77,514	1,000,181	855,614	3,765,337	690,112
32,431	1,758,657	1,449,990	3,250,746	34,618
-	-	-	-	220,715
-	-	-	10,436,305	-
-	42,578	6,758	49,336	200,000
-	-	-	1,351,867	-
-	-	127,926	127,926	-
-	-	-	-	328,237
-	76,380	-	82,476	-
<u>780,933</u>	<u>25,214,103</u>	<u>7,214,397</u>	<u>70,622,803</u>	<u>9,695,249</u>
-	-	-	51,432	600,584
-	-	-	225,000	-
-	-	-	-	693,466
-	-	128,955	2,558,955	-
-	663,690	17,277	680,967	-
-	-	-	16,762,898	-
-	-	492,468	492,468	-
11,519,008	11,056,806	363,753	23,849,196	841,058
<u>16,594,364</u>	<u>92,319,682</u>	<u>22,706,127</u>	<u>135,008,125</u>	<u>13,238,966</u>
<u>28,113,372</u>	<u>104,040,178</u>	<u>23,708,580</u>	<u>179,629,041</u>	<u>15,374,074</u>
<u>28,894,305</u>	<u>129,254,281</u>	<u>30,922,977</u>	<u>250,251,844</u>	<u>25,069,323</u>
-	-	109,322	391,817	-
38,744	459,405	251,240	839,312	-
69,227	646,937	515,060	1,420,262	-
<u>107,971</u>	<u>1,106,342</u>	<u>875,622</u>	<u>2,651,391</u>	<u>-</u>

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COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position Proprietary Funds September 30, 2018

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
LIABILITIES				
Current liabilities:				
Negative equity in pooled cash	\$ 1,404,296	\$ -	\$ -	\$ -
Payables:				
Accounts payable	10,782	852	300	44,635
Due to other governments	-	-	-	-
Accrued liabilities	-	14,007	-	163,037
Accrued interest	-	146,323	261,005	-
Unearned revenue	-	-	-	-
Current portion of accrued closure cost and sludge removal	-	-	-	188,617
Current portion of compensated absences	-	-	-	18,240
Current portion of long-term debt	-	12,000,000	1,234,003	-
Total current liabilities	<u>1,415,078</u>	<u>12,161,182</u>	<u>1,495,308</u>	<u>414,529</u>
Noncurrent liabilities, net of current portion:				
Advances from other funds	-	-	-	-
Accrued closure cost and sludge removal	-	-	-	13,721,758
Compensated absences	-	-	-	118,662
Long-term debt	-	4,000,000	16,897,218	-
Net pension liability	-	-	-	1,912,565
Net OPEB liability	-	-	-	1,604,558
Total noncurrent liabilities	<u>-</u>	<u>4,000,000</u>	<u>16,897,218</u>	<u>17,357,543</u>
Total liabilities	<u>1,415,078</u>	<u>16,161,182</u>	<u>18,392,526</u>	<u>17,772,072</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	-	-	-	45,666
NET POSITION				
Net investment in capital assets	-	-	-	4,297,581
Unrestricted (deficit)	-	2,345,877	58,336	1,253,419
Total net position	<u>\$ -</u>	<u>\$ 2,345,877</u>	<u>\$ 58,336</u>	<u>\$ 5,551,000</u>

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

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ -	\$ -	\$ 1,024,120	\$ 2,428,416	\$ -
79,431	845,193	600,629	1,581,822	354,260
25,503	-	397,902	423,405	203,689
22,600	142,993	137,055	479,692	2,580,926
-	497,367	195,319	1,100,014	241,164
4,517	-	-	4,517	19,866
-	638,884	21,848	849,349	-
11,792	80,356	45,110	155,498	21,884
-	4,353,340	667,436	18,254,779	964,007
<u>143,843</u>	<u>6,558,133</u>	<u>3,089,419</u>	<u>25,277,492</u>	<u>4,385,796</u>
600,584	-	-	600,584	51,432
-	2,891,691	320,015	16,933,464	-
76,738	522,921	293,586	1,011,907	142,411
-	43,268,983	11,452,206	75,618,407	11,411,707
752,019	6,613,612	2,917,885	12,196,081	-
604,376	5,522,969	4,106,874	11,838,777	-
<u>2,033,717</u>	<u>58,820,176</u>	<u>19,090,566</u>	<u>118,199,220</u>	<u>11,605,550</u>
<u>2,177,560</u>	<u>65,378,309</u>	<u>22,179,985</u>	<u>143,476,712</u>	<u>15,991,346</u>
32,944	330,569	237,793	646,972	-
28,113,372	55,754,165	11,059,560	99,224,678	1,704,310
(1,321,600)	8,897,580	(1,678,739)	9,554,873	7,373,667
<u>\$ 26,791,772</u>	<u>\$ 64,651,745</u>	<u>\$ 9,380,821</u>	<u>\$ 108,779,551</u>	<u>\$ 9,077,977</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
Operating revenues:				
Charges for services	\$ 3,793,946	\$ 1,138,550	\$ 114,301	\$ 3,517,930
Farm sales	-	-	-	-
Interest and penalties	-	2,106,600	-	-
Rentals	604	-	-	-
Lease interest revenue	-	-	656,517	-
Other revenues	2,842	252	2,936	21,728
Total operating revenues	<u>3,797,392</u>	<u>3,245,402</u>	<u>773,754</u>	<u>3,539,658</u>
Operating expenses:				
Salaries and fringes	3,126,453	334,098	1,091	1,340,605
Supplies and other operating expenses	1,971,076	448,934	766,816	2,009,903
Insurance benefits and claims	-	-	-	-
Insurance premiums	-	-	-	-
Depreciation	21,962	-	-	455,569
Total operating expenses	<u>5,119,491</u>	<u>783,032</u>	<u>767,907</u>	<u>3,806,077</u>
Operating income (loss)	<u>(1,322,099)</u>	<u>2,462,370</u>	<u>5,847</u>	<u>(266,419)</u>
Nonoperating revenues (expenses):				
Grants and contributions:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Investment income (loss)	6	69,110	5,228	158,834
Interest expense	-	(274,577)	(653,293)	-
Gain on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>6</u>	<u>(205,467)</u>	<u>(648,065)</u>	<u>158,834</u>
Income (loss) before capital contributions and transfers	<u>(1,322,093)</u>	<u>2,256,903</u>	<u>(642,218)</u>	<u>(107,585)</u>
Capital contributions - federal	-	-	-	-
Capital contributions - state	-	-	-	-
Transfers in	82,840	-	-	-
Transfers out	-	(2,607,175)	-	-
Change in net position before special item	<u>(1,239,253)</u>	<u>(350,272)</u>	<u>(642,218)</u>	<u>(107,585)</u>
Special item (Note 22)	10,700,625	-	-	-
Change in net position	<u>9,461,372</u>	<u>(350,272)</u>	<u>(642,218)</u>	<u>(107,585)</u>
Net position, beginning of year, as restated	<u>(9,461,372)</u>	<u>2,696,149</u>	<u>700,554</u>	<u>5,658,585</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 2,345,877</u>	<u>\$ 58,336</u>	<u>\$ 5,551,000</u>

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

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,053,733	\$ 17,153,397	\$ 3,133,656	\$ 29,905,513	\$ 20,150,809
-	2,365,366	-	2,365,366	-
-	-	-	2,106,600	-
88,466	-	82,174	171,244	1,446,107
-	-	-	656,517	-
34,626	40,050	71,624	174,058	6,657,091
<u>1,176,825</u>	<u>19,558,813</u>	<u>3,287,454</u>	<u>35,379,298</u>	<u>28,254,007</u>
741,109	4,793,947	4,131,203	14,468,506	2,282,791
737,891	5,332,668	3,728,044	14,995,332	1,941,974
-	-	-	-	879,454
-	-	-	-	21,568,257
976,736	5,853,829	1,297,080	8,605,176	2,031,949
<u>2,455,736</u>	<u>15,980,444</u>	<u>9,156,327</u>	<u>38,069,014</u>	<u>28,704,425</u>
<u>(1,278,911)</u>	<u>3,578,369</u>	<u>(5,868,873)</u>	<u>(2,689,716)</u>	<u>(450,418)</u>
-	-	2,443,492	2,443,492	-
194,863	-	1,625,188	1,820,051	-
-	-	204,945	204,945	-
7,592	264,156	82,915	587,841	(63,584)
-	(1,193,184)	(476,686)	(2,597,740)	(614,794)
-	19,843	3,920	23,763	25,242
<u>202,455</u>	<u>(909,185)</u>	<u>3,883,774</u>	<u>2,482,352</u>	<u>(653,136)</u>
(1,076,456)	2,669,184	(1,985,099)	(207,364)	(1,103,554)
334,645	-	140,082	474,727	386,733
10,807	-	35,020	45,827	-
58,887	-	203,244	344,971	42,828
-	-	-	(2,607,175)	-
<u>(672,117)</u>	<u>2,669,184</u>	<u>(1,606,753)</u>	<u>(1,949,014)</u>	<u>(673,993)</u>
-	-	-	10,700,625	-
<u>(672,117)</u>	<u>2,669,184</u>	<u>(1,606,753)</u>	<u>8,751,611</u>	<u>(673,993)</u>
27,463,889	61,982,561	10,987,574	100,027,940	9,751,970
<u>\$ 26,791,772</u>	<u>\$ 64,651,745</u>	<u>\$ 9,380,821</u>	<u>\$ 108,779,551</u>	<u>\$ 9,077,977</u>

COUNTY OF MUSKEGON, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,051,642	\$ 16,378,360	\$ 1,971,304	\$ 3,660,151
Payments to vendors	(1,963,261)	(448,591)	(766,516)	(964,280)
Payments for personnel services	(2,823,014)	(334,477)	(1,091)	(1,110,832)
Delinquent taxes purchased	-	(11,589,770)	-	-
Net cash provided by (used in) operating activities	(734,633)	4,005,522	1,203,697	1,585,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental receipts	734,627	-	-	9,323
Intergovernmental payments	-	(2,607,175)	-	-
Federal and/or state grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	734,627	(2,607,175)	-	9,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	-	12,000,000	-	-
Principal paid on long-term debt	-	(12,000,000)	(1,040,000)	-
Interest paid on long-term debt	-	(228,380)	(807,362)	-
Capital contributions received	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Purchase of capital assets	-	-	-	(310,128)
Net cash used in capital and related financing activities	-	(228,380)	(1,847,362)	(310,128)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	6	69,110	5,228	158,834
Net increase (decrease) in cash and investments	-	1,239,077	(638,437)	1,443,068
Cash and investments, beginning of year	-	6,554,707	691,739	14,487,252
Cash and investments, end of year	\$ -	\$ 7,793,784	\$ 53,302	\$ 15,930,320

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,169,962	\$ 19,832,775	\$ 3,700,506	\$ 50,764,700	\$ 27,910,250
(728,493)	(4,862,506)	(3,329,679)	(13,063,326)	(23,761,882)
(657,693)	(3,884,922)	(3,538,107)	(12,350,136)	(1,921,521)
-	-	-	(11,589,770)	-
(216,224)	11,085,347	(3,167,280)	13,761,468	2,226,847
8,887	-	203,244	956,081	33,505
-	-	-	(2,607,175)	(735,522)
163,468	-	3,833,335	3,996,803	-
172,355	-	4,036,579	2,345,709	(702,017)
-	-	-	12,000,000	-
-	(4,240,000)	(635,000)	(17,915,000)	(936,738)
-	(1,291,977)	(485,405)	(2,813,124)	(662,718)
-	-	175,102	175,102	386,733
-	56,258	61,623	117,881	80,825
(294,840)	(4,496,200)	(175,102)	(5,276,270)	(695,034)
(294,840)	(9,971,919)	(1,058,782)	(13,711,411)	(1,826,932)
7,592	264,156	82,915	587,841	357,212
(331,117)	1,377,584	(106,568)	2,983,607	55,110
1,002,105	20,958,723	4,880,677	48,575,203	8,166,457
\$ 670,988	\$ 22,336,307	\$ 4,774,109	\$ 51,558,810	\$ 8,221,567

continued...

COUNTY OF MUSKEGON, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,322,099)	\$ 2,462,370	\$ 5,847	\$ (266,419)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	21,962	-	-	455,569
Changes in operating assets and liabilities that provided (used) cash:				
Accounts receivable	254,250	3,353	6,169	119,232
Due from other governments	-	-	-	1,261
Accrued interest receivable	-	-	-	-
Taxes receivable	-	1,539,835	-	-
Notes receivable	-	-	-	-
Leases receivable	-	-	1,191,381	-
Special assessments receivable	-	-	-	-
Prepays	-	-	-	-
Inventories	25,417	-	-	1,395
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	(128,225)
Negative equity in pooled cash	593,715	-	-	-
Accounts payable	(510,466)	343	300	(19,651)
Due to other governments	(100,851)	-	-	-
Accrued liabilities	(202,308)	(379)	-	(5,482)
Unearned revenue	-	-	-	-
Accrued closure cost and sludge removal	-	-	-	1,192,104
Accrued compensated absences	(225,964)	-	-	29,125
Net pension liability	(885,947)	-	-	(144,241)
Deferred outflows - pension amounts	925,381	-	-	115,355
Deferred inflows - pension amounts	130,765	-	-	24,138
Net OPEB liability	1,294,877	-	-	300,801
Deferred outflows - OPEB amounts	(733,365)	-	-	(89,923)
Net cash provided by (used in) operating activities	<u>\$ (734,633)</u>	<u>\$ 4,005,522</u>	<u>\$ 1,203,697</u>	<u>\$ 1,585,039</u>

Noncash transactions:

The Airport fund received noncash capital contributions of \$345,452 for the year ended September 30, 2018.

The Equipment Revolving internal service fund financed the acquisition of capital assets with noncash capital leases of \$183,555 for the year ended September 30, 2018.

The Brookhaven Medical Care Facility had noncash operating contributions of \$10,700,625 from governmental activities and a noncash capital asset transfer of \$844,542 to governmental activities for the closing of Brookhaven as noted in the special item footnote.

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

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ (1,278,911)	\$ 3,578,369	\$ (5,868,873)	\$ (2,689,716)	\$ (450,418)
976,736	5,853,829	1,297,080	8,605,176	2,031,949
1,559	65,545	102,769	552,877	(329,741)
-	51,164	204,259	256,684	(15,902)
-	-	-	-	5,166
-	-	-	1,539,835	-
-	157,253	6,375	163,628	-
-	-	-	1,191,381	-
-	-	99,649	99,649	-
10,295	-	231	10,526	967,848
-	(11,115)	-	15,697	-
-	-	-	-	(42,882)
-	-	234	(127,991)	-
-	-	260,859	854,574	-
(897)	169,052	388,251	26,932	(297,163)
-	-	(201,186)	(302,037)	182,151
(3,776)	(5,722)	(3,511)	(221,178)	162,888
(8,422)	-	-	(8,422)	(3,280)
-	312,225	(50,024)	1,454,305	-
2,142	53,187	34,589	(106,921)	16,231
(89,277)	(359,415)	(271,002)	(1,749,882)	-
111,773	618,498	125,237	1,896,244	-
20,610	217,473	176,376	569,362	-
111,171	1,031,941	802,519	3,541,309	-
(69,227)	(646,937)	(271,112)	(1,810,564)	-
<u>\$ (216,224)</u>	<u>\$ 11,085,347</u>	<u>\$ (3,167,280)</u>	<u>\$ 13,761,468</u>	<u>\$ 2,226,847</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
September 30, 2018

	Agency Funds	Private-Purpose Trust Fund	Other Post- Employment Benefits Trust
		Epic Heir Trust (7650)	(7360)
ASSETS			
Cash and investments	\$ 10,826,945	\$ 64,919	\$ -
MERS total market portfolio	-	-	53,593,176
Accounts receivable	1,686	-	-
Prepays	-	-	254,210
Total assets	<u>\$ 10,828,631</u>	<u>64,919</u>	<u>53,847,386</u>
LIABILITIES			
Accounts payable	\$ 9,491	-	-
Due to other governments	812,879	-	-
Undistributed current and delinquent taxes	8,838,160	-	-
Trust deposits	894,333	-	-
Unallocated receipts	273,768	-	-
Total liabilities	<u>\$ 10,828,631</u>	<u>-</u>	<u>-</u>
NET POSITION RESTRICTED FOR:			
Epic children		64,919	-
Other postemployment benefits		-	53,847,386
Total net position		<u>\$ 64,919</u>	<u>\$ 53,847,386</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Statement of Change in Fiduciary Net Position

Fiduciary Funds

For the Year Ended September 30, 2018

	Private-Purpose Trust Fund	Other Post- employment
	Epic Heir Trust (7650)	Benefits Trust (7360)
ADDITIONS		
Employer contributions	\$ -	\$ 1,870,502
Investment earnings	657	2,792,252
Total additions	<u>657</u>	<u>4,662,754</u>
DEDUCTIONS		
Benefit payments	-	3,879,487
Administrative expenses	-	129,731
Total deductions	<u>-</u>	<u>4,009,218</u>
Change in net position	657	653,536
Net position, beginning of year	64,262	53,193,850
Net position, end of year	<u>\$ 64,919</u>	<u>\$ 53,847,386</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

September 30, 2018

	Road Commission	Drain Commission	Land Bank Authority	Total
ASSETS				
Cash and investments	\$ 8,845,498	\$ 5,155,568	\$ 1,175,999	\$ 15,177,065
Receivables:				
Accounts	-	-	804,142	804,142
Assessments	-	8,036,388	-	8,036,388
Due from other governments	4,580,101	12,733	13,323	4,606,157
Other	224,984	-	-	224,984
Prepays and other assets	126,468	-	-	126,468
Inventories	1,905,155	-	-	1,905,155
Assets held for resale	-	-	641,641	641,641
Capital assets not being depreciated	27,739,206	3,489,519	-	31,228,725
Capital assets being depreciated, net	46,618,566	5,112,124	-	51,730,690
Net OPEB asset	590,434	-	-	590,434
Total assets	<u>90,630,412</u>	<u>21,806,332</u>	<u>2,635,105</u>	<u>115,071,849</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension amounts	1,847,240	-	-	1,847,240
LIABILITIES				
Accounts payable	654,159	979,093	6,718	1,639,970
Accrued liabilities	701,425	-	16,787	718,212
Accrued interest	-	123,694	-	123,694
Advances from primary government	-	21,500	225,000	246,500
Unearned revenue	537,218	-	10,654	547,872
Long-term debt:				
Due within one year	251,000	889,624	-	1,140,624
Due in more than one year	143,755	8,508,204	-	8,651,959
Net pension liability (due in more than one year)	5,187,692	-	-	5,187,692
Total liabilities	<u>7,475,249</u>	<u>10,522,115</u>	<u>259,159</u>	<u>18,256,523</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	572,834	-	-	572,834
Deferred OPEB amounts	431,596	-	-	431,596
Total deferred inflows of resources	<u>1,004,430</u>	<u>-</u>	<u>-</u>	<u>1,004,430</u>
NET POSITION				
Net investment in capital assets	74,357,772	3,068,716	-	77,426,488
Restricted for debt service	-	838,958	-	838,958
Restricted for county roads	9,640,201	-	-	9,640,201
Unrestricted	-	7,376,543	2,375,946	9,752,489
Total net position	<u>\$ 83,997,973</u>	<u>\$ 11,284,217</u>	<u>\$ 2,375,946</u>	<u>\$ 97,658,136</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units For the Year Ended September 30, 2018

	Road Commission	Drain Commission	Land Bank Authority	Total
EXPENSES				
Road Commission	\$ 16,605,878	\$ -	\$ -	\$ 16,605,878
Drain Commission	-	437,519	-	437,519
Land Bank Authority	-	-	955,110	955,110
Total expenses	<u>16,605,878</u>	<u>437,519</u>	<u>955,110</u>	<u>17,998,507</u>
REVENUES				
Program revenues:				
Charges for services	3,605,202	47,965	698,203	4,351,370
Operating grants and contributions	14,257,703	128,997	23,136	14,409,836
Capital grants and contributions	5,774,619	7,755,258	99,516	13,629,393
General revenues:				
Unrestricted investment earnings	21,085	22,131	44,168	87,384
Gain on sale of capital assets	3,321	-	-	3,321
Other revenue	-	-	625,267	625,267
Total revenues	<u>23,661,930</u>	<u>7,954,351</u>	<u>1,490,290</u>	<u>33,106,571</u>
Change in net position	7,056,052	7,516,832	535,180	15,108,064
Net position, beginning of year, as restated	76,941,921	3,767,385	1,840,766	82,550,072
Net position, end of year	<u>\$ 83,997,973</u>	<u>\$ 11,284,217</u>	<u>\$ 2,375,946</u>	<u>\$ 97,658,136</u>

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

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NOTES TO FINANCIAL STATEMENTS

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Muskegon, Michigan (the "County") was incorporated on July 18, 1859, and covers an area of approximately 527.34 square miles with the County seat located in the City of Muskegon. The County operates under an elected Board of Commissioners (9 members) and provides services to its 174,000 residents in many areas, including law enforcement, administration of justice, transportation, waste disposal, road maintenance, community enrichment and development and human services.

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

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. The discretely presented component units, excluding the Muskegon County Road Commission (the "Road Commission"), utilize the County's central accounting system and are part of the same internal control structures as the primary government.

Blended Component Units

Muskegon County Building Authority - The Muskegon County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Its sole purpose is to construct or purchase and lease back buildings to the County. The Authority has no separately-reported financial activity as all costs are borne and reported by the County. A separate report is not prepared for the Building Authority.

Economic Development Corporation - The Economic Development Corporation of Muskegon County (EDC) is a separate legal entity that was established in 1976 pursuant to Michigan Public Act 338 of 1974, in order to stimulate business capital investment, contribute to the area's employment, increase tax base, and provide needed public services. In certain situations, members of the EDC Board of Directors may be removed by a majority decision of the County Board of Commissioners. The EDC is reported as a blended component unit, as it is fiscally dependent on the County, has no taxing authority, and provides services almost exclusively to Muskegon County. A separate report is not prepared for the EDC.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

Muskegon County Road Commission - The Muskegon County Road Commission is responsible for maintaining a primary and local road system within County boundaries. The members of the governing board are appointed by the County Board of Commissioners and the County has significant financial responsibility for its operations. The County board also approves all debt issuances. The Road Commission operates outside the County's central accounting system and is responsible for establishing and maintaining its own separate internal control structure. The component unit is audited individually and complete financial statements can be obtained from the Road Commission's administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements.

Muskegon County Drain Commission - The Muskegon County Drain Commission consists of individual drainage districts created for alleviating drainage problems. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district established pursuant to the Michigan Drain Code (Public Act 40 of 1956) is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for drainage. The Muskegon County Drain Commissioner manages the drainage districts with the Muskegon County Board of Commissioners exercising legislative oversight. The County is a direct beneficiary of the services provided and its employees run the day-to-day operations. In addition, the County can pledge its full faith and credit for the long-term debt of the drainage districts. The component unit is audited individually and complete financial statements can be obtained from the County's administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Drainage Districts in these financial statements.

Muskegon County Land Bank Authority - The Muskegon County Land Bank Authority ("Land Bank") was established in 2007 pursuant to the Michigan Land Bank Fast Track Act (Public Act 258 of 2003, MCL 124.751 to 124.774) and an intergovernmental agreement entered into between the Michigan Land Bank Fast Track Authority and the Muskegon County Treasurer. This agreement established the Land Bank as a separate legal entity and public body corporate to administer and execute Land Bank objectives.

The Land Bank is governed by a seven-member board including the Muskegon County Treasurer who is, by law, its Board Chair and six other members appointed by the Muskegon County Board of Commissioners (the "County Board"). The Land Bank was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The Land Bank is a component unit of the County as the County Board can significantly influence the operations of the Land Bank Board and is able to impose its will as evidenced by the ability to remove board members at will and modify/approve the Land Bank's budget. There are no separately-issued financial statements of this component unit.

Government-wide and Fund Financial Statements

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Indirect expenses are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a specific function or segment and 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) other revenues that are by definition related to the cost of providing a specific function or segment. Taxes, fines and other items not specific to particular functions or segments are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. A ninety day availability period is used for revenue recognition for all governmental fund revenues, except for expenditure-driven grants, which must be collected within one year, and property taxes. As described under "Property Taxes" below, property taxes for the County are levied and payable within the current fiscal year are fully recognized inasmuch as any uncollected taxes are settled with the Delinquent Tax Revolving Fund not later than March 1 of the following fiscal year. While this schedule exceeds the normal availability period for property taxes of sixty days, management believes that fully recognizing property taxes in the year they are intended to finance better reflects the matching concept of generally accepted accounting principles. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claim and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The County reports the following major governmental funds:

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

The *HealthWest Special Revenue Fund* accounts for funds earmarked to provide mental health services within County boundaries. Monies are provided by federal, state, and county appropriations, grants, contributions and charges for services. This fund has several separate programs for the mentally impaired and developmentally disabled individuals. Both out-patient and in-patient services for adults and children are provided.

The County reports the following major enterprise funds:

Brookhaven Medical Care Facility accounts for the revenues received from insurance providers, governmental agencies and patients (or other representatives) for the operation of a long-term healthcare facility for the elderly or disabled.

Delinquent Tax Revolving Fund accounts for monies borrowed in anticipation of delinquent taxes being collected. The purpose of these funds is to pay each local unit, including the County's General Fund, the respective amount of taxes that are not collected as of March 1 of each year.

Local Government Public Works Financing accounts for revenues received from local municipalities for the payment of the limited obligation long-term debt (principal, interest and fees) of the County. The proceeds of such debt are used to construct public works water and sewer infrastructure assets for local municipalities, which the local governments agree to operate and lease over the life of the bonds. The lease agreement constitutes a capital lease and the lease payments to the County are generally equal to the debt service requirements of the County's bonds.

Solid Waste Management System accounts for revenues received from, and the expenses made for, the operations of a solid waste landfill system. Monies for the operation of the system are received from customers.

Muskegon County Airport provides direct and related services for both air carrier and general aviation aircraft. Airport activities are administratively divided into four areas: airfield, terminal buildings, hangars and other.

Wastewater Management System provides an innovative, comprehensive plan for utilizing wastewater for land treatment by spray irrigation. The land treatment system nearly eliminates industrial and municipal pollutants and utilizes the wastewater as water and fertilizer to grow crops. Revenues are derived primarily from municipal users and private corporations. Additional revenue is generated from sales of crops grown at the facility.

Additionally, the County reports the following fund types:

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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

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

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs-that is, for the benefit of the County or its citizenry.

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

Internal Service Funds account for printing, building maintenance, automotive repair, building and equipment purchases, energy improvements, and insurance and risk management on a cost reimbursement basis.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes and fees collected for other governments).

The *Private Purpose Trust fund* accounts for the perpetual care of specific individuals as ordered by the Court. These funds are legally held in trust for use only by the specified activities as described. The accounting for trust funds is like that used for proprietary funds (full accrual).

The *Other Postemployment Benefits Trust Fund* accounts for the accumulated resources for other postemployment benefit payments to qualified employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are revenues in excess of expenses for tax collection. Elimination of the revenues would distort the activity of the functions and would not reflect the proper future uses of the excesses collected for their specific governmental purposes.

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

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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

Deposits and Investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments, exclusive of certificates of deposit, are stated at fair value. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year or the certificates are non-participating (i.e., there is no available market for trade prior to maturity).

State statutes and County policy authorize the County to invest in:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- (c) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (g) Mutual funds registered under the Investment Company Act of 1940, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- (h) Obligations described in (a) through (g) if purchased through an inter-local agreement with the Urban Cooperation Act of 1967.
- (i) The investment pools organized under the Surplus Investment Pool Act, 1982 PA 367, 129.111 to 129.118.
- (j) The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Receivables and Payables

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

As applicable, advances between funds are offset by nonspendable fund balance in the general fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as “unearned”.

Other Assets

The County's inventories represent operating materials and supplies consumed while providing services and are stated at cost using the first in, first out (FIFO) method. Inventories are accounted for by the consumption method. Assets held for resale, including inventories held for resale, are stated at lower of cost or market.

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

Restricted Assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

The Solid Waste and Fly Ash funds' restricted assets relate primarily to future maintenance of landfill sites, repair and maintenance of waste-to-energy operations, contract retainages for construction projects and debt retirement.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Capital Assets

Property and equipment are stated at cost. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits, and bond interest costs during the construction period. Capital assets are defined as assets with an estimated useful life of more than one year and with a unit cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued and recorded at estimated acquisition cost at the date of donation. Capital assets are reported in the respective governmental or business-type activities columns in the government-wide financial statements.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, including those purchased/constructed prior to the implementation of GASB 34 have been included for the primary government and component units. The County has no infrastructure assets in its governmental activities. Property, plant, equipment and infrastructure of the County, as well as its component units, is depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10 - 100
Lagoon	98 - 100
Buildings and improvements	10 - 50
Machinery and equipment	3 - 25
Wastewater collection and distribution system	10 - 50
Infrastructure and improvements	5 - 50
Capitalized interest and engineering costs	47 - 50

The County reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for the charge on bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. In addition, the County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and OPEB plans. A portion of these costs also represent contributions to the pension plan subsequent to the plan measurement date.

Self-insurance Fund

The County maintains a self-insurance fund. The purpose of this fund is to pay premiums and claims as they are billed or occur. For the self-insured areas of liability, workers' compensation, and unemployment, the County maintains a reserve for unpaid claims. This reserve includes both case reserves estimated by adjusters on a case-by-case basis for claims reported but not settled, as well as actuarial estimates for claims incurred but not reported (IBNR). IBNR includes provisions for a) late reported claims, b) development on existing case reserves, c) potential claim re-openings, and d) claims that have been reported but for which a case reserve has not yet been recorded.

Compensated Absences

County employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. A liability for these amounts is accrued and reported in the government-wide and proprietary funds statements. Vacation and sick leave payoffs upon termination of employment are allocated as general administrative expense across all activities of the County's primary government and participating component units.

Upon termination, a *vacation leave payoff* is generally made at the final rate of pay for 100% of accumulated vacation leave hours, up to a maximum of between 102 and 384 vacation payoff hours, depending on the employee's work classification.

The employee generally receives a *sick leave payoff* equal to sick-leave-payoff-hours multiplied by the employee's final pay rate per hour. There is no limit to the number of sick hours an employee may accumulate, but at termination accumulated sick leave hours are converted into sick-leave-payoff-hours, which is a percentage of accumulated sick leave hours, subject to a maximum of 1440 accumulated sick leave hours. To arrive at the number of sick-leave-payoff-hours to be paid at the final rate of pay, the accumulated sick leave hours are (1) multiplied by 75% for employees who qualify for full retirement or die, (2) multiplied by 50% for other voluntary terminations, (3) multiplied by 100% for certain employee classifications at Brookhaven, or (4) not eligible for payoff for involuntary terminations.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from lodging receivables, and Medicaid fee for service and capitation for HealthWest. The Drain Commission discretely presented component unit reports unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the County reports deferred inflows of resources for changes in expected and actual experience and investment returns in its pension and OPEB plans.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB benefits, and pension and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners by resolution has delegated the authority to assign fund balance to the County Finance & Management Services Director or his/her designee. *Unassigned fund balance* is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Other governmental funds besides the general fund can only report a negative unassigned fund balance, which would occur if expenditures were to be incurred for specific purposes that exceeded the amounts restricted, committed or assigned in the fund.

The County Board of Commissioners has adopted a minimum fund balance policy in which the total fund balance of the General Fund will be equal to at least 14-19 percent of the prior year expenditures plus transfers out. If the General Fund balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy.

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

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Capital Contributions

Certain expenditures for airport and transit capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration and the U.S. Department of Transportation, with certain matching funds provided by the Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital assets acquisition, facilities development and rehabilitation are reported in the statement of revenues, expenses and change in fund net position, after nonoperating revenues and expenses as capital contributions.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Budgets

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. General and special revenue funds budgets are presented to the Ways and Means Committee of the Board in September, at which time hearings on the budget are scheduled. A Public Hearing is held in August or September and a special meeting is held to give all elected officials the opportunity to discuss their budget with the Board.
2. The budget, and an appropriation ordinance implementing it, is then adopted in September.
3. Formal budget integration is employed as a management control device during the year for the General and special revenue funds. Formal budgetary integration is not employed for any other fund and only informational summaries are prepared as a management tool and are presented to the Board for consideration.
4. Budgets presented for the General and special revenue funds were prepared on the modified accrual basis of accounting. Encumbrances are not recorded at year end.
5. Expenditures may not legally exceed department totals in the General Fund. Special revenue fund expenditures cannot legally exceed their respective fund totals and must remain in accordance with their respective grant agreements with federal and state agencies.
6. Budgets for the current year are carefully reviewed in June or July for any revision of estimates. Proposed increases or reductions in appropriations are presented to the Ways and Means Committee and the Board in August and September for their action. The legislative body amends the general appropriation act as soon as it becomes apparent this action is necessary.
7. The Governing Board has the authority to amend all budgets at the fund level through the appropriation ordinance. It further has the right to amend the General Fund at the department level if it desires. Management has no authority to amend budgets at the fund level. Management can do transfers within funds at the departmental level without governing board approval but not between General Fund departments. Some budgets are approved at the zero activity level when there appears to be no consistent operating data to project future revenues or expenses.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

8. The budgetary information presented has been amended during the year by an official action of the County Board of Commissioners.
9. All budget appropriations lapse at the end of each fund's fiscal year.

Grants and Third Party Cost Reimbursement Settlements

The County receives grants from other governmental units to finance specific programs. The grant revenues are recorded based on qualifying program expenditures, as determined by the County, and are subject to audit by the responsible agencies. Adjustments required upon final settlements are recorded in the period of settlement. Third party cost reimbursements are recorded at prospective rates and provisions are made at the end of each year to adjust such revenues to the reimbursable cost expected to be received. Adjustments required upon final settlements are recorded in the period of settlement.

Property Taxes

Property taxes are levied and attached as an enforceable lien on property as of July 1 and December 1. Taxes are payable by March 1 with local treasurers. After March 1, taxes are delinquent and are collected by the County with additional penalty and interest added. Delinquent tax rolls are used to finance delinquent tax notes of which the proceeds are used to pay off the various taxing authorities around July 1. Collections of delinquent taxes (including penalty and interest) are kept by the County to repay the notes, with any remainder being remitted to the general fund. Any delinquent taxes not collected after two years have elapsed trigger the property to be foreclosed and sold at public auction, with a minimum bid of amounts due for taxes, interest and fees. The foreclosure sales occur on or about September 1st. Therefore, under the statutes, total delinquency collection is assured.

2. EXCESS OF EXPENDITURES OVER BUDGET

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budget appropriations of the County were adopted on the department level for the General Fund and at the fund level basis for special revenue funds.

During the year ended September 30, 2018, the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Actual Over Final Budget
General fund:			
General government:			
Elections	\$ 193,378	\$ 210,252	\$ 16,874
Misc Contingency	2,003,873	2,246,100	242,227
Judicial:			
Public Defender	1,766,872	1,770,303	3,431
Cultural:			
Fairgrounds Training Center	11,958	108,533	96,575
HealthWest special revenue fund - health	68,766,397	69,000,280	233,883
Nonmajor special revenue fund:			
Access & Visitation	5,400	5,850	450

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

3. DEFICIT FUND EQUITY

At September 30, 2018, the following enterprise funds reported deficit unrestricted net position balances as shown in the following table:

Enterprise Fund	Unrestricted Net Position (Deficit)	Total Net Position	Working Capital	Total of Net Pension & Net OPEB Liabilities & Related Deferred Amounts
Airport	\$ (1,321,600)	\$ 26,791,772	\$ 637,090	\$ 1,281,368
Muskegon Area Transit System	(6,089,803)	2,115,080	8,265	5,830,604

All of these funds maintained positive working capital, which represents the excess of current assets over current liabilities. All reported positive total net position as of September 30, 2018. Net pension and net OPEB liabilities balances contributed to the deficit unrestricted net position balances reported.

In addition to the deficits noted above, the HealthWest special revenue fund had an unassigned deficit of \$3,610,600 at September 30, 2018, while the total fund deficit was \$3,572,479.

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2018:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 58,545,666	\$ 15,177,065	\$ 73,722,731
Restricted assets	2,558,955	-	2,558,955
	<u>61,104,621</u>	<u>15,177,065</u>	<u>76,281,686</u>
Statement of Fiduciary Net Position			
Agency funds:			
Cash and investments	10,826,945	-	10,826,945
Private purpose trust fund:			
Cash and investments	64,919	-	64,919
Other postemployment benefit trust fund:			
MERS total market portfolio	53,593,176	-	53,593,176
	<u>64,485,040</u>	<u>-</u>	<u>64,485,040</u>
Total	<u>\$ 125,589,661</u>	<u>\$ 15,177,065</u>	<u>\$ 140,766,726</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Deposits and investments

Bank deposits:

Checking and savings accounts	\$ 58,394,023
Certificates of deposits, due within one year	3,520,000
Certificates of deposits, due one to five years	2,000,000
Total bank deposits	<u>63,914,023</u>

Investments:

MERS total market portfolio	53,593,176
Money market accounts	2,558,955
Municipal bonds	8,549,293
Government securities	11,873,476
Non-cash commodity	168,550
Total investments	<u>76,743,450</u>

Cash on hand	<u>109,253</u>
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Total	<u>\$ 140,766,726</u>
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Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. It is County policy to reduce custodial credit risk related to deposits by using only pre-qualified financial institutions, broker/dealers, intermediaries and advisors. As of year-end, \$67,331,603 of the County's bank balance of \$68,678,272 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2018, none of the County's investments were exposed to custodial credit risk inasmuch as all investments are held in the name of the County.

To limit the risk on the sale of the commodities grown as part of the farm sales in the Wastewater enterprise fund, the County elects to hedge up to 50 percent of the anticipated crop production. The funds are held with a third-party and the value has been adjusted based on the market value of the commodity at year end. See further information in Note 18.

Credit Risk. Statutes and various bond indentures authorize the County to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously. The County had no investment policy that would further limit its investment choices.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Credit risk ratings, where applicable, are summarized as follows:

Moody AAA	\$ 9,932,096
Moody AA1	2,024,140
Moody AA2	1,111,802
Moody AA3	300,552
S&P AA+	1,941,380
S&P AA	5,112,799
Unrated	<u>56,320,681</u>
Total	<u>\$ 76,743,450</u>

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies.

Maturity dates for investments held at year-end are summarized as follows:

Due in less than 1 year	\$ 805,764
Due in 1-5 years	11,582,979
Due in 6-10 years	5,297,156
Due in 11-15 years	2,736,870
No maturity	<u>56,320,681</u>
Total	<u>\$ 76,743,450</u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Fair Value Measurement

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Debt securities are valued by the County's investment custodian using independent pricing services based on the type of asset. The pricing services may use valuation models or matrix pricing, which consider: (a) benchmark yields, (b) reported trades, (c) broker/dealer quotes, (d) benchmark securities, (e) bids or offers, and (f) reference data. The County's level 2 investments as noted in the table below are valued using significant other observable inputs of the underlying securities.

The County has the following recurring fair value measurements as of September 30, 2018:

	Level 1	Level 2	Level 3	Total
MERS total market portfolio	\$ 53,593,176	\$ -	\$ -	\$ 53,593,176
Money market accounts	2,558,955	-	-	2,558,955
Municipal bonds	-	8,549,293	-	8,549,293
Government securities	-	11,873,476	-	11,873,476
Non-cash commodity	168,550	-	-	168,550
	<u>\$ 56,320,681</u>	<u>\$ 20,422,769</u>	<u>\$ -</u>	<u>\$ 76,743,450</u>

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 2,657,765	\$ 3,767,347	\$ 804,142
Less: allowance for uncollectibles	(193,047)	(2,010)	-
Due from other governments	14,045,453	3,250,746	4,606,157
Less: allowance for uncollectibles	(4,019)	-	-
Accrued interest	220,715	-	-
Taxes (current)	6,847,990	-	-
Taxes (delinquent)	-	10,436,305	-
Notes	1,000,000	730,303	-
Leases	-	18,114,765	-
Special assessments	-	620,394	8,036,388
Other	-	-	224,984
	<u>\$ 24,574,857</u>	<u>\$ 36,917,850</u>	<u>\$ 13,671,671</u>

Of the amounts reported for receivables above, long-term notes receivables in the amount of \$680,967, special assessments receivable in the amount of \$7,869,011, leases receivable in the amount of \$16,629,993, and accounts receivable of \$370,780 are not expected to be collected within one year.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The County has a note receivable from the City of Muskegon Downtown Development Authority (a Michigan nonprofit corporation) dated August 17, 1989 (issued in the face amount of \$1,000,000, interest free), which is held jointly by capital projects and internal service funds. The note matures August 30, 2019, and is included as a current receivable in the accompanying financial statements at its original face amount. The note is collateralized by a certain tax increment financing plan and by the assignment of the related leases, which are believed to provide adequate assurance for the realization of the note.

The County also has a long-term note receivable from the Erdman Holding, LLC (a Michigan limited liability company) dated February 22, 2010 (issued in the face amount of \$1,275,000, with interest of 6% per annum), which is held by the Wastewater enterprise fund.

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 8,106,310	\$ 1,581,822	\$ 1,639,970
Due to other governments	395,114	423,405	-
Accrued liabilities	4,299,867	479,692	718,212
Accrued interest payable	1,169,052	1,100,014	123,694
	<u>\$ 13,970,343</u>	<u>\$ 3,584,933</u>	<u>\$ 2,481,876</u>

7. OTHER ASSETS

Other assets are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Prepays	\$ 419,349	\$ -	\$ 126,468
Inventories	12,568	82,476	1,905,155
Deposits held with others	693,466	-	-
Assets held for resale	-	-	641,641
	<u>\$ 1,125,383</u>	<u>\$ 82,476</u>	<u>\$ 2,673,264</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2018, was as follows:

Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
Solid Waste	\$ 51,432	\$ -
Airport	-	600,584
Internal Service Funds	600,584	51,432
	<u>\$ 652,016</u>	<u>\$ 652,016</u>

Advances to and from component units

	Advances to Component Units	Advances from Primary Government
General Fund	\$ 21,500	\$ -
Delinquent Tax Revolving	225,000	-
Drain Commission	-	21,500
Land Bank Authority	-	225,000
	<u>\$ 246,500</u>	<u>\$ 246,500</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

For the year ended September 30, 2018, interfund transfers consisted of the following:

Transfers Out	Transfers In							Totals
	General Fund	HealthWest	Nonmajor Governmental Funds	Brookhaven Medical Care Facility	Airport	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 736,934	\$ 9,428,146	\$ 82,840	\$ 58,887	\$ 203,244	\$ 42,828	\$10,552,879
Nonmajor Governmental Funds	267,907	-	43,360,958	-	-	-	-	43,628,865
Delinquent Tax Revolving	2,392,933	-	214,242	-	-	-	-	2,607,175
Totals	\$ 2,660,840	\$ 736,934	\$53,003,346	\$ 82,840	\$ 58,887	\$ 203,244	\$ 42,828	\$56,788,919

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

9. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,659,212	\$ -	\$ (18,915)	\$ -	\$ 4,640,297
Construction-in-progress	959,958	171,505	-	(654,067)	477,396
	<u>5,619,170</u>	<u>171,505</u>	<u>(18,915)</u>	<u>(654,067)</u>	<u>5,117,693</u>
Capital assets being depreciated:					
Land improvements	7,373,766	333,201	-	433,100	8,140,067
Buildings and improvements	93,142,850	516,824	(18,930)	4,513,908	98,154,652
Machinery and equipment	27,228,235	492,072	(611,072)	1,249,747	28,358,982
	<u>127,744,851</u>	<u>1,342,097</u>	<u>(630,002)</u>	<u>6,196,755</u>	<u>134,653,701</u>
Less accumulated depreciation for:					
Land improvements	(3,922,269)	(294,692)	-	(5,029)	(4,221,990)
Building and improvements	(28,557,348)	(3,283,194)	8,834	(4,060,293)	(35,892,001)
Machinery and equipment	(15,599,288)	(2,023,359)	583,943	(632,824)	(17,671,528)
	<u>(48,078,905)</u>	<u>(5,601,245)</u>	<u>592,777</u>	<u>(4,698,146)</u>	<u>(57,785,519)</u>
Total capital assets being depreciated, net	<u>79,665,946</u>	<u>(4,259,148)</u>	<u>(37,225)</u>	<u>1,498,609</u>	<u>76,868,182</u>
Governmental activities-capital assets, net	<u>\$ 85,285,116</u>	<u>\$ (4,087,643)</u>	<u>\$ (56,140)</u>	<u>\$ 844,542</u>	<u>\$ 81,985,875</u>

Of the amount reported in capital assets, \$1,532,730 of machinery and equipment was purchased through capital lease purchase agreements. Related accumulated depreciation at year-end amounted to \$699,898.

During fiscal year 2018, Brookhaven Medical Care Facility enterprise fund closed and the capital assets with a net book value of \$844,542 related to this entity were transferred to governmental activities. This transaction is noted in the transfers column above for governmental activities and below for business-type activities.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 20,237,484	\$ -	\$ -	\$ -	\$ 20,237,484
Construction-in-progress	7,137,706	3,580,748	(27,581)	(7,079,161)	3,611,712
	<u>27,375,190</u>	<u>3,580,748</u>	<u>(27,581)</u>	<u>(7,079,161)</u>	<u>23,849,196</u>
Capital assets being depreciated:					
Land improvements	30,839,668	264,080	-	1,487,521	32,591,269
Buildings and improvements	32,989,239	107,374	(342,669)	(5,142,911)	27,611,033
Machinery and equipment	38,740,172	1,662,724	(352,338)	5,191,863	45,242,421
Lagoons	9,495,715	-	-	-	9,495,715
W/W collection and distribution	166,780,816	6,796	-	-	166,787,612
Capitalized interest and engineering	8,936,046	-	-	-	8,936,046
	<u>287,781,656</u>	<u>2,040,974</u>	<u>(695,007)</u>	<u>1,536,473</u>	<u>290,664,096</u>
Less accumulated depreciation for:					
Land improvements	(18,038,348)	(645,922)	-	5,029	(18,679,241)
Building and improvements	(21,236,070)	(752,137)	276,132	4,393,517	(17,318,558)
Machinery and equipment	(21,813,242)	(1,926,393)	352,338	299,600	(23,087,697)
Lagoons	(4,194,738)	(95,085)	-	-	(4,289,823)
W/W collection and distribution	(79,866,168)	(5,079,772)	-	-	(84,945,940)
Capitalized interest and engineering	(7,228,845)	(105,867)	-	-	(7,334,712)
	<u>(152,377,411)</u>	<u>(8,605,176)</u>	<u>628,470</u>	<u>4,698,146</u>	<u>(155,655,971)</u>
Total capital assets being depreciated, net	<u>135,404,245</u>	<u>(6,564,202)</u>	<u>(66,537)</u>	<u>6,234,619</u>	<u>135,008,125</u>
Business-type activities capital assets, net	<u>\$ 162,779,435</u>	<u>\$ (2,983,454)</u>	<u>\$ (94,118)</u>	<u>\$ (844,542)</u>	<u>\$ 158,857,321</u>

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

Depreciation of governmental activities by function	
General government	\$ 923,494
Judicial	20,481
Public safety	1,654,078
Health	631,397
Welfare	1,700
Recreation	338,146
Internal service funds	2,031,949
Total depreciation expense - governmental activities	<u>\$ 5,601,245</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function

Brookhaven Medical Care Facility	\$	21,962
Solid Waste		455,569
Airport		976,736
Wastewater		5,853,829
Nonmajor enterprise funds		1,297,080
Total depreciation expense - business-type activities	\$	<u>8,605,176</u>

10. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2018:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 59,550,000	\$ 48,220,000	\$ (45,000,000)	\$ 62,770,000	\$ 2,400,000
Capital leases	676,537	183,555	(241,738)	618,354	219,624
Total installment debt	<u>60,226,537</u>	<u>48,403,555</u>	<u>(45,241,738)</u>	<u>63,388,354</u>	<u>2,619,624</u>
Premium on bonds payable	151,411	149,879	(40,593)	260,697	52,928
Compensated absences	6,594,894	1,096,960	(872,040)	6,819,814	908,399
Total governmental activities	<u>\$ 66,972,842</u>	<u>\$ 49,650,394</u>	<u>\$ (46,154,371)</u>	<u>\$ 70,468,865</u>	<u>\$ 3,580,951</u>
Business-type activities					
General obligation bonds	\$ 21,320,000	\$ -	\$ (1,195,000)	\$ 20,125,000	\$ 1,245,000
Revenue bonds	60,358,365	-	(4,720,000)	55,638,365	4,790,000
Notes payable	16,000,000	12,000,000	(12,000,000)	16,000,000	12,000,000
Total installment debt	<u>97,678,365</u>	<u>12,000,000</u>	<u>(17,915,000)</u>	<u>91,763,365</u>	<u>18,035,000</u>
Premium on bonds payable	2,325,231	-	(215,410)	2,109,821	219,779
Closure and sludge cost	16,328,508	1,504,329	(50,024)	17,782,813	849,349
Compensated absences	<u>1,274,326</u>	<u>37,868</u>	<u>(144,789)</u>	<u>1,167,405</u>	<u>155,498</u>
Total business-type activities	<u>\$ 117,606,430</u>	<u>\$ 13,542,197</u>	<u>\$ (18,325,223)</u>	<u>\$ 112,823,404</u>	<u>\$ 19,259,626</u>

Governmental Activities

General obligation bonds

\$4,765,000 2018 Building Authority (Limited Tax) Refunding Bonds, Mental Health Building, due in annual installments of \$230,000 to \$400,000 plus interest ranging from 3.00% to 4.00%, payable semi-annually, through May 1, 2033. \$ 4,765,000

\$4,685,000 2010 Building Authority (Limited Tax) Refunding Bonds, Hall of Justice Bonds, due in annual installments of \$110,000 to \$530,000 plus interest at 2.81%, payable semi-annually, through May 1, 2022. 2,025,000

\$7,140,000 2010 Capital Improvement Bonds, due in annual installments of \$200,000 to \$600,000 plus interest at 6.97%, payable semi-annually, through November 1, 2030. 5,490,000

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Governmental Activities (Concluded)

General obligation bonds (concluded)

\$43,455,000 2018 Building Authority (Limited Tax) Bonds, Jail and Juvenile Transition Center, due in annual installments of \$930,000 to \$2,610,000 plus interest ranging from 2.184% to 4.059% payable semi-annually, through November 1, 2043. \$ 43,455,000

\$5,915,000 2014 Capital Improvement Bonds, due in annual installments of \$315,000 to \$510,000 plus interest ranging from 3.45% to 4.00%, payable semi-annually, through November 1, 2029. 4,965,000

\$2,325,000 2015 Capital Improvement Bonds, due in annual installments of \$130,000 to \$175,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2034. 2,070,000

Capital leases

Various capital leases, due in various monthly installments plus interest maturing at various dates through August 18, 2022. 618,354

Total governmental activities installment debt \$ 63,388,354

Business-type Activities

General obligation bonds

\$4,315,000 Muskegon County Water Supply System - No. 1 Series II (Fruitport - Norton Shores) Refunding Bonds, Series 2010 (Refunding of Muskegon County Water Supply System No. 1, Series II Bonds, Series 2000), due in annual installments of \$325,000 to \$520,000 plus interest ranging from 2.00% to 3.00%, payable semi-annually, through May 1, 2019. \$ 1,025,000

\$16,185,000 Muskegon County Wastewater Management System (Muskegon, Egelston & Dalton Township Section) Refunding Bonds, Series 2015 (General Obligation Limited Tax), due in an annual installments of \$445,000 to \$1,220,000 plus interest ranging from 4.201% to 5.00%, payable semi-annually, through November 1, 2036. 15,270,000

\$995,000 Muskegon County Water Supply System (Whitehall Township Section) Bonds, Series 2006 (General Obligation Limited Tax), due in installments of \$55,000 to \$85,000 plus interest ranging from 4.00% to 4.30%, payable semi-annually, through November 1, 2021. 340,000

\$3,800,000 2015 Capital Improvement Bonds, due in annual installments of \$155,000 to \$265,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2034. 3,490,000

Revenue bonds

\$6,550,000 2015 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$225,000 to \$450,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2036. 6,095,000

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Business-type Activities (Concluded)

Revenue bonds (concluded)

\$9,215,000 2008 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$300,000 to \$645,000 plus interest ranging from 3.25% to 4.625%, payable semi-annually, through November 1, 2028. \$ 5,745,000

\$12,380,000 2011 Wastewater Revenue Refunding Bond, payable to MFA in annual installments of \$775,000 to \$900,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through July 1, 2026. 6,330,000

**\$17,386,586 2005 Wastewater Revenue Bond, payable to MFA in annual installments of \$745,000 to \$991,560 plus interest at 1.625%, payable semi-annually, through April 1, 2027. 8,516,560

**\$14,000,000 2006 Wastewater Revenue Bond, payable to MFA in annual installments of \$595,000 to \$815,000 plus interest at 1.625%, payable semi-annually, through April 1, 2028. 7,570,000

**\$1,800,000 2007 Wastewater Revenue Bond, payable to MFA in annual installments of \$75,000 to \$105,000 plus interest at 1.625%, payable semi-annually, through October 1, 2026. 885,000

**\$898,316 2008 Wastewater Revenue Bond, payable to MFA in annual installments of \$35,000 to \$58,316 plus interest at 2.50%, payable semi-annually, through April 1, 2028. 503,316

**\$15,154,830 2008B Wastewater Revenue Bond, payable to MFA in annual installments of \$620,000 to \$939,830 plus interest at 2.50%, payable semi-annually, through April 1, 2029. 9,174,830

**\$16,132,676 2008C Wastewater Revenue Bond, payable to MFA in annual installments of \$670,000 to \$1,095,000 plus interest at 2.50%, payable semi-annually, through April 1, 2029. 9,742,676

**\$1,664,983 2010 Wastewater Revenue Bond, payable to MFA in annual installments of \$70,000 to \$105,983 plus interest at 2.50%, payable semi-annually, through April 1, 2030. 1,075,983

Notes payable

\$12,000,000 2016 General Obligation Tax Note, due in installments of \$4,000,000 plus interest at 1.99%, payable semi-annually, through December 1, 2018. 4,000,000

\$12,000,000 2017 General Obligation Tax Note, due in installments of \$4,000,000 plus interest at 2.97%, payable semi-annually, through December 1, 2019. 12,000,000

Total business-type activities installment debt \$ 91,763,365

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

In addition to the long-term debt items noted above, the County has been apportioned a percentage of various drain bonds and notes. At September 30, 2018, the total amount outstanding on the various bond and drain notes that will be assessed to the County in subsequent years is approximately \$1.4 million. The amounts will be assessed annually through 2048.

Pledged Revenues

**The County has pledged future wastewater total revenues, net of specified operating expenses, to repay approximately \$67.0 million in certain wastewater system revenue bonds issued between September 2005 and January 2010. Proceeds from these bonds provided financing for improvements to the wastewater system. These particular bonds are payable solely from wastewater net revenues and are payable through 2030. Annual principal and interest payments on these bonds are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on these bonds is \$42,145,673. For the current year, principal and interest paid was \$4,109,367 and net revenues were \$9,696,354.

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

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 2,619,624	\$ 2,620,826	\$ 18,035,000	\$ 2,764,161
2020	2,835,716	2,371,558	10,170,000	2,315,625
2021	2,837,299	2,272,321	5,750,000	2,082,270
2022	2,825,715	2,171,201	5,880,000	1,910,253
2023	2,385,000	2,065,696	5,930,000	1,733,932
2024-2028	13,285,000	8,821,899	29,159,876	5,909,360
2029-2033	12,850,000	5,962,155	10,133,489	2,561,106
2034-2038	9,575,000	3,842,079	6,705,000	656,751
2039-2043	11,565,000	1,741,412	-	-
2044	2,610,000	52,970	-	-
	<u>\$ 63,388,354</u>	<u>\$ 31,922,117</u>	<u>\$ 91,763,365</u>	<u>\$ 19,933,458</u>

Bonds payable to Michigan Finance Authority (MFA), successor to the Michigan Municipal Bond Authority (MMBA), are under special State authority where bond funds are received based on reimbursable and allowed expenses for specific State Department of Environmental Quality approved projects. Funds are received until a predetermined limit is reached or the project is complete. Once the projects are complete, MFA issues a final bond payment schedule. Until that time, bond principal payments are estimated based on the original debt schedule and the amount drawn to date. Principal payments commence after 18 months from date of original approval.

The local government public works financing bonds were issued by the County under State of Michigan Public Act 185 of 1957 pursuant to contracts entered into with the City of Norton Shores, Egelston, Muskegon, Dalton, Fruitport, and Whitehall Townships for the financing of additional sewage collection and disposal and water supply systems for the contractees. Under the terms of the agreements, the contractees are to pay the County each year amounts sufficient to provide for debt service. The full faith and credit of the County and that of the respective participating municipalities are pledged for repayment of the bonds.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The Muskegon County Wastewater Management System No. 1 Bonds issued are a general obligation (revenue) bond issue repayable from the proceeds of contract payments by participating users in the system. The full faith and credit of the County and that of participating municipalities are pledged for repayment of the bonds. The General Obligation tax notes are issued by the County to pay the various local units of government their respective share of delinquent property taxes. The notes are collateralized by the assets of the Delinquent Tax Revolving Fund and the full faith and credit of the County.

Proceeds of the outstanding County Building Authority Limited Tax General Obligation Bonds were used to construct a community mental health center, to provide energy improvements across most of the County's buildings, and to remodel the County's Hall of Justice. Building lease payments are pledged for the payment of annual debt service along with the limited tax full faith and credit pledge of the County.

In October 2013 the County of Muskegon (the "County") issued \$38.87 million of General Obligation Limited Tax Bonds (the "2013 County Bonds") to pay the costs of a project to acquire, construct, renovate, furnish and equip a jail and a juvenile transition facility. On March 29, 2018, the Muskegon County Building Authority (the "Authority") issued \$43.455 million of General Obligation Limited Tax Building Authority and Juvenile Transition Center Bonds (federally taxable) (the "2018 Authority Bonds") for the purpose of paying the costs of acquiring the County Jail and Juvenile Transition Center (the "Jail/JTC") from the County and paying costs of issuance of the 2018 Authority Bonds. The County used the proceeds received for its sale of the Jail/JTC to defease the 2013 County Bonds. Under a lease contract between the Authority and County, the Authority has pledged for the use of the Jail/JTC, cash rentals to be paid by the County in amounts based upon the Authority's debt service requirements on the 2018 Authority Bonds. The 2013 Bonds had been a private placement with a single purchaser of the issue (the "2013 Investor"). In exchange for a redemption premium of \$982,163 at closing, the 2013 Investor agreed to an early redemption modification of the 2013 County Bonds, such that the first call date was accelerated by 32 months to February 1, 2021, at which time the defeasance escrow deposit and earnings are scheduled to retire the 2013 County Bonds.

The compensated absences liability is liquidated by allocating each payoff of earned but unused vacation and sick pay benefits as general administrative expense across all activities of the County primary government and participating component units when paid upon termination of employment.

Refunded and Defeased Debt

The Muskegon County Building Authority issued \$43.445 million of 2018 Jail and Juvenile Transition Center Building Authority Bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of \$38.87 million of County of Muskegon General Obligation Jail and Juvenile Transition Center Bonds, Series 2013. As a result, the 2013 bonds are considered defeased and the liability has been removed from the statement of net position. The Building Authority is a blended component unit of the County; therefore, the transaction may be viewed for combined entity reporting purposes as a refunding that resulted in a loss of \$13,694,925 and an economic loss of \$1,168,944.

Additionally during 2018, the County issued \$4,765,000 of 2018 Building Authority (Mental Health Building) Refunding Bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of \$4,715,000 of 2008 Building Authority (Mental Health Building) Bonds. As a result, the bonds are considered defeased and the liability has been removed from the statement of net position. The refunding resulted in a savings of \$1,214,925 and an economic gain of \$1,008,444.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

As a result of these refundings, as of September 30, 2018, the County had \$38,870,000 in bonds payable considered defeased.

11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees and the public; and natural disasters. The County has a self-insurance (internal service) fund to account for and finance its uninsured risk of losses. Under this program, the self-insurance fund provides coverage for up to a maximum of \$300,000 for each Workers' Compensation claim, \$250,000 for each general liability claim, \$50,000 for each property damage claim and \$100,000 for each auto claim. The County purchases commercial insurance for claims in excess of the stated coverages and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

The County manages its risks internally and has set aside assets for claim settlement in its Insurance internal service fund. These funds allocate the cost of providing claims servicing and claims payments by charging a "premium" to each fund based upon various allocation bases. This charge considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophic losses.

Insurance internal service fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an accumulation of case estimates for losses reported prior to the close of the accounting period and estimates for claims that have been incurred but not reported (including future claim adjustment expenses) based on past loss experience and consideration of current claim trends, as well as prevailing social, economic and local conditions. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield assumptions of 4.0%.

Changes in the balances of claims liabilities are as follows:

Year	Beginning of the year liability	Current year claims and change in estimates	Claim Payments	End of the year liability
2017	\$ 2,478,976	\$ 1,124,686	\$ (1,258,236)	\$ 2,345,426
2018	2,345,426	1,559,652	(1,397,521)	2,507,557

12. CONTINGENT LIABILITIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The County is currently a defendant in litigation regarding a claim for breach of contract with a former vendor of technology products and services. Certain known damages related to this litigation have been incurred, and their effects are included with payables at September 30, 2018. The remaining potential liability, if any, is not covered by the County's insurance. The County intends to vigorously defend itself against these claims. At September 30, 2018, the likelihood of possible outcomes, as well as the potential liability as a result of these remaining claims, are not determinable.

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

13. PENSION PLANS

Defined Benefit Pension Plan

General Information About the Plan

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

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.7% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, or age 55 with 25 years of service, depending on division/bargaining unit. All divisions of the plan are closed to new hires.

Employees Covered by Benefit Terms. At December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1,079
Inactive employees entitled to but not yet receiving benefits	189
Active employees	<u>480</u>
Total membership	<u><u>1,748</u></u>

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Employer monthly contribution amounts and employee contribution rates, by division/bargaining unit, were as follows as of September 30, 2018:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - Public Works	\$ 32,313	4.51%
04 - MCF Union	665	8.57%
10 - Gnrl Local214	102,151	3.84%
11 - Gnrl NonUnion	238,650	5.41%
12 - District Court	16,831	1.50%
13 - Health Dpt Nrses	8,798	4.05%
14 - Mntl Hlth Wrks	1,619	3.86%
15 - Judges	4,502	4.13%
17 - Comm/E.O./Adm Dir	100,056	5.20%
19 - Mental Hlth Workers af 9/1/10	-	5.86%
20 - Corrections	28,170	2.69%
22 - Shrf Dpty Lcl214	55,377	5.00%
23 - Shrf Cmnd Unit	50,044	7.33%
24 - Correction Ofr hired af 9/1/10	2,524	5.69%
25 - Sheriff Deputy after 10/01/10	3,243	6.50%
41 - AFSCME#570	16,310	5.58%
42 - MCF Union hired after 3/1/10	142	4.00%
90 - Public Works after 02/01/11	2,390	6.50%
91 - Gnrl Local 214 after 11/1/10	7,588	6.00%
	<u>\$ 671,373</u>	

Net Pension Liability. The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no explicit price inflation assumption is used in the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.5%	5.02%	2.89%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.51%
Diversifying strategies	<u>10.0%</u>	6.56%	<u>0.66%</u>
	<u>100.0%</u>		4.50%
		Inflation	3.25%
		Administrative expenses netted above	<u>0.25%</u>
		Investment rate of return	<u>8.00%</u>

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 270,404,777	\$ 168,948,063	\$ 101,456,714
Changes for the year:			
Service cost	2,906,291	-	2,906,291
Interest	21,006,199	-	21,006,199
Differences between expected and actual experience	(1,111,674)	-	(1,111,674)
Employer contributions	-	7,177,037	(7,177,037)
Employee contributions	-	1,417,126	(1,417,126)
Net investment income	-	21,849,796	(21,849,796)
Benefit payments, including refunds of employee contributions	(18,560,904)	(18,560,904)	-
Administrative expense	-	(346,767)	346,767
Other changes	(876)	-	(876)
Net changes	<u>4,239,036</u>	<u>11,536,288</u>	<u>(7,297,252)</u>
Balances at December 31, 2017	<u>\$ 274,643,813</u>	<u>\$ 180,484,351</u>	<u>\$ 94,159,462</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
\$ 122,496,154	\$ 94,159,462	\$ 69,923,916

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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

For the year ended September 30, 2018, the County recognized pension expense of \$14,371,866. The County reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 1,346,994	\$ (1,346,994)
Net difference between projected and actual earnings on pension plan investments	-	3,065,688	(3,065,688)
	-	4,412,682	(4,412,682)
Contributions subsequent to the measurement date	6,042,302	-	6,042,302
Total	\$ 6,042,302	\$ 4,412,682	\$ 1,629,620

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2019	\$ (278,777)
2020	451,082
2021	(2,835,687)
2022	(1,749,300)
Total	\$ (4,412,682)

Payable to the Pension Plan. At September 30, 2018, the County had no outstanding contribution amounts payable to the plan for the year ended September 30, 2018.

For the governmental activities, the net pension liability is generally liquidated among the various governmental funds in proportion to each fund's wages of benefits-eligible employees.

Defined Contribution Pension Plan

The County's defined contribution pension plan provides benefits to various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and employee contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rests with MERS.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes from 2.0-3.0% of each participant's base salary to the plan. Employees are required to contribute a minimum of 3.0-4.5% of base pay to the plan. Participating employees are immediately 100% vested in the participant's accumulated balance. Employees become vested in the employer contributions over a six year period. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The employer and employee contributions were \$706,432 and \$1,056,193 respectively for the current year.

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

Plan administration. The County of Muskegon administers a single-employer defined benefit postemployment healthcare benefit plan that provides health and dental benefits to its retired employees and beneficiaries. The plan is accounted for as an other postemployment benefits trust fund in the County's financial statements, and utilizes the Retiree Health Funding Vehicle and Investment Services Program provided through the Michigan Municipal Employees' Retirement System (MERS). Management of the OPEB Plan is vested with the County Board of Commissioners. Separate financial statements are not prepared for the plan.

The MERS Retiree Health Funding Vehicle (RHFV program) was created in 2004 with the establishment by MERS of an Internal Revenue Code Section 115 Integral Governmental Trust pursuant to an IRS Private Letter Ruling. The RHFV is made available to all municipalities in Michigan. Participating municipalities can contribute monies to the Trust as desired and no contribution method is imposed. These funds constitute a health care fund, which enable municipalities to accumulate monies to provide or subsidize health benefits for retirees and beneficiaries as defined by Code Section 213. The Retiree Health Funding Vehicle accounts are invested in the MERS portfolio choices and earnings are tax exempt as a result of the Private Letter Ruling obtained by MERS. Plan provisions and requirements are specified in the MERS Health Care Savings Program (HCSP) and Retiree Health Funding Vehicle Plan Document and the Restated MERS Trust Agreement.

Plan membership. The Plan is closed to new employees. Membership of the Plan consisted of the following at October 1, 2016, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	623
Active plan members	534
Total	<u>1,157</u>

Benefits Provided. The County has the authority to establish or amend benefit terms, to determine the types of benefits provided through the OPEB Plan, and to determine the classes of plan members covered. The OPEB Plan provides postemployment health insurance including medical, prescription drug and dental benefits to its disabled employees, retirees and their dependents. Employees are eligible for health coverage at retirement based on bargaining unit eligibility requirements.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Contributions. The contribution requirements of the Plan members and the County are established and may be amended by the Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. Retirees contribute a percentage of the single full plan premium depending on their date of hire. Any participants hired prior to the division specified hire date receive free coverage. Retirees contribute the full incremental cost for spousal coverage regardless of hire date. Surviving spouses always pay the full plan premium as well. Retiree contributions range from 0% to 60% based on service years.

Investments

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board of Commissioners deems appropriate. The OPEB Plan's asset allocation policy is shown on the following pages.

Concentrations. At September 30, 2018, the OPEB Plan's investments were fully invested in the MERS Retiree Health Funding Vehicle. Within this account, the OPEB Plan's account balance at September 30, 2018 was comprised of 100% total market portfolio funds.

Rate of Return. For the year ended September 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.23 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the County

The components of the net OPEB liability of the County at September 30, 2018, were as follows:

Total OPEB liability	\$ 132,437,393
Plan fiduciary net position	(53,847,386)
County's net OPEB liability	<u>\$ 78,590,007</u>
Plan fiduciary net position as a percentage of the total OPEB liability	40.7%

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of October 1, 2016, using the following actuarial assumptions (which were determined by management utilizing the best information available), applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	2.0%
Investment rate of return	7.75%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	Trend starting at 6.5% and gradually decreasing to an ultimate trend rate of 4.8%

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Retirement age for active employees	Assumed rates are based on rates used for the Municipal Employees' Retirement System of Michigan pension valuation. Retirement rates project the probability of eligible employees who will retire during the next year.
Marital status	Marital status of members at the valuation date was assumed to continue throughout retirement. Twenty percent (20%) of future participating retirees are assumed to have a covered spouse during retirement.
Mortality	Life expectancies were based on mortality tables from Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement for healthy life; and Society of Actuaries RPH-2014 Disabled Retiree Mortality Table with MP-2017 Full Generational Improvement for disabled life.
Turnover	Assumed turnover rates are based on rates used for the Municipal Employees' Retirement System of Michigan pension valuation. Turnover rates are not applied when retirement eligibility is achieved. Annual base rates are multiplied by a scaling factor of .88 to obtain the assumed rates for the County.

The long-term expected rate of return on OPEB Plan investments was determined using a forward looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	55.5%	6.15%	3.41%
Global fixed income	18.5%	1.26%	0.24%
Real assets	13.5%	7.22%	0.97%
Diversifying strategies	<u>12.5%</u>	5.00%	<u>0.63%</u>
	<u>100.0%</u>		5.25%
		Inflation	<u>2.50%</u>
		Investment rate of return	<u>7.75%</u>

Discount Rate. The blended discount rate used to measure the total OPEB liability was 5.35% (previously 6.00%). The projection of cash flows used to determine the discount rate assumed that the County will contribute annually in the future the average of contributions actually made over the last four years. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be exhausted in the year 2036. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return on OPEB Plan investments of 7.75% until 2036, and discounting with the 20-year AA municipal index bond rate of 3.73% thereafter. This projection is done on a closed group basis, per GASB requirements.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Changes in Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2017	\$ 116,855,989	\$ 53,193,850	\$ 63,662,139
Changes for the year:			
Service cost	1,659,119	-	1,659,119
Interest	6,944,748	-	6,944,748
Changes of assumptions	10,857,024	-	10,857,024
Employer contributions	-	1,870,502	(1,870,502)
Net investment income	-	2,792,252	(2,792,252)
Benefit payments	(3,879,487)	(3,879,487)	-
Administrative expense	-	(129,731)	129,731
Net changes	15,581,404	653,536	14,927,868
Balances at September 30, 2018	\$ 132,437,393	\$ 53,847,386	\$ 78,590,007

Change in assumptions. The changes of assumptions noted above present the impact of decreasing the blended discount rate from 6.0% to 5.35% and changing the mortality improvement scale from MP 2016 to MP 2017 and revising trend assumptions.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, calculated using the discount rate of 5.35%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.35%) or 1-percentage-point higher (6.35%) than the current discount rate:

	1% Decrease (4.35%)	Current Discount Rate (5.35%)	1% Increase (6.35%)
Net OPEB liability	\$ 98,103,404	\$ 78,590,007	\$ 62,839,237

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare trend cost rates that are 1-percentage-point lower (5.5% decreasing to 3.8%) or 1-percentage-point higher (7.5% decreasing to 5.8%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 3.8%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.8%)	1% Increase (7.5% decreasing to 5.8%)
Net OPEB liability	\$ 58,643,052	\$ 78,590,007	\$ 103,778,762

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized OPEB expense of \$7,410,934. The County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in assumptions	\$ 8,389,519
Net difference between projected and actual earnings on OPEB plan investments	997,917
Total	<u>\$ 9,387,436</u>

The amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2019	\$ 2,716,984
2020	2,716,984
2021	2,716,984
2022	<u>1,236,484</u>
Total	<u>\$ 9,387,436</u>

Payable to the OPEB Plan. At September 30, 2018, the County had no outstanding contribution amounts payable to the plan for the year ended September 30, 2018.

For the governmental activities, the net OPEB liability is generally liquidated among the various governmental funds in proportion to each fund's wages of benefits-eligible employees.

Defined Contribution Postemployment Healthcare Plan

The County's defined contribution postemployment healthcare plan provides postemployment healthcare benefits for various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rest with MERS.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes 3.0% of each participant's base salary to the plan. Participating employees are immediately 100% vested in the member's accumulated balance. Employees become vested in the employers contribution over a six year period. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The County contributions were \$698,967 for the year ended September 30, 2018.

15. CLOSURE AND POST-CLOSURE CARE COST

Landfill Closure and Post-closure Care

State and federal laws and regulations require the County to place a final cover on its Solid Waste and Fly Ash Program landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. The \$14.3 million reported as landfill closure and post-closure care liability at September 30, 2018 represents the cumulative amount reported to date based on the use of 84 percent of the estimated capacity of the landfills. The remaining life of the landfill is estimated to be 5 years. The County will recognize the remaining estimated cost of closure and post-closure care of the total \$14.3 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with Michigan Department of Environmental Quality requirements, funding for closure and post-closure cost have been assured with two \$1,000,000 letters of credit with a local financial institution and \$2,558,955 held in trust as of September 30, 2018. The County expects that future inflation costs will be paid from interest earnings in the Solid Waste Funds. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by the trust fund set up for this purpose.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

	General Fund	HealthWest	Nonmajor Governmental Funds	Total
FUND BALANCES, GOVERNMENTAL FUNDS				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 12,568	\$ 12,568
Prepays	36,632	38,121	16,359	91,112
Long-term advances	21,500	-	-	21,500
Permanent fund corpus	-	-	36,670	36,670
Total nonspendable	<u>58,132</u>	<u>38,121</u>	<u>65,597</u>	<u>161,850</u>
Restricted for:				
Training	96,827	-	-	96,827
Seniors	-	-	1,430,584	1,430,584
Accommodation Tax	-	-	540,880	540,880
Grant programs	-	-	97,567	97,567
Forfeited property	-	-	6,445	6,445
Deed Automation Fund	-	-	625,324	625,324
Stormwater Committee	-	-	43,854	43,854
Veterans' Care & Trust	-	-	150,212	150,212
Mental Health Buildings	-	-	49,137	49,137
Victim Restitution	-	-	15,769	15,769
Debt repayment	-	-	262,802	262,802
Total restricted	<u>96,827</u>	<u>-</u>	<u>3,222,574</u>	<u>3,319,401</u>
Committed for:				
Parks	-	-	541,077	541,077
District Court	-	-	21,350	21,350
Community health improvements	-	-	64	64
Concealed permits	-	-	128,254	128,254
Long-term notes payable	-	-	1,083,552	1,083,552
Capital projects	-	-	171,684	171,684
Total committed	<u>-</u>	<u>-</u>	<u>1,945,981</u>	<u>1,945,981</u>
Assigned for:				
Juror Show Cause	73,267	-	-	73,267
Marine Safety	-	-	23,156	23,156
Emergency Services	-	-	3,753	3,753
Health Department	-	-	6,408	6,408
Crime Victims' Rights	-	-	927	927
Capital projects	-	-	65,286	65,286
Total assigned	<u>73,267</u>	<u>-</u>	<u>99,530</u>	<u>172,797</u>
Unassigned (deficit)	<u>8,837,573</u>	<u>(3,610,600)</u>	<u>-</u>	<u>5,226,973</u>
Total fund balances, governmental funds	<u>\$ 9,065,799</u>	<u>\$ (3,572,479)</u>	<u>\$ 5,333,682</u>	<u>\$ 10,827,002</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2018, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 5,117,693	\$ 23,849,196	\$ 31,228,725
Capital assets being depreciated, net	76,868,182	135,008,125	51,730,690
	<u>81,985,875</u>	<u>158,857,321</u>	<u>82,959,415</u>
Related debt:			
Total installment debt	63,388,354	91,763,365	9,397,828
Net bond premium	260,697	2,109,821	-
Deferred charge on advance refunding	(3,483,695)	(391,817)	-
General obligation tax notes	-	(16,000,000)	-
Bonds payable related to capital lease receivables	-	(16,635,000)	-
Bond premium on capital lease receivables	-	(1,496,221)	-
Deferred charge on advance refunding on capital lease receivables	-	282,495	-
Unspent bond proceeds	-	-	(3,864,901)
	<u>60,165,356</u>	<u>59,632,643</u>	<u>5,532,927</u>
Net investment in capital assets	<u>\$ 21,820,519</u>	<u>\$ 99,224,678</u>	<u>\$ 77,426,488</u>

18. COMMITMENTS

The County has active *construction projects* as of September 30, 2018. At year end the County's significant outstanding commitments are as follows:

Project	Spent-to-Date	Remaining commitment
Governmental Activities		
Electronic Content Management: Phase II	<u>\$ 419,058</u>	<u>\$ 227,932</u>
Business-type Activities		
Wastewater:		
Montague Station Upgrades	\$ -	\$ 153,730
Fleet Maintenance Building	115,839	935,161
Bar Screens	1,588,998	280,702
Cell #3 Improvements	329,490	1,704,106
Laboratory Renovation Project	15,350	64,050
Rapid Infiltration Trash Rakes	62,397	56,639
Metro Cell #3 Improvements	61,182	69,818
	<u>\$ 2,173,256</u>	<u>\$ 3,264,206</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The County is a lessee of office facilities and equipment, as part of operating leases. During fiscal year 2018, the County made payments of \$362,577 under these operating lease agreements. Future minimum lease payments for these leases are as follows:

Year Ended September 30,	Expected Lease Payment
2019	\$ 534,576
2020	313,171
2021	277,831
2022	143,760
2023	86,469
2024-2025	<u>27,647</u>
	<u>\$ 1,383,454</u>

The Muskegon County Wastewater Management System (MCWMS) enterprise fund uses a land treatment process encompassing 11,000 acres of aeration and setline basins, storage lagoons, including 5,100 acres of irrigated cropland as the final treatment. Wastewater treatment operations include farming activity to grow agricultural commodities, including corn, soybeans and alfalfa, which are harvested and sold in the marketplace. During fiscal year 2018, MCWMS entered into fixed price *commodities delivery contracts* in anticipation of corn and soybean harvests. Each contract specifies a quantity to be delivered at an agreed-upon sales price, on a specific date when the corn or soybean crop is expected to be available for sale. Less than half of each year's anticipated harvest of a crop is sold pursuant to such contracts. Since the County expects full delivery of contracted quantities to be made, the corn and soybean contracts are considered to be normal purchases and normal sales contracts and are not considered derivative instruments per Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Reporting for Derivative Instruments*.

19. TAX ABATEMENTS

As of September 30, 2018, the County is subject to tax abatements granted by cities and townships in Muskegon County to local businesses under Public Act 198 of 1974 (the "Plant Rehabilitation and Industrial Development Districts Act" or "PA 198"). PA 198 allows abatements - known as Industrial Facilities Exemptions - to provide incentives for eligible businesses to build new plants, expand existing plants, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT) instead of property taxes, which reflects the abatement savings. The IFT on a new plant and non-industrial personal property is computed at half the local property millage rate, resulting in a reduction of property taxes of approximately 50 percent. County property tax revenues were reduced by approximately \$126,000 under agreements entered into by local cities and townships pursuant to this program.

20. SUBSEQUENT EVENTS

On December 20, 2018, the County issued \$43,150,000 in pension obligations bonds, due in annual installments of \$1,120,000 to \$3,470,000 plus interest ranging from 3.19% to 4.55% payable through November 1, 2038. The proceeds of these bonds were used to pay down the net pension liability. Additionally, on December 11, 2018, the Wastewater enterprise fund made a lump sum payment of \$6,900,000 to MERS for pension liabilities.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

On March 13, 2019, the County issued \$4,940,000 in 2019 Water Supply System Refunding bonds, due in annual installments of \$415,000 to \$585,000 plus interest ranging from 3.50% to 4.00% payable through November 1, 2028. The proceeds of these bonds were used to refund the 2008 Water Supply System bonds.

21. RESTATEMENT

The County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. In connection with the implementation of this standard, the prior reported net other postemployment benefit obligation was eliminated. As a result of this change, beginning net position of the following opinion units was restated and reduced by the following amounts:

Governmental activities	<u>\$ 37,603,523</u>
Business-type activities:	
Brookhaven Medical Care Facility enterprise fund	3,677,236
Solid Waste enterprise fund	1,058,789
Airport enterprise fund	365,100
Wastewater enterprise fund	3,599,561
Nonmajor enterprise funds	<u>2,621,635</u>
	<u>11,322,321</u>
Total primary government	<u>\$ 48,925,844</u>
Discretely presented component units:	
Road Commission component unit	<u>\$ 494,474</u>

22. SPECIAL ITEM

On November 27, 2017, the Muskegon County Board of Commissioners approved the voluntary closure of Brookhaven Medical Care Facility, a major enterprise fund of the County, which has operated a skilled nursing facility since the 1970s. The County Board agreed to follow the closure plan approved by the State of Michigan Department of Licensing and Regulatory Affairs. The approved closure plan allowed for 75 days for the relocation of the medical care facility's 92 residents. The process was completed and the facility's license terminated on February 9, 2018.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The Brookhaven Medical Care Facility enterprise fund had operating deficits that were covered by County governmental funds to prevent deficit equity balances through fiscal year 2014. Following implementation of Governmental Accounting Standards Board Statement No. 68 (Accounting and Financial Reporting for Pensions) beginning in fiscal year 2015, governmental funds covered Brookhaven's working capital obligations, but not its long-term liabilities for pension and other postemployment benefits. Contributions by governmental funds for the past 12 fiscal years have been as follows, including General Fund support through the facility closure in February 2018:

Governmental Funds Support of Brookhaven, past 12 years				
Year Ended September 30,	General Fund	Public Improvement Fund	Senior Millage Fund	Total Governmental Funds Support
2007	\$ 792,107	\$ -	\$ -	\$ 792,107
2008	123,700	-	-	123,700
2009	337,143	-	-	337,143
2010	484,218	-	-	484,218
2011	940,103	330,000	-	1,270,103
2012	1,762,084	-	-	1,762,084
2013	1,108,916	-	-	1,108,916
2014	665,348	-	-	665,348
2015	350,000	-	-	350,000
2016	519,000	-	-	519,000
2017	765,748	-	1,700,000	2,465,748
2018	82,840	-	-	82,840
Twelve-year totals	<u>\$ 7,931,207</u>	<u>\$ 330,000</u>	<u>\$ 1,700,000</u>	<u>\$ 9,961,207</u>

Brookhaven's long-term benefits liability balances from 2015 forward have been reported as follows:

Brookhaven Long-Term Benefits Liability Balances			
As of fiscal year end	Net Pension Liability (GASB 68)	Net OPEB Obligation (GASB 45)	Total
2015	\$ 3,050,316	\$ 952,983	\$ 4,003,299
2016	5,096,720	1,433,105	6,529,825
2017	4,572,365	1,875,922	6,448,287
2018	-	-	-

The \$1.67 million cost of settling Brookhaven's working capital obligations, including negative equity in the County cash pool, net of patient and insurer receivables was covered by the General Fund.

Brookhaven's long-term balance sheet items were zeroed out with the \$9.04 million net cost covered by the County. The General Fund's noncurrent assets and liabilities are not recorded in the General Fund but are included in the governmental activities Statement of Net Position.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Because the net cost of these transactions was significant in amount and unusual in nature, the full amount has been reported as a special item by Brookhaven (special item revenue) and by governmental activities (special item expense) in the Statement of Activities. The General Fund's share of the governmental activities total is included as a special item in its Statement of Revenues, Expenditures and Change in Fund Balances.

The full special item revenue of \$10.70 million recorded by Brookhaven and the equivalent special item expense recorded by governmental activities (including the \$1.67 million portion recorded in the General Fund) is summarized as follows:

Summary of Special Item	
\$ 3,757,371	Net pension liability (GASB 68)
<u>6,114,669</u>	Net OPEB liability (GASB 75 replaced GASB 45 during fiscal year 2018)
9,872,040	Subtotal net pension and OPEB liabilities
(844,542)	Less: capital assets - net book value
<u>9,027,498</u>	Net special item expense for long-term items assumed by governmental activities
<u>1,673,127</u>	Net special item expenditures by General Fund
<u><u>\$ 10,700,625</u></u>	Total governmental activities special items expense; Brookhaven special item revenue

Brookhaven's balance sheet as of September 30, 2018, includes a receivable balance in the amount of \$1.4 million submitted to the Michigan Department of Health and Human Services (MDHHS) as Certified Public Expenditures (CPEs). A CPE is a statutorily-recognized Medicaid financing approach by which a government entity, including a medical care facility such as Brookhaven, incurs an expenditure eligible for Federal Financial Participation (FFP) under an approved Medicaid state plan. The governmental entity certifies that the funds expended are public funds used to support the cost of providing Medicaid-covered services. The composition of the receivable is as follows:

Components of Brookhaven Receivable at September 30, 2018	
\$ 631,402	Submitted 2017 Medicaid cost report
284,709	Submitted 2018 Medicaid cost report
<u>498,967</u>	Payment of Brookhaven employee benefit cost
<u><u>\$ 1,415,078</u></u>	Medicaid Certified Public Expenditures receivable

Management believes that the items represent expenditures eligible for reimbursement that have been properly and timely paid and submitted for CPE reimbursement. Accordingly, no provision for uncollectibility is deemed necessary.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Plan

MERS Agent Multiple-Employer Defined Benefit Pension Plan - County of Muskegon

	Year Ended September 30			
	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service cost	\$ 2,906,291	\$ 3,083,783	\$ 3,308,152	\$ 3,712,445
Interest	21,006,199	20,748,385	19,713,939	19,172,131
Differences between expected and actual experience	(1,111,674)	(2,373,469)	2,011,308	-
Changes of assumptions	-	-	12,726,778	-
Benefit payments and refunds	(18,560,904)	(17,733,692)	(16,766,675)	(15,460,228)
Other changes	(876)	-	175	(1,610)
Net change in total pension liability	4,239,036	3,725,007	20,993,677	7,422,738
Total pension liability - beginning	270,404,777	266,679,770	245,686,093	238,263,355
Total pension liability - ending	274,643,813	270,404,777	266,679,770	245,686,093
PLAN FIDUCIARY NET POSITION				
Employer contributions	7,177,037	6,260,290	5,974,000	5,775,708
Employee contributions	1,417,126	1,436,839	1,703,744	1,814,766
Net investment income (loss)	21,849,796	17,929,109	(2,519,393)	10,678,844
Benefit payments and refunds	(18,560,904)	(17,733,692)	(16,766,675)	(15,460,228)
Administrative expense	(346,767)	(354,403)	(372,829)	(390,750)
Net change in plan fiduciary net position	11,536,288	7,538,143	(11,981,153)	2,418,340
Plan fiduciary net position - beginning	168,948,063	161,409,920	173,391,073	170,972,733
Plan fiduciary net position - ending	180,484,351	168,948,063	161,409,920	173,391,073
NET PENSION LIABILITY - ENDING	\$ 94,159,462	\$ 101,456,714	\$ 105,269,850	\$ 72,295,020
Plan fiduciary net position as a percentage of total pension liability	65.7%	62.5%	60.5%	70.6%
Covered payroll	\$ 26,131,809	\$ 27,677,080	\$ 30,232,116	\$ 34,366,135
Net pension liability as a percentage of covered payroll	360.3%	366.6%	348.2%	210.4%

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

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

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information
 Schedule of the Net Pension Liability - Defined Benefit Plan

MERS Agent Multiple-Employer Defined Benefit Pension Plan - County of Muskegon

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2018	\$274,643,813	\$180,484,351	\$ 94,159,462	65.7%	\$ 26,131,809	360.3%
2017	270,404,777	168,948,063	101,456,714	62.5%	27,677,080	366.6%
2016	266,679,770	161,409,920	105,269,850	60.5%	30,232,116	348.2%
2015	245,686,093	173,391,073	72,295,020	70.6%	34,366,135	210.4%

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

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

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information Schedule of Contributions - Defined Benefit Plan

MERS Agent Multiple-Employer Defined Benefit Pension Plan - County of Muskegon

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2018	\$ 8,056,421	\$ 8,056,421	\$ -	\$ 24,801,852	32.5%
2017	6,883,845	6,883,845	-	28,082,014	24.5%
2016	6,071,499	6,071,499	-	29,707,640	20.4%
2015	5,877,765	5,877,765	-	34,318,598	17.1%

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

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2018, based on the 12/31/2015 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	18-20 years, depending on division/bargaining unit
Asset valuation method	10-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios

Other Postemployment Benefit Plan

	Year Ended September 30	
	2018	2017
TOTAL OPEB LIABILITY		
Service cost	\$ 1,659,119	\$ 790,107
Interest	6,944,748	6,630,852
Changes of assumptions	10,857,024	(7,493,570)
Benefit payments	(3,879,487)	(4,215,210)
Net change in total OPEB liability	15,581,404	(4,287,821)
Total OPEB liability - beginning	116,855,989	121,143,810
Total OPEB liability - ending	132,437,393	116,855,989
PLAN FIDUCIARY NET POSITION		
Employer contributions	1,870,502	1,967,737
Net investment income	2,792,252	5,716,799
Benefit payments	(3,879,487)	(3,646,698)
Administrative expense	(129,731)	(163,989)
Net change in plan fiduciary net position	653,536	3,873,849
Plan fiduciary net position - beginning	53,193,850	49,320,001
Plan fiduciary net position - ending	53,847,386	53,193,850
NET OPEB LIABILITY - ENDING	\$ 78,590,007	\$ 63,662,139
Plan fiduciary net position as a percentage of total OPEB liability	40.7%	45.5%
Covered payroll	\$ 24,801,852	\$ 28,082,014
Net OPEB liability as a percentage of covered payroll	316.9%	226.7%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

During fiscal year 2017, the changes of assumptions noted above present the impact of a change in the blended discount rate from 5.5% to 6.0%.

During fiscal year 2018, the changes of assumptions noted above present the impact of decreasing the blended discount rate from 6.00% to 5.35% and changing the mortality improvement scale from MP 2016 to MP 2017 and revising trend assumptions.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information Schedule of the Net OPEB Liability

Other Postemployment Benefit Plan

Fiscal Year Ended September 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2018	\$132,437,393	\$ 53,847,386	\$ 78,590,007	40.7%	\$ 24,801,852	316.9%
2017	116,855,989	53,193,850	63,662,139	45.5%	28,082,014	226.7%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information Schedule of Investment Returns

Other Postemployment Benefit Plan

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	5.23%
2017	11.83%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS AND SCHEDULES**

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures by Department

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
General government:				
Brookhaven Plant O&M	\$ -	\$ 109,721	\$ 96,923	\$ (12,798)
Administration	1,038,141	854,190	840,863	(13,327)
Elections	105,548	193,378	210,252	16,874
Accounting	890,911	934,830	927,372	(7,458)
Corporate Counsel	375,425	200,425	193,036	(7,389)
County Clerk	463,328	452,769	449,468	(3,301)
Juror Showcause	7,628	10,508	9,844	(664)
Equalization	1,625,766	1,623,678	1,585,370	(38,308)
Human Resources	288,404	294,502	279,866	(14,636)
Prosecutor	2,233,929	2,328,774	2,272,837	(55,937)
Register of Deeds	641,646	645,559	616,418	(29,141)
Johnny O. Harris Building	63,935	94,745	87,677	(7,068)
Training Center	54,167	52,235	51,567	(668)
Kenneth L. Brinks Building	22,268	17,474	16,137	(1,337)
Veterans Center	17,460	16,011	15,935	(76)
Stark Hall	17,622	18,343	17,916	(427)
Treasurer	552,025	555,274	554,927	(347)
Shady Grove Cemetery	2,146	2,795	1,987	(808)
Cordova Site O&M	2,150	1,959	1,700	(259)
Courthouse and Grounds	999,336	936,144	887,893	(48,251)
Oak Ave. Building	151,347	164,914	162,374	(2,540)
County Jail Building	131,160	81,444	78,771	(2,673)
Vector Control Building	10,027	10,029	5,654	(4,375)
Drain Commissioner	386,590	384,330	368,272	(16,058)
Plat Board	700	700	-	(700)
Vehicle Pool	15,000	18,000	13,804	(4,196)
State Institutions	346,516	285,188	284,070	(1,118)
DHHS Legal Representation Grant	281,983	247,317	243,235	(4,082)
Misc Contingency	2,090,555	2,003,873	2,246,100	242,227
Agnes Potuznik/Wesley Roberts Building	-	399	382	(17)
Appropriations	-	10,164	10,164	-
Total general government	<u>12,815,713</u>	<u>12,549,672</u>	<u>12,530,814</u>	<u>(18,858)</u>
Legislative:				
Board of Commissioners	<u>404,690</u>	<u>417,151</u>	<u>398,247</u>	<u>(18,904)</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures by Department

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Judicial:				
Circuit Court	\$ 1,221,881	\$ 1,359,481	\$ 1,249,928	\$ (109,553)
Circuit Court Collections	108,650	84,660	79,046	(5,614)
District Court	3,472,484	3,561,484	3,552,338	(9,146)
Probation Cobo Hall Tax	183,330	192,641	189,060	(3,581)
District Court Collections	219,649	261,115	201,792	(59,323)
Law Library	9,350	9,000	7,826	(1,174)
Jury Commission	77,348	62,945	60,510	(2,435)
Probate Court	856,005	863,351	848,037	(15,314)
State Probation	65,173	65,173	61,726	(3,447)
Public Defender	1,761,864	1,766,872	1,770,303	3,431
Circuit Court Records	506,108	505,979	428,017	(77,962)
Total judicial	<u>8,481,842</u>	<u>8,732,701</u>	<u>8,448,583</u>	<u>(284,118)</u>
Public safety:				
Designated & Pass-thru Revenues	383,616	393,867	393,866	(1)
Facility Security Services	141,882	138,439	124,756	(13,683)
County Jail Building 2015	565,920	553,604	522,084	(31,520)
Sheriff Operations	4,097,672	4,171,025	4,014,030	(156,995)
Sheriff Administration	569,315	437,714	427,087	(10,627)
Emergency Response Team	13,500	4,094	3,340	(754)
Officer Training Act 302	10,000	10,000	9,233	(767)
Correction Officer Training	60,000	76,474	75,242	(1,232)
Sheriff Jail	7,572,776	7,710,411	7,532,266	(178,145)
Courtroom Security	1,344,818	1,241,032	1,154,317	(86,715)
Vector Control	397,394	381,805	368,289	(13,516)
Total public safety	<u>15,156,893</u>	<u>15,118,465</u>	<u>14,624,510</u>	<u>(493,955)</u>
Welfare:				
Residential Energy Efficiency Program	<u>1,120,176</u>	<u>1,392,249</u>	<u>1,327,980</u>	<u>(64,269)</u>
Cultural:				
Fairgrounds Training Center	3,977	11,958	108,533	96,575
Economic Development	85,115	79,465	77,386	(2,079)
Total cultural	<u>89,092</u>	<u>91,423</u>	<u>185,919</u>	<u>94,496</u>
Total expenditures	<u>\$ 38,068,406</u>	<u>\$ 38,301,661</u>	<u>\$ 37,516,053</u>	<u>\$ (785,608)</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Transfers Out by Function

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers out:				
Special Revenue Funds:				
Judicial:				
Sobriety Court	\$ (227,051)	\$ (51,969)	\$ (42,685)	\$ (9,284)
Friend of Court	(1,398,528)	(1,535,755)	(1,422,583)	(113,172)
Other judicial	-	-	(1,090)	1,090
Public safety funds	(736,359)	(927,746)	(841,157)	(86,589)
Health, welfare and cultural funds:				
Child care fund	(1,228,563)	(4,177,842)	(4,161,469)	(16,373)
Public health fund	(1,852,699)	(1,701,666)	(1,691,885)	(9,781)
HealthWest fund	(763,934)	(736,934)	(736,934)	-
Other health, welfare and cultural funds	(12,391)	(5,724)	(128,119)	122,395
Internal service funds - Equipment revolving	(42,828)	(42,828)	(42,828)	-
Debt service funds	(2,063,512)	(1,139,158)	(1,139,158)	-
Enterprise funds:				
Brookhaven Medical Care Facility	(198,823)	(82,840)	(82,840)	-
Airport Fund	(215,325)	(50,000)	(58,887)	8,887
Muskegon Area Transit System	-	(203,244)	(203,244)	-
Total transfers out	<u>\$ (8,740,013)</u>	<u>\$ (10,655,706)</u>	<u>\$ (10,552,879)</u>	<u>\$ (102,827)</u>

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

Senior Millage (1060)--to account for dedicated tax millage funds dedicated to providing assistance to seniors within the community.

Sobriety Court (1170)--to account for monies received by the County from State grants and fees collected to provide substance abuse services to those in the community.

Adult Drug Treatment Court (1172)--to account for monies received by the County from a Federal pass through grant to be used in planning for the implementation of an adult drug treatment court program.

Emergency Services (1190)--to account for monies granted to the County by the State and appropriated from the General Fund for the purpose of maintaining a department to provide essential services during emergency or disaster conditions.

Marine Safety (1200)--to account for monies granted to the County by the Michigan Department of Natural Resources and appropriated from the General Fund for the purpose of establishing a comprehensive marine safety program in the County and to provide sheriff's patrol and protection for the County's Lake Michigan shoreline and inland lakes and waterways.

Highway Safety Programs (1210)--to account for monies granted to the County by the state for the purpose of providing additional car miles of traffic safety enforcement, emergency assistance, safety inspection and accident prevention patrol of roads and parks as described in P.A. 416 of 1978.

Township Patrols (1240)--to account for monies received by the County from participating townships to provide enhanced road patrol protection to those geographic areas.

Parks Fund (2080)--to account for monies received by park fees and vehicle permits and County appropriations for operation and administration of all park lands and properties in Muskegon County.

Family Court (2150)--to account for federal and state grants and other local revenues used to support the work of the Friend of the Court activities, which include investigating and making recommendations in divorce, support and paternity cases regarding child custody, parent time and child support, as these issues arise over the life of a case.

Access & Visitation (2151)--to account for monies granted to the County by the State of Michigan to provide for direct services that support and facilitate noncustodial parents access to and visitation with their children including monitored and therapeutic parenting time and neutral drop off services.

Swift and Sure Sanctions Probation Program (SSSPP) Grant (2153)--to account for state grant funding to support activities pursuing the SSSPP program goals to increase compliance with probation, improve public safety, reduce incarcerations days in the jail and prison system and provide probationers with comprehensive substance and/or mental health services needed for successful completion of probation.

District Court Eviction Prevention Docket (2171)--to account for money received by the County from a local grant from the Community Foundation which is used to provide court services to help prevent individuals from being displaced from their homes, an entry of an order of eviction or money judgment that may adversely impact a tenant's ability to find future housing and to provide landlords with funds for unpaid rent.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Health Department (2210)--to account for monies received by Muskegon County from federal and state grants. The Health Department is a large complex system servicing county residents by providing numerous programs. Some examples are: environmental health, air pollution, communicable disease, alcohol prevention, dental care, maternity care, family planning, personal health and nurses support.

Lead Hazard Grant (2212)--to account for program providing services to low-income families who occupy pre-1978 homes throughout Muskegon County. This grant program provides paint inspection and risk assessment, as well as lead hazard control remediation work where necessary. Education and outreach programs with regard to lead poisoning and health housing are also offered.

Community Health Improvement (2217)--to account for donor funds designated to support activities promoting the health of uninsured individuals participating in a community health coverage and health risk management program.

Sustainability Grant (2261)--to account for Michigan Community Pollution Prevention Grant funds awarded by the Michigan Department of Environmental Quality (MDEQ). This grant program helps local governments to implement community sustainability planning and the development of local models and approaches that address local sustainability issues, emissions, and energy challenges.

NOAA Habitat Conservation Grant (2271)--to account for funds granted by the National Oceanic and Atmospheric Administration (NOAA) and local matching funds to support the acquisition of property to be able to restore the wetlands and improve the water quality of Bear Lake over the long-term.

Accommodations Tax (2300)--to account for the collection and related expenses connected with a five percent excise tax which is imposed on all persons engaged in the business of providing rooms for transient guests within the County of Muskegon. It has been adopted pursuant to Act No. 263, Public Acts of the State of Michigan, 1974 and an ordinance adopted by the Muskegon County Board of Commissioners on February 20, 1981, as amended.

Parks Development (2411)--to account for monies received from grants and other sources for the improvement and development of the various County Parks.

CDBG Housing Grant (2470)--to account for Federal pass-thru funds received to provide repairs and remodeling of homes for low income residents.

Neighborhood Stabilization Grant (2471)--to account for funds received from the Department of Housing and Urban Development that are used to rehabilitate foreclosed homes in the Oakview School neighborhood in the City of Muskegon and sell the rehabilitated homes to low to moderate income individuals.

Pass-Through Grants Fund (2530)--to account for grant award payments that are designated for other governments but which are required to pass through the County. There was one grant accounted for in this fund during fiscal 2017. The U.S. Department of Agriculture pays "Schools and Road grants to States" to the State of Michigan based on the number of acres of national forest lands among the States. The money then passes from the State to the various counties based on the proportion of national forest in each county. Finally, Muskegon County follows the grant requirements by distributing 75% to county schools and 25% to county townships in proportion to their shares of national forest land within Muskegon County.

Blight Elimination (2550)--to account for grant funding from local municipality and state sources to support activities aimed at residential blight elimination.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Deed Automation (2560)--to account for fees collected to enhance and maintain technology in the register of deeds office.

Concealed Pistol Licensing (2630)--to account for the deposit of license-issuance fees charged by the County Clerk relating to criminal record checks performed by the County Sheriff. Under state statute, these CPL funds may be used by Clerk's office for certain staffing costs, technology upgrades, supplies, and document storage and retrieval systems implementation and upgrades.

Community Corrections (2640)--to account for monies granted to the County by the state to provide alternatives such as tethers, bail screening and additional probation and alleviate jail overcrowding problems.

TNT Drug (2671)--to account for proceeds of forfeited property seized in connection with a violation of the controlled substance statutes. These funds are set aside for drug law enforcement.

Prosecutor Drug (2672)--to account for the 10% administrative costs assessed to local municipalities on the proceeds for forfeitures in connection with drug related crimes handled by the Prosecutor's Department.

Special Investigative Fund (2673)--to account for Medical Marijuana Operation and Oversight Grant funds passed through from State of Michigan to support activities of the City of Muskegon and West Michigan Enforcement (WEMET) to support, investigate and educate medical marijuana dispensaries in operation throughout the County.

Crime Victims' Rights (2800)--to account for Federal and State funds received by the County to pay for coordinators to work with and support victims of a crime. The coordinators advise victims of their rights, make referrals to appropriate counseling agencies, if necessary, and acts as a liaison between the victim and the criminal justice system.

Muskegon Area Stormwater Committee (2823)--to account for local municipalities funds for payment to the State for groundwater pollution testing and the permitting of groundwater discharge into local watersheds.

Remonumentation Program (2890)--to account for grants received from the State of Michigan for surveying and reestablishing section corners.

Social Welfare Fund (2910)--to account for the operations of the Muskegon County Department of Human Services state funds for providing assistance in housing, food and child care for the indigent population in Muskegon County. Starting in January 2013 the only remaining costs are Muskegon County DHS Board expenses because at that time the County of Midland Accounting Service Center became fiscal agent to account for the assistance services.

Child Care Facility Fund (2920)--to account for State grant monies and County appropriations to aid children who need to be placed outside their homes, supporting a centralized care facility for children and the support of foster children in foster care homes.

Veterans' Care (2930)--to account for dedicated tax millage funds dedicated to providing assistance to indigent U.S. military veterans and their families at the direction of the County Department of Veterans Affairs.

Veterans' Trust (2940)--to account for monies distributed by the State Treasurer from the Michigan Veterans Trust Fund to aid needy U.S. military veterans at the direction of the County Department of Veterans Affairs.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Mental Health Buildings (2970)--to record the revenues received from Hackley Hospital and HealthWest for use in maintaining the HealthWest Building.

Quality of Victim Restitution (2980)--to account for fines from juvenile traffic offenders and used to repay victims for property damaged by those juveniles.

Debt Service Funds

2015 Capital Improvement Bonds (3010)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the governmental funds projects, including Union Depot renovations and Heritage Landing improvements.

Quality of Life Debt (3111)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the Frauenthal Center and Walker Arena renovations.

Hall of Justice Debt (3130)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the Hall of Justice.

CMH Building (3140)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the CMH building.

Jail & Juvenile Transition Center (3660)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the Jail & Juvenile Transition Center (JTC) building project.

Building Authority Debt Service (3690)--to account for the payment of principal and interest on long-term debt associated with the purchase of the Jail/Juvenile Transition Center from the County. Its assets are used for the redemption of bonds issued specifically for the capital asset purchase financed by issuance of Building Authority Bonds. The money for this fund is supplied by General Fund lease payments to the Building Authority.

Capital Projects Funds

Capital Projects (4010)--to account for revenue and expenditures associated with capital outlays relating to governmental funds projects authorized by the 2015 Capital Improvement Bonds. (Activities of proprietary fund projects funded by these bonds are recorded in the appropriate proprietary fund.)

Heritage Landing Development (4180)--to account for revenue and expenditures associated with the addition and improvement of Heritage Landing.

Jail/JTC Building (4660)--to account for revenue and expenditures for construction of a Jail and Juvenile Transition Center.

Public Improvement (4930)--to account for an appropriation from the County's General Fund for future general projects developed according to the County's capital improvement budgeting program. While its use is intended for capital improvements, it is not restricted to that purpose.

Capital Improvement (4960)--to account for resources used for the acquisition of capital facilities. Its purpose is to accumulate funds to finance, entirely or partially, capital projects from resources other than bond indebtedness.

COUNTY OF MUSKEGON, MICHIGAN

■ Nonmajor Governmental Funds

Lake Level (8410)--to account for monies used in the construction and maintenance of the Brown's Pond Dam repair and retrofit project.

Permanent Fund

Cemetery Trust (1500)--to account for monies earned and expended on the flower maintenance of Cemetery plots in County maintained cemeteries.

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

	Special Revenue Funds							
	Senior Millage (1060)	Sobriety Court (1170)	Adult Drug Treatment Court (1172)	Emergency Services (1190)	Marine Safety (1200)	Highway Safety Programs (1210)	Township Patrols (1240)	Park Fund (2080)
ASSETS								
Cash and investments	\$ 1,731,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,486	\$ 581,808
Receivables, net:								
Accounts	-	-	-	42,851	-	-	-	-
Due from other governments	-	47,807	3,544	36,179	55,657	36,802	424	-
Notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 1,731,890	\$ 47,807	\$ 3,544	\$ 79,030	\$ 55,657	\$ 36,802	\$ 11,910	\$ 581,808
LIABILITIES AND FUND BALANCES								
Liabilities:								
Negative equity in pooled cash	\$ -	\$ 34,629	\$ 3,544	\$ 33,490	\$ 25,293	\$ 18,135	\$ -	\$ -
Payables:								
Accounts payable	301,306	8,453	-	32,705	2,291	9,115	889	24,361
Due to other governments	-	-	-	-	-	-	-	-
Accrued liabilities	-	4,725	-	3,082	4,917	9,552	11,021	16,370
Unearned revenue	-	-	-	6,000	-	-	-	-
Total liabilities	301,306	47,807	3,544	75,277	32,501	36,802	11,910	40,731
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - lodging receivable	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,430,584	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	541,077
Assigned	-	-	-	3,753	23,156	-	-	-
Total fund balances	1,430,584	-	-	3,753	23,156	-	-	541,077
Total liabilities and fund balances	\$ 1,731,890	\$ 47,807	\$ 3,544	\$ 79,030	\$ 55,657	\$ 36,802	\$ 11,910	\$ 581,808

Special Revenue Funds

Family Court (2150)	Access & Visitation (2151)	SSSPP Grant (2153)	District Court Eviction Prevention Docket (2171)	Health Department (2210)	Lead Hazard Grant (2212)	Community Health Improvement (2217)	Sustain-ability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accomoda-tions Tax (2300)	Parks Development (2411)
\$ -	\$ -	\$ -	\$ 21,350	\$ 88,866	\$ -	\$ 33,502	\$ -	\$ 6	\$ 431,299	\$ -
-	-	-	-	6,527	-	-	-	-	437,998	-
603,170	-	69,673	-	251,631	30,000	-	33,802	-	-	30,000
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	5,347	-	-	-	-	-	-
-	-	-	-	12,568	-	-	-	-	-	-
<u>\$ 603,170</u>	<u>\$ -</u>	<u>\$ 69,673</u>	<u>\$ 21,350</u>	<u>\$ 364,939</u>	<u>\$ 30,000</u>	<u>\$ 33,502</u>	<u>\$ 33,802</u>	<u>\$ 6</u>	<u>\$ 869,297</u>	<u>\$ 30,000</u>
\$ 409,004	\$ -	\$ 66,750	\$ -	\$ -	\$ 29,000	\$ -	\$ 33,802	\$ -	\$ -	\$ 30,000
26,861	-	1,555	-	114,328	1,000	33,438	-	-	25,016	-
-	-	-	-	20,954	-	-	-	-	-	-
167,305	-	1,368	-	203,465	-	-	-	-	14,011	-
-	-	-	-	1,869	-	-	-	-	-	-
<u>603,170</u>	<u>-</u>	<u>69,673</u>	<u>-</u>	<u>340,616</u>	<u>30,000</u>	<u>33,438</u>	<u>33,802</u>	<u>-</u>	<u>39,027</u>	<u>30,000</u>
-	-	-	-	-	-	-	-	-	289,390	-
-	-	-	-	17,915	-	-	-	-	-	-
-	-	-	-	-	-	-	-	6	540,880	-
-	-	-	21,350	-	-	64	-	-	-	-
-	-	-	-	6,408	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>21,350</u>	<u>24,323</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>6</u>	<u>540,880</u>	<u>-</u>
<u>\$ 603,170</u>	<u>\$ -</u>	<u>\$ 69,673</u>	<u>\$ 21,350</u>	<u>\$ 364,939</u>	<u>\$ 30,000</u>	<u>\$ 33,502</u>	<u>\$ 33,802</u>	<u>\$ 6</u>	<u>\$ 869,297</u>	<u>\$ 30,000</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

	Special Revenue Funds							
	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Pass- Through Grants (2530)	Blight Elimination (2550)	Deed Automation (2560)	Concealed Pistol Licensing (2630)	Community Corrections (2640)	TNT Drug (2671)
ASSETS								
Cash and investments	\$ 97,561	\$ -	\$ -	\$ -	\$ 628,777	\$ 129,242	\$ 9,828	\$ 4,967
Receivables, net:								
Accounts	-	-	-	-	-	-	-	-
Due from other governments	-	80,700	-	344,630	-	-	10,410	-
Notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	7,092	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 97,561</u>	<u>\$ 80,700</u>	<u>\$ -</u>	<u>\$ 344,630</u>	<u>\$ 635,869</u>	<u>\$ 129,242</u>	<u>\$ 20,238</u>	<u>\$ 4,967</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Negative equity in pooled cash	\$ -	\$ 74,200	\$ -	\$ 344,630	\$ -	\$ -	\$ -	\$ -
Payables:								
Accounts payable	-	6,500	-	-	1,075	50	9,426	-
Due to other governments	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	2,378	938	10,812	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>80,700</u>	<u>-</u>	<u>344,630</u>	<u>3,453</u>	<u>988</u>	<u>20,238</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - lodging receivable	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	7,092	-	-	-
Restricted	97,561	-	-	-	625,324	-	-	4,967
Committed	-	-	-	-	-	128,254	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>97,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,416</u>	<u>128,254</u>	<u>-</u>	<u>4,967</u>
Total liabilities and fund balances	<u>\$ 97,561</u>	<u>\$ 80,700</u>	<u>\$ -</u>	<u>\$ 344,630</u>	<u>\$ 635,869</u>	<u>\$ 129,242</u>	<u>\$ 20,238</u>	<u>\$ 4,967</u>

Special Revenue Funds

Prosecutor Drug (2672)	Special Investigative Fund (2673)	Crime Victims' Rights (2800)	Muskegon Area Stormwater Committee (2823)	Remonumentation Program (2890)	Social Welfare (2910)	Child Care Facility (2920)	Veterans' Care (2930)	Veterans' Trust (2940)	Mental Health Buildings (2970)	Quality of Victim Restitution (2980)
\$ 1,478	\$ -	\$ -	\$ 43,854	\$ 21,941	\$ 17,891	\$ -	\$ 158,759	\$ -	\$ 60,969	\$ 15,769
-	-	-	-	-	-	17,589	-	-	-	-
-	23,225	63,705	-	-	-	1,782,476	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 1,478</u>	<u>\$ 23,225</u>	<u>\$ 63,705</u>	<u>\$ 43,854</u>	<u>\$ 21,941</u>	<u>\$ 17,891</u>	<u>\$ 1,800,065</u>	<u>\$ 158,759</u>	<u>\$ -</u>	<u>\$ 60,969</u>	<u>\$ 15,769</u>
\$ -	\$ 8,270	\$ 49,786	\$ -	\$ -	\$ -	\$ 1,016,806	\$ -	\$ -	\$ -	\$ -
-	14,955	3,380	-	-	17,891	670,173	4,782	-	11,213	-
-	-	-	-	-	-	-	-	-	-	-
-	-	9,612	-	-	-	113,086	3,765	-	619	-
-	-	-	-	21,941	-	-	-	-	-	-
-	<u>23,225</u>	<u>62,778</u>	<u>-</u>	<u>21,941</u>	<u>17,891</u>	<u>1,800,065</u>	<u>8,547</u>	<u>-</u>	<u>11,832</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,478	-	-	43,854	-	-	-	150,212	-	49,137	15,769
-	-	-	-	-	-	-	-	-	-	-
-	-	927	-	-	-	-	-	-	-	-
<u>1,478</u>	<u>-</u>	<u>927</u>	<u>43,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,212</u>	<u>-</u>	<u>49,137</u>	<u>15,769</u>
<u>\$ 1,478</u>	<u>\$ 23,225</u>	<u>\$ 63,705</u>	<u>\$ 43,854</u>	<u>\$ 21,941</u>	<u>\$ 17,891</u>	<u>\$ 1,800,065</u>	<u>\$ 158,759</u>	<u>\$ -</u>	<u>\$ 60,969</u>	<u>\$ 15,769</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2018

	Debt Service Funds						Capital Projects Funds	
	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)	CMH Building (3140)	Jail & Juvenile Transition Center (3660)	Building Authority Debt Service (3690)	Capital Projects (4010)	Heritage Landing Development (4180)
ASSETS								
Cash and investments	\$ -	\$ 136,126	\$ -	\$ 121,443	\$ -	\$ 5,233	\$ 56,025	\$ 24,609
Receivables, net:								
Accounts	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 136,126</u>	<u>\$ -</u>	<u>\$ 121,443</u>	<u>\$ -</u>	<u>\$ 5,233</u>	<u>\$ 56,025</u>	<u>\$ 24,609</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payables:								
Accounts payable	-	-	-	-	-	-	-	15,284
Due to other governments	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	64
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,348</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - lodging receivable	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	136,126	-	121,443	-	5,233	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	56,025	9,261
Total fund balances	<u>-</u>	<u>136,126</u>	<u>-</u>	<u>121,443</u>	<u>-</u>	<u>5,233</u>	<u>56,025</u>	<u>9,261</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 136,126</u>	<u>\$ -</u>	<u>\$ 121,443</u>	<u>\$ -</u>	<u>\$ 5,233</u>	<u>\$ 56,025</u>	<u>\$ 24,609</u>

Capital Projects Funds				Permanent Fund	
Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Lake Level (8410)	Cemetery Trust (1500)	Total
\$ 191,174	\$ 283,552	\$ -	\$ 94,814	\$ 36,670	\$ 5,040,889
-	-	-	-	-	504,965
-	-	-	-	-	3,503,835
-	500,000	300,000	-	-	800,000
3,920	-	-	-	-	16,359
-	-	-	-	-	12,568
<u>\$ 195,094</u>	<u>\$ 783,552</u>	<u>\$ 300,000</u>	<u>\$ 94,814</u>	<u>\$ 36,670</u>	<u>\$ 9,878,616</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,177,339
19,490	-	-	94,559	-	1,450,096
-	-	-	-	-	20,954
-	-	-	255	-	577,345
-	-	-	-	-	29,810
<u>19,490</u>	<u>-</u>	<u>-</u>	<u>94,814</u>	<u>-</u>	<u>4,255,544</u>

-	-	-	-	-	289,390
3,920	-	-	-	36,670	65,597
-	-	-	-	-	3,222,574
171,684	783,552	300,000	-	-	1,945,981
-	-	-	-	-	99,530
<u>175,604</u>	<u>783,552</u>	<u>300,000</u>	<u>-</u>	<u>36,670</u>	<u>5,333,682</u>
<u>\$ 195,094</u>	<u>\$ 783,552</u>	<u>\$ 300,000</u>	<u>\$ 94,814</u>	<u>\$ 36,670</u>	<u>\$ 9,878,616</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2018

	Special Revenue Funds							
	Senior Millage (1060)	Sobriety Court (1170)	Adult Drug Treatment Court (1172)	Emergency Services (1190)	Marine Safety (1200)	Highway Safety Programs (1210)	Township Patrols (1240)	Park Fund (2080)
REVENUES								
Taxes	\$ 2,148,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	-	14,312	158,498	-	54,705	-	-
State	-	214,575	-	-	74,410	131,970	-	-
Local	-	-	-	-	-	-	198,883	-
Charges for services	-	84,378	-	-	293	-	-	820,531
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	18,221	-	-	197	-	-	-	5,690
Rentals	-	-	-	-	-	-	-	-
Other	-	-	-	6,324	-	-	-	-
Total revenues	<u>2,166,812</u>	<u>298,953</u>	<u>14,312</u>	<u>165,019</u>	<u>74,703</u>	<u>186,675</u>	<u>198,883</u>	<u>826,221</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Judicial	-	341,638	14,312	-	-	-	-	-
Public safety	-	-	-	258,108	189,358	346,807	397,766	-
Health	-	-	-	-	-	-	-	-
Welfare	1,066,821	-	-	-	-	-	-	-
Cultural	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	788,062
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	73,211	-	-	-	-
Total expenditures	<u>1,066,821</u>	<u>341,638</u>	<u>14,312</u>	<u>331,319</u>	<u>189,358</u>	<u>346,807</u>	<u>397,766</u>	<u>788,062</u>
Revenues over (under) expenditures	<u>1,099,991</u>	<u>(42,685)</u>	<u>-</u>	<u>(166,300)</u>	<u>(114,655)</u>	<u>(160,132)</u>	<u>(198,883)</u>	<u>38,159</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	42,685	-	170,053	114,654	160,132	198,883	-
Transfers out	-	-	-	-	-	-	-	(25,498)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Premium on issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>42,685</u>	<u>-</u>	<u>170,053</u>	<u>114,654</u>	<u>160,132</u>	<u>198,883</u>	<u>(25,498)</u>
Net change in fund balances	<u>1,099,991</u>	<u>-</u>	<u>-</u>	<u>3,753</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>12,661</u>
Fund balances, beginning of year	<u>330,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,157</u>	<u>-</u>	<u>-</u>	<u>528,416</u>
Fund balances, end of year	<u>\$ 1,430,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,753</u>	<u>\$ 23,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541,077</u>

Special Revenue Funds										
Family Court (2150)	Access & Visitation (2151)	SSSPP Grant (2153)	District Court Eviction Prevention Docket (2171)	Health Department (2210)	Lead Hazard Grant (2212)	Community Health Improvement (2217)	Sustainability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accomoda-tions Tax (2300)	Parks Development (2411)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,231,196	\$ -
3,685,717	4,760	-	-	1,776,699	197,681	-	-	3,220	-	30,000
171,722	-	268,608	-	1,545,119	-	-	33,802	-	-	-
-	-	-	-	33	88,397	-	-	-	-	-
379,574	-	-	-	650,803	-	414,169	-	-	72,172	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	383	-	244	-	-	2,700	-
-	-	-	-	-	-	-	-	-	1,850	-
34,258	-	-	21,350	89,690	3,673	-	-	-	13,884	-
4,271,271	4,760	268,608	21,350	4,062,727	289,751	414,413	33,802	3,220	1,321,802	30,000
-	-	-	-	-	-	415,003	-	-	-	-
5,694,814	5,850	-	-	-	-	-	-	-	-	-
-	-	273,904	-	-	-	-	-	-	-	-
-	-	-	-	5,754,611	289,751	-	-	3,220	-	-
-	-	-	-	-	-	-	33,802	-	-	-
-	-	-	-	-	-	-	-	-	-	30,000
-	-	-	-	-	-	-	-	-	1,112,631	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
5,694,814	5,850	273,904	-	5,754,611	289,751	415,003	33,802	3,220	1,112,631	30,000
(1,423,543)	(1,090)	(5,296)	21,350	(1,691,884)	-	(590)	-	-	209,171	-
1,422,583	1,090	5,296	-	1,691,884	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(183,887)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,422,583	1,090	5,296	-	1,691,884	-	-	-	-	(183,887)	-
(960)	-	-	21,350	-	-	(590)	-	-	25,284	-
960	-	-	-	24,323	-	654	-	6	515,596	-
\$ -	\$ -	\$ -	\$ 21,350	\$ 24,323	\$ -	\$ 64	\$ -	\$ 6	\$ 540,880	\$ -

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue Funds							
	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Pass- Through Grants (2530)	Blight Elimination (2550)	Deed Automation (2560)	Concealed Pistol Licensing (2630)	Community Corrections (2640)	TNT Drug (2671)
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	80,700	4,931	-	-	-	-	-
State	-	-	-	628,994	-	-	186,918	-
Local	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	166,040	-	10,700	-
Fines and forfeitures	-	-	-	-	-	-	-	91
Investment income	699	308	-	-	6,671	1,098	-	-
Rentals	-	-	-	-	-	-	-	-
Other	29,441	-	-	-	-	72,980	-	-
Total revenues	<u>30,140</u>	<u>81,008</u>	<u>4,931</u>	<u>628,994</u>	<u>172,711</u>	<u>74,078</u>	<u>197,618</u>	<u>91</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	265,522	35,484	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	351,936	35
Health	-	-	-	-	-	-	-	-
Welfare	354	144,834	4,931	628,994	-	-	-	-
Cultural	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,024	-	-	-
Total expenditures	<u>354</u>	<u>144,834</u>	<u>4,931</u>	<u>628,994</u>	<u>267,546</u>	<u>35,484</u>	<u>351,936</u>	<u>35</u>
Revenues over (under) expenditures	<u>29,786</u>	<u>(63,826)</u>	<u>-</u>	<u>-</u>	<u>(94,835)</u>	<u>38,594</u>	<u>(154,318)</u>	<u>56</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	154,318	-
Transfers out	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Premium on issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,318</u>	<u>-</u>
Net change in fund balances	<u>29,786</u>	<u>(63,826)</u>	<u>-</u>	<u>-</u>	<u>(94,835)</u>	<u>38,594</u>	<u>-</u>	<u>56</u>
Fund balances, beginning of year	<u>67,775</u>	<u>63,826</u>	<u>-</u>	<u>-</u>	<u>727,251</u>	<u>89,660</u>	<u>-</u>	<u>4,911</u>
Fund balances, end of year	<u>\$ 97,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,416</u>	<u>\$ 128,254</u>	<u>\$ -</u>	<u>\$ 4,967</u>

Special Revenue Funds										
Prosecutor Drug (2672)	Special Investigative Fund (2673)	Crime Victims' Rights (2800)	Muskegon Area Stormwater Committee (2823)	Remonumentation Program (2890)	Social Welfare (2910)	Child Care Facility (2920)	Veterans' Care (2930)	Veterans' Trust (2940)	Mental Health Buildings (2970)	Quality of Victim Restitution (2980)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,663	\$ -	\$ -	\$ -
-	11,200	54,180	-	-	-	37,562	-	-	-	-
-	46,425	206,851	-	45,230	-	5,308,987	29,445	-	-	-
-	-	400	-	-	-	-	1,125	-	-	-
-	-	-	-	-	-	-	-	-	-	1,186
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,658	-	545	24
-	-	-	-	-	-	-	-	-	375,017	-
-	-	-	-	-	-	328,403	-	-	-	-
-	57,625	261,431	-	45,230	-	5,674,952	355,891	-	375,562	1,210
-	-	-	37,751	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	5,278
35	58,459	298,493	-	-	-	-	-	-	-	-
-	-	-	-	-	4,201	9,836,421	-	-	347,856	-
-	-	-	-	-	-	-	258,215	2,325	-	-
-	-	-	-	46,096	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	448	-	-	-
35	58,459	298,493	37,751	46,096	4,201	9,836,421	258,663	2,325	347,856	5,278
(35)	(834)	(37,062)	(37,751)	(866)	(4,201)	(4,161,469)	97,228	(2,325)	27,706	(4,068)
-	834	36,989	-	866	4,201	4,161,469	-	-	-	-
-	-	-	-	-	-	-	(33,851)	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	834	36,989	-	866	4,201	4,161,469	(33,851)	-	-	-
(35)	-	(73)	(37,751)	-	-	-	63,377	(2,325)	27,706	(4,068)
1,513	-	1,000	81,605	-	-	-	86,835	2,325	21,431	19,837
\$ 1,478	\$ -	\$ 927	\$ 43,854	\$ -	\$ -	\$ -	\$ 150,212	\$ -	\$ 49,137	\$ 15,769

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2018

	Debt Service Funds						Capital Projects Funds	
	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)	CMH Building (3140)	Jail & Juvenile Transition Center (3660)	Building Authority Debt Service (3690)	Capital Projects (4010)	Heritage Landing Development (4180)
REVENUES								
Taxes	\$ -	\$ 3,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	-	-	-	-	-	-	-
State	-	10,840	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	1,238	-	1,395	-	-	-	-
Rentals	-	-	-	365,328	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	15,603	-	366,723	-	-	-	-
EXPENDITURES								
Current:								
General government	30	-	635	-	928	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Health	-	-	-	101	-	-	-	-
Welfare	-	-	-	-	-	-	-	-
Cultural	-	6	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	45,000	-	465,000	210,000	-	-	-	-
Interest and fiscal charges	27,760	-	69,969	155,329	923,462	1,550	-	-
Bond issuance costs	-	-	-	63,056	-	266,644	-	-
Capital outlay	-	-	-	-	-	-	147,281	29,020
Total expenditures	72,790	6	535,604	428,486	924,390	268,194	147,281	29,020
Revenues over (under) expenditures	(72,790)	15,597	(535,604)	(61,763)	(924,390)	(268,194)	(147,281)	(29,020)
OTHER FINANCING SOURCES (USES)								
Transfers in	72,790	-	535,604	-	44,105,963	-	-	-
Transfers out	-	-	-	-	-	(43,181,573)	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	4,765,000	-	43,455,000	-	-
Premium on issuance of refunding bonds	-	-	-	149,879	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(4,849,518)	(43,181,573)	-	-	-
Total other financing sources (uses)	72,790	-	535,604	65,361	924,390	273,427	-	-
Net change in fund balances	-	15,597	-	3,598	-	5,233	(147,281)	(29,020)
Fund balances, beginning of year	-	120,529	-	117,845	-	-	203,306	38,281
Fund balances, end of year	\$ -	\$ 136,126	\$ -	\$ 121,443	\$ -	\$ 5,233	\$ 56,025	\$ 9,261

Capital Projects Funds				Permanent Fund	
Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Lake Level (8410)	Cemetery Trust (1500)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,706,975
-	-	-	-	-	6,114,165
-	-	-	-	-	8,903,896
-	-	-	-	-	288,838
-	-	-	-	-	2,599,846
-	-	-	-	-	91
1,982	4,491	-	-	413	47,957
-	7,292	-	-	-	749,487
-	-	-	-	-	600,003
<u>1,982</u>	<u>11,783</u>	<u>-</u>	<u>-</u>	<u>413</u>	<u>23,011,258</u>
-	-	-	-	277	755,630
-	-	-	-	-	6,061,892
-	-	-	-	-	2,174,901
-	-	-	-	-	16,236,161
-	-	-	-	-	2,140,276
-	-	-	-	-	76,102
-	-	-	-	-	1,900,693
-	-	-	-	-	720,000
-	-	-	-	-	1,178,070
-	-	-	-	-	329,700
<u>22,527</u>	<u>105,758</u>	<u>-</u>	<u>123,052</u>	<u>-</u>	<u>503,321</u>
<u>22,527</u>	<u>105,758</u>	<u>-</u>	<u>123,052</u>	<u>277</u>	<u>32,076,746</u>
<u>(20,545)</u>	<u>(93,975)</u>	<u>-</u>	<u>(123,052)</u>	<u>136</u>	<u>(9,065,488)</u>
-	-	-	123,052	-	53,003,346
-	(204,056)	-	-	-	(43,628,865)
-	288,665	-	-	-	288,665
-	-	-	-	-	48,220,000
-	-	-	-	-	149,879
-	-	-	-	-	(48,031,091)
-	<u>84,609</u>	<u>-</u>	<u>123,052</u>	<u>-</u>	<u>10,001,934</u>
<u>(20,545)</u>	<u>(9,366)</u>	<u>-</u>	<u>-</u>	<u>136</u>	<u>936,446</u>
<u>196,149</u>	<u>792,918</u>	<u>300,000</u>	<u>-</u>	<u>36,534</u>	<u>4,397,236</u>
<u>\$ 175,604</u>	<u>\$ 783,552</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 36,670</u>	<u>\$ 5,333,682</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2018

	Senior Millage (1060)			Sobriety Court (1170)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ 2,099,512	\$ 2,148,591	\$ 49,079	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	229,000	214,575	(14,425)
Local	-	-	-	-	-	-
Charges for services	-	-	-	90,500	84,378	(6,122)
Fines and forfeitures	-	-	-	-	-	-
Investment income	11,500	18,221	6,721	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>2,111,012</u>	<u>2,166,812</u>	<u>55,800</u>	<u>319,500</u>	<u>298,953</u>	<u>(20,547)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	371,469	341,638	(29,831)
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	2,072,749	1,066,821	(1,005,928)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,072,749</u>	<u>1,066,821</u>	<u>(1,005,928)</u>	<u>371,469</u>	<u>341,638</u>	<u>(29,831)</u>
Revenues over (under) expenditures	<u>38,263</u>	<u>1,099,991</u>	<u>1,061,728</u>	<u>(51,969)</u>	<u>(42,685)</u>	<u>9,284</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	51,969	42,685	(9,284)
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,969</u>	<u>42,685</u>	<u>(9,284)</u>
Net change in fund balances	38,263	1,099,991	1,061,728	-	-	-
Fund balances, beginning of year	330,593	330,593	-	-	-	-
Fund balances, end of year	<u>\$ 368,856</u>	<u>\$ 1,430,584</u>	<u>\$ 1,061,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Adult Drug Treatment Court (1172)			Emergency Services (1190)			Marine Safety (1200)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,000	14,312	(688)	161,777	158,498	(3,279)	-	-	-
-	-	-	-	-	-	82,228	74,410	(7,818)
-	-	-	-	-	-	-	-	-
-	-	-	(5,374)	-	5,374	-	293	293
-	-	-	-	-	-	-	-	-
-	-	-	-	197	197	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,753	6,324	3,571	-	-	-
<u>15,000</u>	<u>14,312</u>	<u>(688)</u>	<u>159,156</u>	<u>165,019</u>	<u>5,863</u>	<u>82,228</u>	<u>74,703</u>	<u>(7,525)</u>
-	-	-	-	-	-	-	-	-
15,000	14,312	(688)	-	-	-	-	-	-
-	-	-	253,540	258,108	4,568	231,288	189,358	(41,930)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	108,629	73,211	(35,418)	557	-	(557)
<u>15,000</u>	<u>14,312</u>	<u>(688)</u>	<u>362,169</u>	<u>331,319</u>	<u>(30,850)</u>	<u>231,845</u>	<u>189,358</u>	<u>(42,487)</u>
-	-	-	(203,013)	(166,300)	36,713	(149,617)	(114,655)	34,962
-	-	-	204,964	170,053	(34,911)	149,617	114,654	(34,963)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>204,964</u>	<u>170,053</u>	<u>(34,911)</u>	<u>149,617</u>	<u>114,654</u>	<u>(34,963)</u>
-	-	-	1,951	3,753	1,802	-	(1)	(1)
-	-	-	-	-	-	23,157	23,157	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,951</u>	<u>\$ 3,753</u>	<u>\$ 1,802</u>	<u>\$ 23,157</u>	<u>\$ 23,156</u>	<u>\$ (1)</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances Budget and Actual Nonmajor Special Revenue Funds For the Year Ended September 30, 2018

	Highway Safety Programs (1210)			Township Patrols (1240)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	88,000	54,705	(33,295)	-	-	-
State	131,970	131,970	-	-	-	-
Local	-	-	-	201,952	198,883	(3,069)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>219,970</u>	<u>186,675</u>	<u>(33,295)</u>	<u>201,952</u>	<u>198,883</u>	<u>(3,069)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	388,476	346,807	(41,669)	403,904	397,766	(6,138)
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>388,476</u>	<u>346,807</u>	<u>(41,669)</u>	<u>403,904</u>	<u>397,766</u>	<u>(6,138)</u>
Revenues over (under) expenditures	<u>(168,506)</u>	<u>(160,132)</u>	<u>8,374</u>	<u>(201,952)</u>	<u>(198,883)</u>	<u>3,069</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	168,506	160,132	(8,374)	201,952	198,883	(3,069)
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>168,506</u>	<u>160,132</u>	<u>(8,374)</u>	<u>201,952</u>	<u>198,883</u>	<u>(3,069)</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Park Fund (2080)			Family Court (2150)			Access & Visitation (2151)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,860,163	3,685,717	(174,446)	5,400	4,760	(640)
-	-	-	176,622	171,722	(4,900)	-	-	-
-	-	-	-	-	-	-	-	-
810,000	820,531	10,531	372,225	379,574	7,349	-	-	-
-	-	-	-	-	-	-	-	-
4,000	5,690	1,690	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	42,020	34,258	(7,762)	-	-	-
<u>814,000</u>	<u>826,221</u>	<u>12,221</u>	<u>4,451,030</u>	<u>4,271,271</u>	<u>(179,759)</u>	<u>5,400</u>	<u>4,760</u>	<u>(640)</u>
-	-	-	-	-	-	-	-	-
-	-	-	5,987,741	5,694,814	(292,927)	5,400	5,850	450
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
795,726	788,062	(7,664)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>795,726</u>	<u>788,062</u>	<u>(7,664)</u>	<u>5,987,741</u>	<u>5,694,814</u>	<u>(292,927)</u>	<u>5,400</u>	<u>5,850</u>	<u>450</u>
<u>18,274</u>	<u>38,159</u>	<u>19,885</u>	<u>(1,536,711)</u>	<u>(1,423,543)</u>	<u>113,168</u>	<u>-</u>	<u>(1,090)</u>	<u>(1,090)</u>
-	-	-	1,535,755	1,422,583	(113,172)	-	1,090	1,090
(25,498)	(25,498)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(25,498)</u>	<u>(25,498)</u>	<u>-</u>	<u>1,535,755</u>	<u>1,422,583</u>	<u>(113,172)</u>	<u>-</u>	<u>1,090</u>	<u>1,090</u>
(7,224)	12,661	19,885	(956)	(960)	(4)	-	-	-
528,416	528,416	-	960	960	-	-	-	-
<u>\$ 521,192</u>	<u>\$ 541,077</u>	<u>\$ 19,885</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2018

	SSSPP Grant (2153)			District Court Eviction Prevention Docket (2171)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	310,000	268,608	(41,392)	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	21,350	21,350
Total revenues	<u>310,000</u>	<u>268,608</u>	<u>(41,392)</u>	<u>-</u>	<u>21,350</u>	<u>21,350</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	313,533	273,904	(39,629)	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>313,533</u>	<u>273,904</u>	<u>(39,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(3,533)</u>	<u>(5,296)</u>	<u>(1,763)</u>	<u>-</u>	<u>21,350</u>	<u>21,350</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,533	5,296	1,763	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,533</u>	<u>5,296</u>	<u>1,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	21,350	21,350
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,350</u>	<u>\$ 21,350</u>

Health Department (2210)			Lead Hazard Grant (2212)			Community Health Improvement (2217)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,879,412	1,776,699	(102,713)	197,681	197,681	-	-	-	-
1,548,915	1,545,119	(3,796)	-	-	-	-	-	-
10	33	23	88,643	88,397	(246)	-	-	-
651,181	650,803	(378)	-	-	-	750,000	414,169	(335,831)
-	-	-	-	-	-	-	-	-
300	383	83	-	-	-	750	244	(506)
-	-	-	-	-	-	-	-	-
116,297	89,690	(26,607)	3,673	3,673	-	-	-	-
<u>4,196,115</u>	<u>4,062,727</u>	<u>(133,388)</u>	<u>289,997</u>	<u>289,751</u>	<u>(246)</u>	<u>750,750</u>	<u>414,413</u>	<u>(336,337)</u>
-	-	-	-	-	-	750,834	415,003	(335,831)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,897,781	5,754,611	(143,170)	289,997	289,751	(246)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>5,897,781</u>	<u>5,754,611</u>	<u>(143,170)</u>	<u>289,997</u>	<u>289,751</u>	<u>(246)</u>	<u>750,834</u>	<u>415,003</u>	<u>(335,831)</u>
<u>(1,701,666)</u>	<u>(1,691,884)</u>	<u>9,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84)</u>	<u>(590)</u>	<u>(506)</u>
1,701,666	1,691,884	(9,782)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,701,666</u>	<u>1,691,884</u>	<u>(9,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	(84)	(590)	(506)
24,323	24,323	-	-	-	-	654	654	-
<u>\$ 24,323</u>	<u>\$ 24,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ 64</u>	<u>\$ (506)</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2018

	Sustainability Grant (2261)			NOAA Habitat Conservation Grant (2271)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	3,220	3,220	-
State	38,000	33,802	(4,198)	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>38,000</u>	<u>33,802</u>	<u>(4,198)</u>	<u>3,220</u>	<u>3,220</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	3,220	3,220	-
Welfare	38,000	33,802	(4,198)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>38,000</u>	<u>33,802</u>	<u>(4,198)</u>	<u>3,220</u>	<u>3,220</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	6	6	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>

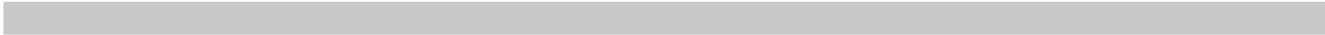
Accommodations Tax (2300)			Parks Development (2411)			CDBG Housing Grant (2470)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 1,210,000	\$ 1,231,196	\$ 21,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	30,000	30,000	-	-	-
-	-	-	30,000	-	(30,000)	-	-	-
-	-	-	-	-	-	-	-	-
112,243	72,172	(40,071)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,800	2,700	(1,100)	-	-	-	250	699	449
2,700	1,850	(850)	-	-	-	-	-	-
10,000	13,884	3,884	-	-	-	16,000	29,441	13,441
<u>1,338,743</u>	<u>1,321,802</u>	<u>(16,941)</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>16,250</u>	<u>30,140</u>	<u>13,890</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	16,108	354	(15,754)
-	-	-	30,000	30,000	-	-	-	-
1,258,792	1,112,631	(146,161)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,258,792</u>	<u>1,112,631</u>	<u>(146,161)</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>16,108</u>	<u>354</u>	<u>(15,754)</u>
<u>79,951</u>	<u>209,171</u>	<u>129,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142</u>	<u>29,786</u>	<u>29,644</u>
-	-	-	-	-	-	-	-	-
(183,887)	(183,887)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(183,887)</u>	<u>(183,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(103,936)	25,284	129,220	-	-	-	142	29,786	29,644
515,596	515,596	-	-	-	-	67,775	67,775	-
<u>\$ 411,660</u>	<u>\$ 540,880</u>	<u>\$ 129,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,917</u>	<u>\$ 97,561</u>	<u>\$ 29,644</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2018

	Neighborhood Stabilization Grant (2471)			Pass-Through Grants (2530)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	115,662	80,700	(34,962)	4,931	4,931	-
State	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	170	308	138	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>115,832</u>	<u>81,008</u>	<u>(34,824)</u>	<u>4,931</u>	<u>4,931</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	179,658	144,834	(34,824)	4,931	4,931	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>179,658</u>	<u>144,834</u>	<u>(34,824)</u>	<u>4,931</u>	<u>4,931</u>	<u>-</u>
Revenues over (under) expenditures	<u>(63,826)</u>	<u>(63,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(63,826)</u>	<u>(63,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	63,826	63,826	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



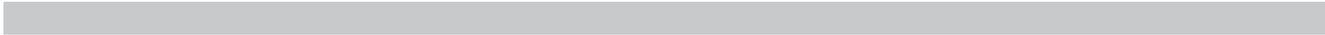
Blight Elimination (2550)			Deed Automation (2560)			Concealed Pistol Licensing (2630)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
1,037,465	628,994	(408,471)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	170,000	166,040	(3,960)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	4,000	6,671	2,671	200	1,098	898
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	45,000	72,980	27,980
<u>1,037,465</u>	<u>628,994</u>	<u>(408,471)</u>	<u>174,000</u>	<u>172,711</u>	<u>(1,289)</u>	<u>45,200</u>	<u>74,078</u>	<u>28,878</u>
-	-	-	342,226	265,522	(76,704)	36,183	35,484	(699)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,037,465	628,994	(408,471)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	210,000	2,024	(207,976)	-	-	-
<u>1,037,465</u>	<u>628,994</u>	<u>(408,471)</u>	<u>552,226</u>	<u>267,546</u>	<u>(284,680)</u>	<u>36,183</u>	<u>35,484</u>	<u>(699)</u>
-	-	-	(378,226)	(94,835)	283,391	9,017	38,594	29,577
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(378,226)	(94,835)	283,391	9,017	38,594	29,577
-	-	-	727,251	727,251	-	89,660	89,660	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,025</u>	<u>\$ 632,416</u>	<u>\$ 283,391</u>	<u>\$ 98,677</u>	<u>\$ 128,254</u>	<u>\$ 29,577</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2018

	Community Corrections (2640)			TNT Drug (2671)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	187,747	186,918	(829)	-	-	-
Local	-	-	-	-	-	-
Charges for services	10,700	10,700	-	-	-	-
Fines and forfeitures	-	-	-	500	91	(409)
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>198,447</u>	<u>197,618</u>	<u>(829)</u>	<u>500</u>	<u>91</u>	<u>(409)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	359,002	351,936	(7,066)	35	35	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>359,002</u>	<u>351,936</u>	<u>(7,066)</u>	<u>35</u>	<u>35</u>	<u>-</u>
Revenues over (under) expenditures	<u>(160,555)</u>	<u>(154,318)</u>	<u>6,237</u>	<u>465</u>	<u>56</u>	<u>(409)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	160,555	154,318	(6,237)	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>160,555</u>	<u>154,318</u>	<u>(6,237)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	465	56	(409)
Fund balances, beginning of year	-	-	-	4,911	4,911	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,376</u>	<u>\$ 4,967</u>	<u>\$ (409)</u>



Prosecutor Drug (2672)			Special Investigative Fund (2673)			Crime Victims' Rights (2800)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	11,200	11,200	-	54,180	54,180	-
-	-	-	48,699	46,425	(2,274)	206,902	206,851	(51)
-	-	-	-	-	-	400	400	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	59,899	57,625	(2,274)	261,482	261,431	(51)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
35	35	-	59,899	58,459	(1,440)	300,174	298,493	(1,681)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
35	35	-	59,899	58,459	(1,440)	300,174	298,493	(1,681)
(35)	(35)	-	-	(834)	(834)	(38,692)	(37,062)	1,630
-	-	-	-	834	834	38,619	36,989	(1,630)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	834	834	38,619	36,989	(1,630)
(35)	(35)	-	-	-	-	(73)	(73)	-
1,513	1,513	-	-	-	-	1,000	1,000	-
\$ 1,478	\$ 1,478	\$ -	\$ -	\$ -	\$ -	\$ 927	\$ 927	\$ -

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances Budget and Actual Nonmajor Special Revenue Funds For the Year Ended September 30, 2018

	Muskegon Area Stormwater Committee (2823)			Remonumentation Program (2890)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	86,210	45,230	(40,980)
Local	50,000	-	(50,000)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>86,210</u>	<u>45,230</u>	<u>(40,980)</u>
EXPENDITURES						
Current:						
General government	50,000	37,751	(12,249)	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	87,141	46,096	(41,045)
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>50,000</u>	<u>37,751</u>	<u>(12,249)</u>	<u>87,141</u>	<u>46,096</u>	<u>(41,045)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(37,751)</u>	<u>(37,751)</u>	<u>(931)</u>	<u>(866)</u>	<u>65</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	931	866	(65)
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>931</u>	<u>866</u>	<u>(65)</u>
Net change in fund balances	-	(37,751)	(37,751)	-	-	-
Fund balances, beginning of year	81,605	81,605	-	-	-	-
Fund balances, end of year	<u>\$ 81,605</u>	<u>\$ 43,854</u>	<u>\$ (37,751)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

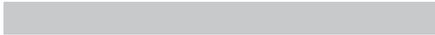
Social Welfare (2910)			Child Care Facility (2920)			Veterans' Care (2930)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,126	\$ 323,663	\$ 10,537
-	-	-	48,000	37,562	(10,438)	-	-	-
-	-	-	5,303,603	5,308,987	5,384	389	29,445	29,056
-	-	-	-	-	-	-	1,125	1,125
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	660	1,658	998
-	-	-	-	-	-	-	-	-
-	-	-	319,432	328,403	8,971	-	-	-
-	-	-	5,671,035	5,674,952	3,917	314,175	355,891	41,716
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
4,793	4,201	(592)	9,848,877	9,836,421	(12,456)	-	-	-
-	-	-	-	-	-	297,302	258,215	(39,087)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	834	448	(386)
4,793	4,201	(592)	9,848,877	9,836,421	(12,456)	298,136	258,663	(39,473)
(4,793)	(4,201)	592	(4,177,842)	(4,161,469)	16,373	16,039	97,228	81,189
4,793	4,201	(592)	4,177,842	4,161,469	(16,373)	-	-	-
-	-	-	-	-	-	(33,851)	(33,851)	-
-	-	-	-	-	-	-	-	-
4,793	4,201	(592)	4,177,842	4,161,469	(16,373)	(33,851)	(33,851)	-
-	-	-	-	-	-	(17,812)	63,377	81,189
-	-	-	-	-	-	86,835	86,835	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,023	\$ 150,212	\$ 81,189

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2018

	Veterans' Trust (2940)			Mental Health Buildings (2970)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	545	545
Rentals	-	-	-	375,017	375,017	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	375,017	375,562	545
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	353,201	347,856	(5,345)
Welfare	2,325	2,325	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	2,325	2,325	-	353,201	347,856	(5,345)
Revenues over (under) expenditures	(2,325)	(2,325)	-	21,816	27,706	5,890
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(2,325)	(2,325)	-	21,816	27,706	5,890
Fund balances, beginning of year	2,325	2,325	-	21,431	21,431	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 43,247	\$ 49,137	\$ 5,890



Quality of Victim Restitution (2980)		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
1,350	1,186	(164)
-	-	-
200	24	(176)
-	-	-
-	-	-
<u>1,550</u>	<u>1,210</u>	<u>(340)</u>
-	-	-
10,000	5,278	(4,722)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>10,000</u>	<u>5,278</u>	<u>(4,722)</u>
<u>(8,450)</u>	<u>(4,068)</u>	<u>4,382</u>
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(8,450)	(4,068)	4,382
19,837	19,837	-
<u>\$ 11,387</u>	<u>\$ 15,769</u>	<u>\$ 4,382</u>

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COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Enterprise Funds

Fly Ash Program (5711)--to record the revenues received from, and the expenses made for, the disposal of fly ash. Monies for the operation of this fund are provided by charges to Consumers Power and Sappi for services.

Muskegon Area Transit System (5880)--accounts for and provides public transportation with ten regular routes and two special routes. The sources of funds are the Michigan Department of Transportation (paying 32% of the operating costs), the Urban Mass Transportation Administration (paying 50% of the operating costs), and the local contributions (paying 18% of the operating costs).

Muskegon Trolley Company (5890)--provides local transportation for tourists and special events within the County. All funds are local in nature.

Regional Water System (5910)--provides for the continued operations of a regional water system for the townships of Dalton, Laketon and Muskegon.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 September 30, 2018

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
ASSETS					
Current assets:					
Cash and investments	\$ 695,708	\$ -	\$ 139,512	\$ 3,938,889	\$ 4,774,109
Receivables, net:					
Accounts	-	8,301	600	846,713	855,614
Due from other governments	-	1,449,823	167	-	1,449,990
Notes	-	-	-	6,758	6,758
Special assessments	-	-	-	127,926	127,926
Total current assets	695,708	1,458,124	140,279	4,920,286	7,214,397
Noncurrent assets:					
Restricted assets	128,955	-	-	-	128,955
Notes receivable	-	-	-	17,277	17,277
Special assessments receivable	-	-	-	492,468	492,468
Capital assets not being depreciated	-	354,753	-	9,000	363,753
Capital assets being depreciated, net	-	7,850,130	103,364	14,752,633	22,706,127
Total noncurrent assets	128,955	8,204,883	103,364	15,271,378	23,708,580
Total assets	824,663	9,663,007	243,643	20,191,664	30,922,977
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on bond refunding	-	-	-	109,322	109,322
Deferred pension amounts	-	222,895	-	28,345	251,240
Deferred OPEB amounts	-	466,843	-	48,217	515,060
Total deferred outflows of resources	-	689,738	-	185,884	875,622
LIABILITIES					
Current liabilities:					
Negative equity in pooled cash	-	1,024,120	-	-	1,024,120
Payables:					
Accounts payable	-	259,810	676	340,143	600,629
Due to other governments	-	-	-	397,902	397,902
Accrued liabilities	-	124,828	819	11,408	137,055
Accrued interest	-	-	-	195,319	195,319
Current portion of accrued closure cost and sludge removal	21,848	-	-	-	21,848
Current portion of compensated absences	100	41,101	-	3,909	45,110
Current portion of long-term debt	-	-	-	667,436	667,436
Total current liabilities	21,948	1,449,859	1,495	1,616,117	3,089,419
Noncurrent liabilities, net of current portion:					
Accrued closure cost and sludge removal	320,015	-	-	-	320,015
Compensated absences	683	267,464	-	25,439	293,586
Long-term debt	-	-	-	11,452,206	11,452,206
Net pension liability	-	2,601,502	-	316,383	2,917,885
Net OPEB liability	-	3,708,524	-	398,350	4,106,874
Total noncurrent liabilities	320,698	6,577,490	-	12,192,378	19,090,566
Total liabilities	342,646	8,027,349	1,495	13,808,495	22,179,985
DEFERRED INFLOWS OF RESOURCES					
Deferred pension amounts	-	210,316	-	27,477	237,793
NET POSITION					
Net investment in capital assets	-	8,204,883	103,364	2,751,313	11,059,560
Unrestricted (deficit)	482,017	(6,089,803)	138,784	3,790,263	(1,678,739)
Total net position	\$ 482,017	\$ 2,115,080	\$ 242,148	\$ 6,541,576	\$ 9,380,821

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenses and Change in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2018

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
Operating revenues:					
Charges for services	\$ -	\$ 490,167	\$ 52,328	\$ 2,591,161	\$ 3,133,656
Rentals	-	-	-	82,174	82,174
Other revenues	-	1,021	-	70,603	71,624
Total operating revenues	-	491,188	52,328	2,743,938	3,287,454
Operating expenses:					
Salaries and fringes	783	3,789,044	15,318	326,058	4,131,203
Supplies and other operating expenses	(22,519)	1,730,368	30,689	1,989,506	3,728,044
Depreciation	-	877,069	12,193	407,818	1,297,080
Total operating expenses	(21,736)	6,396,481	58,200	2,723,382	9,156,327
Operating income (loss)	21,736	(5,905,293)	(5,872)	20,556	(5,868,873)
Nonoperating revenues (expenses):					
Grants and contributions:					
Federal	-	2,443,492	-	-	2,443,492
State	-	1,625,188	-	-	1,625,188
Local	-	204,945	-	-	204,945
Investment income	6,682	286	1,264	74,683	82,915
Interest expense	-	-	-	(476,686)	(476,686)
Gain on sale of capital assets	-	3,920	-	-	3,920
Total nonoperating revenues (expenses)	6,682	4,277,831	1,264	(402,003)	3,883,774
Income (loss) before capital contributions and transfers	28,418	(1,627,462)	(4,608)	(381,447)	(1,985,099)
Capital contributions - federal	-	140,082	-	-	140,082
Capital contributions - state	-	35,020	-	-	35,020
Transfers in	-	203,244	-	-	203,244
Change in net position	28,418	(1,249,116)	(4,608)	(381,447)	(1,606,753)
Net position, beginning of year, as restated	453,599	3,364,196	246,756	6,923,023	10,987,574
Net position, end of year	\$ 482,017	\$ 2,115,080	\$ 242,148	\$ 6,541,576	\$ 9,380,821

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2018

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ -	\$ 488,607	\$ 52,784	\$ 3,159,115	\$ 3,700,506
Payments to vendors	(27,271)	(1,271,070)	(30,013)	(2,001,325)	(3,329,679)
Payments for personnel services	-	(3,258,322)	(15,372)	(264,413)	(3,538,107)
Net cash provided by (used in) operating activities	(27,271)	(4,040,785)	7,399	893,377	(3,167,280)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental receipts	-	203,244	-	-	203,244
Federal and/or state grants	-	3,833,335	-	-	3,833,335
Net cash provided by noncapital financing activities	-	4,036,579	-	-	4,036,579
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	-	-	-	(635,000)	(635,000)
Interest paid on long-term debt	-	-	-	(485,405)	(485,405)
Capital contributions received	-	175,102	-	-	175,102
Proceeds from sale of capital assets	57,703	3,920	-	-	61,623
Purchase of capital assets	-	(175,102)	-	-	(175,102)
Net cash provided by (used in) capital and related financing activities	57,703	3,920	-	(1,120,405)	(1,058,782)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	6,682	286	1,264	74,683	82,915
Net change in cash and investments	37,114	-	8,663	(152,345)	(106,568)
Cash and investments, beginning of year	658,594	-	130,849	4,091,234	4,880,677
Cash and investments, end of year	\$ 695,708	\$ -	\$ 139,512	\$ 3,938,889	\$ 4,774,109

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COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2018

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 21,736	\$ (5,905,293)	\$ (5,872)	\$ 20,556	\$ (5,868,873)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	-	877,069	12,193	407,818	1,297,080
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable	-	(2,581)	400	104,950	102,769
Due from other governments	-	-	56	204,203	204,259
Notes receivable	-	-	-	6,375	6,375
Special assessments receivable	-	-	-	99,649	99,649
Prepays	-	231	-	-	231
Restricted assets	234	-	-	-	234
Negative equity in pooled cash	-	260,859	-	-	260,859
Accounts payable	-	198,208	676	189,367	388,251
Due to other governments	-	-	-	(201,186)	(201,186)
Accrued liabilities	-	(3,980)	(54)	523	(3,511)
Accrued closure cost and sludge removal	(50,024)	-	-	-	(50,024)
Accrued compensated absences	783	29,983	-	3,823	34,589
Net pension liability	-	(239,234)	-	(31,768)	(271,002)
Deferred outflows - pension amounts	-	85,617	-	39,620	125,237
Deferred inflows - pension amounts	-	154,716	-	21,660	176,376
Net OPEB liability	-	726,515	-	76,004	802,519
Deferred outflows - OPEB amounts	-	(222,895)	-	(48,217)	(271,112)
Net cash provided by (used in) operating activities	\$ (27,271)	\$ (4,040,785)	\$ 7,399	\$ 893,377	\$ (3,167,280)

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COUNTY OF MUSKEGON, MICHIGAN

Internal Service Funds

Office Services (6330)--to account for the general County printing services which provides all common offices with necessary support.

South Campus Facilities (6340)--to account for the operations and maintenance of County buildings clustered in a one block area. This fund is self-sustaining with the revenues generated to be used for maintaining the buildings.

Sheriff Garage (6345)--to account for the operations of an automotive repair facility run by the sheriff's department. The fund is self-sustaining with the revenues generated to be used for maintaining sheriff and other County vehicles.

Energy Improvements (6350)--to account for the replacement and upgrading of most County buildings to provide for energy efficiency. The fund is designed to be self-sustaining with depreciation expense and revenues from rents charged back to benefiting departments over the useful life of the energy efficiency improvements.

Equipment Revolving (6660)--is used to record the operations of a capital equipment pool that finances big-ticket purchases for various County departments. This fund records the value of capital assets purchased and the related depreciation expense of these items. Cash flow is obtained by advances from the General Fund and external borrowing. The equipment revolving fund is designed to be self-sustaining from rent charges billed to other funds offsetting the depreciation expense and debt service payments.

Insurance (6770)--to account for revenues collected from user departments for the payment of insurance premiums and claims. The County is self-insured for workers' compensation, unemployment insurance, health insurance, dental insurance and collision on auto fleet insurance.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position
Internal Service Funds
September 30, 2018

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
ASSETS			
Current assets:			
Cash and investments	\$ 70,189	\$ 41,403	\$ 14,116
Receivable, net:			
Accounts	848	-	-
Due from other governments	9,131	-	-
Accrued interest	-	-	-
Notes	-	-	-
Prepays	35,000	-	-
Total current assets	<u>115,168</u>	<u>41,403</u>	<u>14,116</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Deposits held with others	-	-	-
Capital assets not being depreciated	-	-	15,000
Capital assets being depreciated, net	-	-	58,335
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>73,335</u>
Total assets	<u>115,168</u>	<u>41,403</u>	<u>87,451</u>
LIABILITIES			
Current liabilities:			
Payables:			
Accounts payable	36,182	35,683	498
Due to other governments	-	-	-
Accrued liabilities	2,937	5,720	-
Accrued interest	-	-	-
Unearned revenue	-	-	-
Current portion of compensated absences	411	-	-
Current portion of long-term debt	-	-	-
Total current liabilities	<u>39,530</u>	<u>41,403</u>	<u>498</u>
Noncurrent liabilities, net of current portion:			
Advances from other funds	-	-	-
Compensated absences	2,678	-	-
Long-term debt	-	-	-
Total noncurrent liabilities	<u>2,678</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>42,208</u>	<u>41,403</u>	<u>498</u>
NET POSITION			
Net investment in capital assets	-	-	73,335
Unrestricted	72,960	-	13,618
Total net position	<u>\$ 72,960</u>	<u>\$ -</u>	<u>\$ 86,953</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ 1,439,178	\$ 3,371,283	\$ 3,285,398	\$ 8,221,567
-	1,148	688,116	690,112
-	9,232	16,255	34,618
-	-	220,715	220,715
-	-	200,000	200,000
-	60,148	233,089	328,237
<u>1,439,178</u>	<u>3,441,811</u>	<u>4,643,573</u>	<u>9,695,249</u>
-	-	600,584	600,584
-	-	693,466	693,466
-	826,058	-	841,058
<u>4,262,521</u>	<u>8,918,110</u>	<u>-</u>	<u>13,238,966</u>
<u>4,262,521</u>	<u>9,744,168</u>	<u>1,294,050</u>	<u>15,374,074</u>
<u>5,701,699</u>	<u>13,185,979</u>	<u>5,937,623</u>	<u>25,069,323</u>
-	47,417	234,480	354,260
-	-	203,689	203,689
-	32,527	2,539,742	2,580,926
159,439	81,725	-	241,164
-	-	19,866	19,866
-	21,473	-	21,884
<u>300,000</u>	<u>664,007</u>	<u>-</u>	<u>964,007</u>
<u>459,439</u>	<u>847,149</u>	<u>2,997,777</u>	<u>4,385,796</u>
-	51,432	-	51,432
-	139,733	-	142,411
<u>5,190,000</u>	<u>6,221,707</u>	<u>-</u>	<u>11,411,707</u>
<u>5,190,000</u>	<u>6,412,872</u>	<u>-</u>	<u>11,605,550</u>
<u>5,649,439</u>	<u>7,260,021</u>	<u>2,997,777</u>	<u>15,991,346</u>
(1,227,479)	2,858,454	-	1,704,310
<u>1,279,739</u>	<u>3,067,504</u>	<u>2,939,846</u>	<u>7,373,667</u>
<u>\$ 52,260</u>	<u>\$ 5,925,958</u>	<u>\$ 2,939,846</u>	<u>\$ 9,077,977</u>

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenses
and Change in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2018

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Rentals	-	743,100	-
Other revenues	444,330	-	-
Total operating revenues	<u>444,330</u>	<u>743,100</u>	<u>-</u>
Operating expenses:			
Salaries and fringes	94,505	172,952	-
Supplies and other operating expenses	349,079	570,148	2,721
Insurance benefits and claims	-	-	-
Insurance premiums	-	-	-
Depreciation	-	-	9,224
Total operating expenses	<u>443,584</u>	<u>743,100</u>	<u>11,945</u>
Operating income (loss)	<u>746</u>	<u>-</u>	<u>(11,945)</u>
Nonoperating revenues (expense):			
Investment income (loss)	633	-	-
Interest expense	-	-	-
Gain on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>633</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	1,379	-	(11,945)
Capital contributions - federal	-	-	-
Transfers in	-	-	-
Change in net position	<u>1,379</u>	<u>-</u>	<u>(11,945)</u>
Net position, beginning of year	71,581	-	98,898
Net position, end of year	<u>\$ 72,960</u>	<u>\$ -</u>	<u>\$ 86,953</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ -	\$ 20,150,809	\$ 20,150,809
-	703,007	-	1,446,107
-	3,299,280	2,913,481	6,657,091
-	4,002,287	23,064,290	28,254,007
-	883,872	1,131,462	2,282,791
2,363	738,930	278,733	1,941,974
-	-	879,454	879,454
-	-	21,568,257	21,568,257
386,724	1,636,001	-	2,031,949
389,087	3,258,803	23,857,906	28,704,425
(389,087)	743,484	(793,616)	(450,418)
309,185	47,394	(420,796)	(63,584)
(384,338)	(230,456)	-	(614,794)
-	25,242	-	25,242
(75,153)	(157,820)	(420,796)	(653,136)
(464,240)	585,664	(1,214,412)	(1,103,554)
386,733	-	-	386,733
-	42,828	-	42,828
(77,507)	628,492	(1,214,412)	(673,993)
129,767	5,297,466	4,154,258	9,751,970
\$ 52,260	\$ 5,925,958	\$ 2,939,846	\$ 9,077,977

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended September 30, 2018

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 438,788	\$ 743,100	\$ -
Payments to vendors	(347,153)	(563,692)	(2,258)
Payments for personnel services	(94,329)	(172,701)	-
Net cash provided by (used in) operating activities	<u>(2,694)</u>	<u>6,707</u>	<u>(2,258)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental receipts	-	-	-
Intergovernmental payments	-	-	-
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Capital contributions received	-	-	-
Proceeds from sale of capital assets	-	-	-
Purchase of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	633	-	-
Net increase (decrease) in cash and investments	(2,061)	6,707	(2,258)
Cash and investments, beginning of year	72,250	34,696	16,374
Cash and investments, end of year	<u>\$ 70,189</u>	<u>\$ 41,403</u>	<u>\$ 14,116</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 746	\$ -	\$ (11,945)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	-	9,224
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	(40)	-	-
Due from other governments	(5,502)	-	-
Accrued interest receivable	-	-	-
Prepays	-	-	-
Deposits held with others	-	-	-
Accounts payable	1,926	6,456	463
Due to other governments	-	-	-
Accrued liabilities	184	251	-
Unearned revenue	-	-	-
Compensated absences	(8)	-	-
Net cash provided by (used in) operating activities	<u>\$ (2,694)</u>	<u>\$ 6,707</u>	<u>\$ (2,258)</u>

Noncash transactions

The Equipment Revolving fund financed the acquisition of capital assets with noncash capital leases of \$183,555 for the year ended September 30, 2018.

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ 4,007,734	\$ 22,720,628	\$ 27,910,250
(2,363)	(766,167)	(22,080,249)	(23,761,882)
-	(867,693)	(786,798)	(1,921,521)
<u>(2,363)</u>	<u>2,373,874</u>	<u>(146,419)</u>	<u>2,226,847</u>
-	33,505	-	33,505
-	-	(735,522)	(735,522)
<u>-</u>	<u>33,505</u>	<u>(735,522)</u>	<u>(702,017)</u>
(290,000)	(646,738)	-	(936,738)
(392,760)	(269,958)	-	(662,718)
386,733	-	-	386,733
10,096	70,729	-	80,825
-	(695,034)	-	(695,034)
<u>(285,931)</u>	<u>(1,541,001)</u>	<u>-</u>	<u>(1,826,932)</u>
309,185	47,394	-	357,212
20,891	913,772	(881,941)	55,110
1,418,287	2,457,511	4,167,339	8,166,457
<u>\$ 1,439,178</u>	<u>\$ 3,371,283</u>	<u>\$ 3,285,398</u>	<u>\$ 8,221,567</u>
\$ (389,087)	\$ 743,484	\$ (793,616)	\$ (450,418)
386,724	1,636,001	-	2,031,949
-	(388)	(329,313)	(329,741)
-	5,855	(16,255)	(15,902)
-	-	5,166	5,166
-	(27,378)	995,226	967,848
-	-	(42,882)	(42,882)
-	141	(306,149)	(297,163)
-	-	182,151	182,151
-	(60)	162,513	162,888
-	(20)	(3,260)	(3,280)
-	16,239	-	16,231
<u>\$ (2,363)</u>	<u>\$ 2,373,874</u>	<u>\$ (146,419)</u>	<u>\$ 2,226,847</u>

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COUNTY OF MUSKEGON, MICHIGAN

Agency Funds

Trust and Agency (7010)--to hold monies for later distribution to other agencies or persons. Specifically, District Court holds ordinance fines and costs, appearance bonds, garnishments and restitutions. The Treasurer holds accounts including tax reverted lands, swamp land tax, payments in lieu of taxes and current real and personal property taxes. The administrative area holds Social Security payments, retirement payments, state-withheld income taxes and other payroll deductions.

Library Penal Fines Fund (7210)--to account for monies received from District Court fines, in accordance with state statute (Section 4851 of Act 236 of the Public Acts of 1961), which are allocated annually for operations of the county's libraries.

Section 125 Flexible Spending Account Fund (7380)--is used to account for before-tax contributions by employees via payroll deduction to their individual Health Care Reimbursement Account and/or Dependent Care Reimbursement Account (together known as "Flexible Spending Accounts"). Employees may use a plan debit card to pay for qualifying expenses, or pay with cash and submit to the plan administrator for reimbursement.

HealthWest Client Funds (7930)--to account for monies held in trust for clients of the County's HealthWest department, which provides community mental health services.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

September 30, 2018

	Trust And Agency (7010)	Library Penal Fines Fund (7210)	Section 125 Flexible Spending Account (7380)	HealthWest Client Funds (7930)	Total
ASSETS					
Cash and investments	\$ 10,338,515	\$ 82,789	\$ 18,701	\$ 386,940	\$ 10,826,945
Accounts receivable	1,686	-	-	-	1,686
Total assets	<u>\$ 10,340,201</u>	<u>\$ 82,789</u>	<u>\$ 18,701</u>	<u>\$ 386,940</u>	<u>\$ 10,828,631</u>
LIABILITIES					
Accounts payable	\$ 9,491	\$ -	\$ -	\$ -	\$ 9,491
Due to other governments	730,090	82,789	-	-	812,879
Undistributed current and delinquent taxes	8,838,160	-	-	-	8,838,160
Trust deposits	488,692	-	18,701	386,940	894,333
Unallocated receipts	273,768	-	-	-	273,768
Total liabilities	<u>\$ 10,340,201</u>	<u>\$ 82,789</u>	<u>\$ 18,701</u>	<u>\$ 386,940</u>	<u>\$ 10,828,631</u>

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2018

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
Trust and Agency Fund (7010)				
ASSETS				
Cash and investments	\$ 8,219,991	\$ 170,419,577	\$ (168,301,053)	\$ 10,338,515
Accounts receivable	195	136,309	(134,818)	1,686
Total assets	<u>\$ 8,220,186</u>	<u>\$ 170,555,886</u>	<u>\$ (168,435,871)</u>	<u>\$ 10,340,201</u>
LIABILITIES				
Accounts payable	\$ 1,962	\$ 44,879,383	\$ (44,871,854)	\$ 9,491
Due to other governments	670,199	21,911,129	(21,851,238)	730,090
Undistributed current and delinquent taxes	7,095,211	65,288,845	(63,545,896)	8,838,160
Trust deposits	234,179	22,812,385	(22,557,872)	488,692
Unallocated receipts	218,635	15,664,144	(15,609,011)	273,768
Total liabilities	<u>\$ 8,220,186</u>	<u>\$ 170,555,886</u>	<u>\$ (168,435,871)</u>	<u>\$ 10,340,201</u>
Library Penal Fines (7210)				
ASSETS				
Cash and investments	\$ 73,584	\$ 317,949	\$ (308,744)	\$ 82,789
LIABILITIES				
Due to other governments	\$ 73,584	\$ 317,949	\$ (308,744)	\$ 82,789
Section 125 Flexible Spending Account (7380)				
ASSETS				
Cash and investments	\$ 5,708	\$ 109,578	\$ (96,585)	\$ 18,701
LIABILITIES				
Trust deposits	\$ 5,708	\$ 109,578	\$ (96,585)	\$ 18,701
HealthWest Client Funds (7930)				
ASSETS				
Cash and investments	\$ 365,565	\$ 10,840,831	\$ (10,819,456)	\$ 386,940
LIABILITIES				
Accounts payable	\$ -	\$ 3,440,001	\$ (3,440,001)	\$ -
Trust deposits	365,565	7,400,830	(7,379,455)	386,940
Total liabilities	<u>\$ 365,565</u>	<u>\$ 10,840,831</u>	<u>\$ (10,819,456)</u>	<u>\$ 386,940</u>
Total All Agency Funds				
ASSETS				
Cash and investments	\$ 8,664,848	\$ 181,687,935	\$ (179,525,838)	\$ 10,826,945
Accounts receivable	195	136,309	(134,818)	1,686
Total assets	<u>\$ 8,665,043</u>	<u>\$ 181,824,244</u>	<u>\$ (179,660,656)</u>	<u>\$ 10,828,631</u>
LIABILITIES				
Accounts payable	\$ 1,962	\$ 48,319,384	\$ (48,311,855)	\$ 9,491
Due to other governments	743,783	22,229,078	(22,159,982)	812,879
Undistributed current and delinquent taxes	7,095,211	65,288,845	(63,545,896)	8,838,160
Trust deposits	605,452	30,322,793	(30,033,912)	894,333
Unallocated receipts	218,635	15,664,144	(15,609,011)	273,768
Total liabilities	<u>\$ 8,665,043</u>	<u>\$ 181,824,244</u>	<u>\$ (179,660,656)</u>	<u>\$ 10,828,631</u>

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STATISTICAL SECTION

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Statistical Section

This part of the County of Muskegon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

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Statistical Section

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COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 40,463	\$ 40,525	\$ 42,982	\$ 48,399	\$ 53,894	\$ 51,938	\$ 38,123	\$ 28,841	\$ 24,984	\$ 21,820
Restricted	11,339	5,900	3,594	4,031	3,540	3,075	2,635	2,902	3,273	3,703
Unrestricted (deficit)	16,054	19,453	22,159	14,922	9,333	481	(50,027)	(61,197)	(69,365)	(128,221)
Total Governmental Activities Net Position	\$ 67,856	\$ 65,878	\$ 68,735	\$ 67,352	\$ 66,767	\$ 55,494	\$ (9,269)	\$ (29,454)	\$ (41,108)	\$ (102,698)
Business-type Activities										
Net investment in capital assets	\$ 117,230	\$ 105,750	\$ 101,923	\$ 100,796	\$ 98,852	\$ 96,621	\$ 94,764	\$ 94,269	\$ 98,216	\$ 99,225
Restricted	4,119	2,898	-	-	-	-	-	-	-	-
Unrestricted	13,846	22,415	25,546	26,164	22,839	26,893	16,881	19,715	13,134	9,555
Total Business-type Activities Net Position	\$ 135,195	\$ 131,063	\$ 127,469	\$ 126,960	\$ 121,691	\$ 123,514	\$ 111,645	\$ 113,984	\$ 111,350	\$ 108,780
Primary Government										
Net investment in capital assets	\$ 157,693	\$ 146,275	\$ 144,905	\$ 149,195	\$ 152,746	\$ 148,559	\$ 132,887	\$ 123,110	\$ 123,200	\$ 121,045
Restricted	15,458	8,798	3,594	4,031	3,540	3,075	2,635	2,902	3,273	3,703
Unrestricted (deficit)	29,900	41,868	47,705	41,086	32,172	27,374	(33,146)	(41,482)	(56,231)	(118,666)
Total Primary Government Net Position	\$ 203,051	\$ 196,941	\$ 196,204	\$ 194,312	\$ 188,458	\$ 179,008	\$ 102,376	\$ 84,530	\$ 70,242	\$ 6,082

Note: The County implemented GASB Statement 54 beginning in fiscal 2011, which resulted in the reclassification of certain funds between Governmental Activities and Business-type Activities. The amounts on this schedule for fiscal year have not been retroactively adjusted for these reclassifications. The amounts above for fiscal year 2010 have been restated. GASB 63 and 65 were implemented for fiscal year ended September 30, 2013. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Prior years were not restated retroactively.

GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015. This resulted in presentation of the County's net pension liability on the statement of net position. Prior years were not restated.

GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018. This resulted in presentation of the County's net other postemployment benefit liability on the statement of net position. Prior years were not restated.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-2

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental activities:										
General county government	\$ 30,784	\$ 16,706	\$ 16,871	\$ 15,746	\$ 17,148	\$ 20,492	\$ 30,567	\$ 32,686	\$ 16,694	\$ 17,286
Judicial	8,531	8,649	8,443	8,299	8,390	9,042	8,517	9,784	15,002	16,138
Public safety	13,473	13,359	13,759	15,180	18,348	17,491	16,461	18,679	20,590	20,627
Health	113,687	102,097	105,761	104,068	106,364	83,550	78,245	78,303	86,117	89,109
Welfare	14,015	14,248	11,582	9,353	8,175	7,746	6,392	1,943	1,706	3,487
Legislative, cultural and recreation	2,774	1,849	3,249	3,980	1,697	1,631	1,581	1,613	1,715	2,721
Interest	736	692	721	684	1,133	2,904	3,096	2,984	2,905	3,001
Total governmental activities expense	<u>184,000</u>	<u>157,600</u>	<u>160,386</u>	<u>157,310</u>	<u>161,255</u>	<u>142,856</u>	<u>144,859</u>	<u>145,992</u>	<u>144,729</u>	<u>152,369</u>
Business-type activities:										
Brookhaven	-	15,333	17,253	15,441	15,155	13,113	13,776	13,413	13,660	5,120
Local government public works financing	-	1,097	1,465	1,370	1,321	1,285	1,252	935	759	1,421
Solid Waste	3,757	4,319	3,428	2,308	2,737	2,653	6,042	2,675	3,377	3,806
Airport Operations	2,530	2,494	2,822	2,569	3,039	2,874	2,803	2,690	2,578	2,456
Regional Water System	4,554	3,133	3,036	2,961	3,166	3,135	3,515	3,592	3,147	3,200
Muskegon Area Transit System	3,314	4,034	4,156	4,260	4,809	4,976	5,566	5,993	6,294	6,396
Wastewater Management System	17,162	15,097	17,373	16,442	16,638	17,326	16,514	17,152	18,261	17,174
Other proprietary funds	1,248	1,435	904	2,355	901	835	1,099	1,235	1,189	1,094
Total business-type activities expenses	<u>32,565</u>	<u>46,942</u>	<u>50,437</u>	<u>47,706</u>	<u>47,766</u>	<u>46,197</u>	<u>50,567</u>	<u>47,685</u>	<u>49,265</u>	<u>40,667</u>
Total primary government expenses	<u>\$ 216,565</u>	<u>\$ 204,542</u>	<u>\$ 210,823</u>	<u>\$ 205,016</u>	<u>\$ 209,021</u>	<u>\$ 189,053</u>	<u>\$ 195,426</u>	<u>\$ 193,677</u>	<u>\$ 193,994</u>	<u>\$ 193,036</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 5,308	\$ 5,347	\$ 5,293	\$ 4,722	\$ 5,577	\$ 5,390	\$ 6,061	\$ 6,208	\$ 6,470	\$ 6,076
Judicial	2,716	2,596	3,714	2,604	2,886	2,898	2,750	2,764	3,068	3,185
Public safety	797	534	877	858	1,606	1,749	965	1,700	2,286	1,927
Health	83,648	72,700	77,925	74,810	77,094	57,142	55,576	55,296	59,919	61,316
Other activities	1,348	1,265	1,103	2,456	1,170	1,188	1,263	1,341	1,356	1,298
Operating grants and contributions	34,476	37,929	35,764	31,528	29,703	26,797	26,538	21,739	23,492	25,463
Capital grants and contributions	-	-	-	383	693	673	940	555	403	387
Total governmental activities program revenues	<u>128,293</u>	<u>120,371</u>	<u>124,676</u>	<u>117,371</u>	<u>118,729</u>	<u>95,837</u>	<u>94,093</u>	<u>89,603</u>	<u>96,994</u>	<u>99,652</u>

continued...

Business-type activities:										
Charges for services:										
Wastewater	\$ 13,816	\$ 12,043	\$ 13,816	\$ 16,466	\$ 18,247	\$ 18,091	\$ 18,077	\$ 19,088	\$ 19,320	\$ 19,559
Brookhaven	-	14,847	15,513	13,492	14,046	12,446	12,380	11,810	10,515	3,797
Other	12,366	11,898	13,136	11,870	12,206	12,432	12,511	12,742	11,961	12,023
Operating grants and contributions	4,116	1,809	3,622	1,305	2,037	2,102	4,672	4,734	5,386	5,056
Capital grants and contributions	10,165	1,227	1,065	5,377	3,379	4,622	4,303	1,138	645	521
Total business-type activities program revenues	<u>40,463</u>	<u>41,824</u>	<u>47,152</u>	<u>48,510</u>	<u>49,915</u>	<u>49,693</u>	<u>51,943</u>	<u>49,512</u>	<u>47,827</u>	<u>40,956</u>
Total primary government program revenues	<u>\$ 160,834</u>	<u>\$ 166,500</u>	<u>\$ 164,523</u>	<u>\$ 165,881</u>	<u>\$ 168,644</u>	<u>\$ 145,530</u>	<u>\$ 146,036</u>	<u>\$ 139,115</u>	<u>\$ 144,821</u>	<u>\$ 140,608</u>
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (55,707)	\$ (35,710)	\$ (39,939)	\$ (39,939)	\$ (42,526)	\$ (47,019)	\$ (50,766)	\$ (56,389)	\$ (47,735)	\$ (52,717)
Business-type activities	(6,479)	(8,613)	(554)	804	2,149	3,496	1,376	1,827	(1,438)	289
Total primary government net expense	<u>\$ (62,186)</u>	<u>\$ (44,323)</u>	<u>\$ (40,493)</u>	<u>\$ (39,135)</u>	<u>\$ (40,377)</u>	<u>\$ (43,523)</u>	<u>\$ (49,390)</u>	<u>\$ (54,562)</u>	<u>\$ (49,173)</u>	<u>\$ (52,428)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property/Liquor/Lodging taxes	\$ 28,981	\$ 28,600	\$ 27,914	\$ 26,599	\$ 26,812	\$ 27,717	\$ 28,290	\$ 27,233	\$ 28,534	\$ 30,547
State shared revenue	-	192	3,601	2,728	2,748	2,882	3,595	3,601	3,637	3,673
Investment earnings (loss)	1,027	282	222	256	(742)	1,627	1,204	743	250	80
Other revenue and transfers	16,883	6,954	6,830	8,973	13,162	7,024	4,265	4,627	3,660	5,132
Special item	-	-	-	-	-	(3,504)	-	-	-	(10,701)
Total governmental activities	<u>46,891</u>	<u>36,028</u>	<u>38,567</u>	<u>38,556</u>	<u>41,980</u>	<u>35,746</u>	<u>37,354</u>	<u>36,204</u>	<u>36,081</u>	<u>28,731</u>
Business-type activities:										
Investment earnings	783	283	359	349	-	-	-	-	-	-
Other revenue and transfers	18	(882)	(668)	(2,835)	(7,219)	(1,673)	(1,599)	(1,765)	(1,196)	(2,238)
Special item	-	-	-	-	-	-	-	2,277	-	10,701
Total business-type activities	<u>801</u>	<u>(599)</u>	<u>(309)</u>	<u>(2,486)</u>	<u>(7,219)</u>	<u>(1,673)</u>	<u>(1,599)</u>	<u>512</u>	<u>(1,196)</u>	<u>8,463</u>
Total primary government	<u>\$ 47,692</u>	<u>\$ 35,429</u>	<u>\$ 38,258</u>	<u>\$ 36,070</u>	<u>\$ 34,761</u>	<u>\$ 34,073</u>	<u>\$ 35,755</u>	<u>\$ 36,716</u>	<u>\$ 34,885</u>	<u>\$ 37,194</u>
CHANGE IN NET POSITION										
Governmental activities	\$ (8,816)	\$ 318	\$ (1,372)	\$ (1,383)	\$ (546)	\$ (11,273)	\$ (13,412)	\$ (20,185)	\$ (11,654)	\$ (23,986)
Business-type activities	(5,678)	(9,212)	(863)	(1,682)	(5,070)	1,823	(223)	2,339	(2,634)	8,752
Total primary government	<u>\$ (14,494)</u>	<u>\$ (8,894)</u>	<u>\$ (2,235)</u>	<u>\$ (3,065)</u>	<u>\$ (5,616)</u>	<u>\$ (9,450)</u>	<u>\$ (13,635)</u>	<u>\$ (17,846)</u>	<u>\$ (14,288)</u>	<u>\$ (15,234)</u>

concluded

Note: The County implemented GASB Statement 54 beginning in fiscal 2011, which resulted in the reclassification of certain funds between Governmental Activities and Business-type Activities. The amounts on this schedule for fiscal year 2009 have not been retroactively adjusted for these reclassifications.

GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015. This resulted in presentation of the County's net pension liability on the statement of net position. Prior years were not restated.

GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018. This resulted in presentation of the County's net other postemployment benefit liability on the statement of net position. Prior years were not restated.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-3

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 589	\$ 589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,592	8,597	-	-	-	-	-	-	-	-
Nonspendable	-	-	2,914	2,738	2,528	3,838	1,577	1,320	1,076	58
Restricted	-	-	158	114	45	59	70	101	110	97
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	40	-	-	-	628	-	73
Unassigned	-	-	8,253	7,839	7,217	5,808	7,926	8,310	9,451	8,838
Total general fund	<u>\$ 9,181</u>	<u>\$ 9,186</u>	<u>\$ 11,325</u>	<u>\$ 10,731</u>	<u>\$ 9,790</u>	<u>\$ 9,705</u>	<u>\$ 9,573</u>	<u>\$ 10,359</u>	<u>\$ 10,637</u>	<u>\$ 9,066</u>
All Other Governmental Funds:										
Reserved	\$ 1,405	\$ 1,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	9,245	5,761	-	-	-	-	-	-	-	-
Debt Service Funds	2,685	986	-	-	-	-	-	-	-	-
Capital Projects Funds	8,103	5,402	-	-	-	-	-	-	-	-
Permanent Funds	47	47	-	-	-	-	-	-	-	-
Nonspendable	-	-	1,193	1,134	1,072	1,084	1,005	989	929	104
Restricted	-	-	3,846	4,005	3,514	24,706	5,681	2,861	3,293	3,497
Committed	-	-	351	335	279	214	1,690	986	1,108	1,945
Assigned	-	-	2,962	1,512	5,210	379	51	291	270	100
Unassigned (deficit)	-	-	-	-	-	-	-	(2)	-	-
Total all other governmental funds	<u>\$ 21,485</u>	<u>\$ 13,385</u>	<u>\$ 8,352</u>	<u>\$ 6,986</u>	<u>\$ 10,075</u>	<u>\$ 26,383</u>	<u>\$ 8,427</u>	<u>\$ 5,125</u>	<u>\$ 5,600</u>	<u>\$ 5,646</u>
Total Fund Balance for Governmental Funds	<u>\$ 30,666</u>	<u>\$ 22,571</u>	<u>\$ 19,677</u>	<u>\$ 17,717</u>	<u>\$ 19,865</u>	<u>\$ 36,088</u>	<u>\$ 18,000</u>	<u>\$ 15,484</u>	<u>\$ 16,237</u>	<u>\$ 14,712</u>

Note: Fund balance classification categories changed in 2011 to comply with the requirements of GASB Statement 54.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-4

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 28,981	\$ 28,892	\$ 25,242	\$ 27,033	\$ 27,327	\$ 28,295	\$ 28,309	\$ 27,253	\$ 28,554	\$ 30,574
Operating grants and contributions	34,476	35,831	38,465	33,313	31,894	29,187	30,660	25,615	27,182	28,839
Charges for services	92,835	95,624	88,627	84,981	87,758	67,555	65,530	66,228	72,067	72,842
Other	12,646	8,947	9,441	7,248	7,040	6,653	3,898	3,956	3,581	3,623
Total revenues	168,938	169,294	161,775	152,575	154,019	131,690	128,397	123,052	131,384	135,878
Expenditures										
General county government	18,511	17,491	17,487	15,155	16,267	17,271	20,276	20,090	13,829	13,287
Judicial	8,503	8,636	8,578	8,075	7,938	8,287	8,384	8,615	13,971	14,511
Public safety	13,281	13,323	13,620	12,652	14,800	15,079	14,878	15,273	16,084	16,799
Health	113,626	114,349	105,454	102,830	105,231	81,715	76,579	74,199	81,885	85,236
Welfare	13,921	14,246	11,598	9,177	8,101	7,349	6,692	1,934	1,706	3,468
Other	2,570	2,142	2,941	4,063	1,251	1,296	1,285	1,243	1,167	2,561
Capital outlay	5,876	2,753	1,488	2,079	3,306	21,817	16,893	3,188	338	503
Debt service:										
Principal	11,475	4,160	1,470	1,375	1,690	1,745	1,800	1,840	695	720
Interest	736	691	739	669	625	1,490	2,386	2,330	2,265	1,178
Bond issuance costs	-	-	-	-	-	-	-	-	-	330
Total expenditures	188,499	177,791	163,375	156,075	159,209	156,049	149,173	128,712	131,940	138,593
Excess of revenues under expenditures	(19,561)	(8,497)	(1,600)	(3,500)	(5,190)	(24,359)	(20,776)	(5,660)	(556)	(2,715)
Other Financing Sources (Uses)										
Proceeds from borrowing	13,875	4,315	-	-	-	38,870	981	-	-	-
Proceeds from refunding	-	-	4,780	-	-	-	-	-	-	48,220
Premium on issuance of refunding	-	-	-	-	-	-	-	-	-	150
Payments to escrow agents	-	(4,356)	(4,638)	-	-	-	-	-	-	(48,031)
Transfers in	17,594	16,388	13,774	13,092	17,640	15,374	10,713	12,026	15,370	56,401
Transfers out	(18,187)	(15,967)	(14,415)	(11,567)	(10,302)	(13,701)	(9,174)	(8,888)	(14,217)	(54,182)
Sale of capital assets	26	23	7	15	-	39	168	6	156	306
Total other financing sources (uses)	13,308	403	(492)	1,540	7,338	40,582	2,688	3,144	1,309	2,864
Special item	-	-	-	-	-	-	-	-	-	(1,673)
Net change in fund balances	\$ (6,253)	\$ (8,094)	\$ (2,092)	\$ (1,960)	\$ 2,148	\$ 16,223	\$ (18,088)	\$ (2,516)	\$ 753	\$ (1,524)
Debt service as a percentage of noncapital expenditures	6.73%	2.98%	1.36%	1.33%	1.48%	3.13%	3.15%	3.33%	2.25%	1.38%

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-1

Tax Revenues by Source, Governmental Activities

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

Fiscal Year	Property Taxes	Accommodations Tax	Liquor Tax	Total
2009	\$ 27,932	\$ 747	\$ 910	\$ 29,589
2010	27,182	842	869	28,893
2011	26,106	854	953	27,913
2012	24,593	910	1,095	26,598
2013	24,624	915	1,273	26,812
2014	25,218	1,096	1,403	27,717
2015	25,674	1,153	1,463	28,290
2016	25,241	1,208	784	27,233
2017	26,541	1,226	767	28,534
2018	28,528	1,231	788	30,547
Change 2009-2018	2.1%	64.8%	-13.4%	3.2%

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-2

Assessed and Taxable Value of Taxable Property

Last Ten Fiscal Years

(accrual basis of accounting)

(in millions of dollars)

Fiscal Year	Assessed Value			Taxable Value			Total Direct Tax Rate per \$1,000	Percentage of Taxable to Assessed Value
	Real Property	Personal Property	Total Assessed	Real Property	Personal Property	Total Taxable		
2009	\$ 5,072	\$ 417	\$ 5,489	\$ 4,297	\$ 418	\$ 4,715	6.6957	85.90 %
2010	4,798	422	5,220	4,142	422	4,564	6.6957	87.43
2011	4,508	435	4,943	4,007	435	4,442	6.6957	89.86
2012	4,289	457	4,746	3,883	457	4,340	6.6957	91.45
2013	4,145	465	4,610	3,799	465	4,264	6.6957	92.49
2014	4,240	467	4,707	3,825	467	4,292	6.6557	91.18
2015	4,382	484	4,866	3,867	484	4,351	6.6357	89.42
2016	4,561	367	4,928	3,913	367	4,280	6.8957	86.85
2017	4,801	339	5,140	3,999	339	4,338	6.8957	84.40
2018	4,945	333	5,278	4,138	333	4,471	6.8957	84.71

Source: Muskegon County Equalization Department

Assessed value approximates 50% of market value.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-3

Principal Property Tax Payers

Current Year and Nine Years Ago

(in thousands of dollars)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 104,696	1	2.31 %	\$ 133,013	1	2.82 %
DTE Energy	45,119	2	1.00	30,322	4	0.64
Michigan Electric Transmission Co	17,646	3	0.39	—		—
Alcoa Howmet	17,502	4	0.39	60,733	2	1.29
THF Fruitport Development LP	15,071	5	0.33	17,765	7	0.38
Meijer Inc	13,835	6	0.31	21,893	6	0.46
Lakes Mall realty LLC	13,393	7	0.30	—		—
G&I VIII Lakeshore	11,904	8	0.26	—		—
Walmart	11,107	9	0.25	—		—
Comcast of Muskegon	10,447	10	0.23	—		—
Sappi Paper Products	—		—	31,244	3	0.66
Sun Chemical of Michigan LLC	—		—	23,074	5	0.49
L3 Communications Corp	—		—	17,434	8	0.37
Diversified Machine Montague Inc	—		—	16,834	9	0.36
Johnson Technology Inc	—		—	15,499	10	0.33
Total	<u>\$ 260,720</u>		<u>5.77 %</u>	<u>\$ 367,811</u>		<u>7.80 %</u>

Source: Muskegon County Equalization Department

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-4

Direct and Overlapping Property Tax Rates
Last Ten Calendar Years
(rate per \$1,000 of assessed value)

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
COUNTY DIRECT RATES										
Operating ^a	5.6984	5.6984	5.6984	5.6984	5.6984	5.6984	5.6984	5.6984	5.6984	5.6984
Veterans Affairs	0.0752	0.0752	0.0752	0.0752	0.0752	0.0752	0.0752	0.0752	0.0752	0.0752
Museum Operating	0.3221	0.3221	0.3221	0.3221	0.3221	0.3221	0.3221	0.3221	0.3221	0.3221
911 Central Dispatch	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Quality of Life Bond	0.3000	0.3000	0.3000	0.3000	0.3000	0.2600	0.2400	—	—	—
Senior Services	—	—	—	—	—	—	—	0.5000	0.5000	0.5000
Total Direct Rate	6.6957	6.6957	6.6957	6.6957	6.6957	6.6557	6.6357	6.8957	6.8957	6.8957
OVERLAPPING RATES ^b										
Muskegon Community College	2.2037	2.2037	2.2037	2.2037	2.2037	2.5437	2.5437	2.5437	2.5437	2.5437
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
School Rates:										
Homestead	3.0-12.5	3.0-12.5	3.0-12.5	3.0-12.5	3.0-12.5	3.0-12.5	3.0-13	3.50-13	3.50-13	2.65-13
Non-Homestead	21.0-30.5	21.0-30.5	21.0-30.5	21.0-30.5	21.0-30.5	21.0-30.5	21.0-31	21.31-31	21.15-31	20.65-31
City Rates:										
Montague	14.7500	14.7500	14.7500	14.7500	16.7500	16.7500	16.7500	16.7500	16.7500	16.7500
Muskegon	11.0680	12.0680	12.0749	12.0789	12.0865	13.0875	13.0869	13.0905	13.0908	13.0899
Muskegon Heights	18.8500	18.8500	18.8500	18.8500	18.8500	18.8500	18.8500	18.8500	18.8500	22.8396
North Muskegon	12.1849	12.1849	12.1849	12.1849	12.1849	12.1849	12.1849	12.1379	12.8850	12.0883
Norton Shores	9.2000	9.2000	9.9500	9.9500	10.5500	10.5500	10.9500	10.9500	10.9500	10.9500
Roosevelt Park	11.6000	11.6000	11.6000	11.6000	11.6000	16.6000	16.6000	16.6000	16.6000	16.6000
Whitehall	12.7764	12.7764	12.7764	12.7764	12.7764	15.7700	15.7700	15.7700	15.7700	15.7700
Village Rates:										
Casnovia	11.5000	11.5000	11.5000	11.5000	11.5000	11.5000	11.5000	11.5000	11.5000	11.5000
Fruitport	5.5000	5.5000	5.5000	5.5000	5.5000	5.5000	5.5000	5.5000	5.5000	5.5000
Lakewood Club	8.1908	8.1908	8.1908	8.1908	8.1908	8.1908	8.1539	8.0984	8.0773	8.0142
Ravenna	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764
Township Rates										
	0.81-6.79	0.81-7.76	0.80-7.76	0.80-7.76	0.80-7.76	0.80-7.76	0.79-7.61	0.78-7.61	0.77-9.11	0.76-9.11
Libraries:										
Hackley Public Library	2.4000	2.4000	2.4000	2.4000	2.4000	2.4000	2.9611	2.8962	2.8999	2.8866
Muskegon Area District Library	0.7490	0.7490	0.7490	0.7490	0.7490	0.7490	0.7490	1.2490	1.2490	1.2490
White Lake Community Librar	0.9550	0.9377	0.9500	0.9627	0.9572	0.9516	0.9387	0.9597	0.7023	0.8888
Fire/Ambulance:										
Montague Fire District	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.8985	1.8934	1.8934
White Lake Ambulance Authority	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	1.0000	1.9000	1.9000	1.8988
White Lake Fire Authority	1.4404	1.4404	1.4404	1.4404	1.4404	1.4404	1.4404	1.4404	1.4404	1.4404

Source: Muskegon County Equalization Department Apportionment Reports

Note: The 1978 Headlee Amendment to the Michigan Constitution requires voter approval for any local tax increase or new taxes thereafter. Its property tax revenue limitation requires that if a local tax unit's total taxable property values increase by more than the inflation rate, the maximum property tax millage must be reduced to yield the same gross revenue, exclusive of net additions to property values from new construction.

a The maximum Muskegon County operating millage rate allowed for 2018 by the Headlee Amendment was 6.2000.

b Overlapping rates are those of local governments that apply to property owners within the County of Muskegon. Not all overlapping rates apply to all Muskegon County property owners.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 25,599,033	\$ 24,000,311	93.75 %	\$ 1,598,722	\$ 25,599,033	100.0 %
2010	24,931,584	23,448,461	94.05	1,483,032	24,931,493	100.0
2011	24,144,272	22,746,182	94.21	1,398,090	24,144,272	100.0
2012	23,354,910	22,099,374	94.62	1,255,536	23,354,910	100.0
2013	23,147,059	21,913,027	94.67	1,234,032	23,147,059	100.0
2014	23,258,806	22,121,481	95.11	1,137,325	23,258,806	100.0
2015	23,697,065	22,649,128	95.58	1,047,937	23,697,065	100.0
2016	23,470,658	22,408,239	95.47	1,062,419	23,470,658	100.0
2017	24,265,575	23,268,755	95.89	996,820	24,265,575	100.0
2018	25,347,014	24,379,057	96.18	N/A	24,379,057	96.2

Source: Muskegon County Treasurer's Office
 2018 Tax Levy is an estimate and subject to change
 N/A = Information not available

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-1

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds (2)	Other Debt	Building Authority Bonds (3)	Revenue Bonds	General Obligation Bonds	Local Govt Public Works Bonds	Delinquent Tax Notes			
2009	\$ 7,725	\$ -	\$ 12,345	\$ 72,449	\$ -	\$ 33,990	\$ 14,500	\$ 141,009	3.00	\$ 816.24
2010	13,910	-	10,870	89,542	-	31,020	14,500	159,842	3.29	928.87
2011	12,875	95	10,685	87,055	-	30,035	15,500	156,245	3.06	912.10
2012	11,510	2,104	10,415	82,718	-	28,965	16,000	151,712	2.81	891.47
2013	10,200	1,414	9,860	78,383	-	27,845	16,000	143,702	2.59	840.32
2014	53,847	1,167	9,285	74,382	-	26,700	16,008	181,389	3.27	1,060.70
2015	54,847	428	8,685	70,206	3,892	26,078	16,419	180,555	3.19	1,047.64
2016	53,052	653	8,065	65,649	3,877	24,689	16,064	172,049	2.88	995.71
2017	52,286	677	7,415	60,972	3,706	19,325	16,000	160,381	2.59	924.88
2018	12,636	618	50,395	56,204	3,538	18,131	16,000	157,522	2.44	906.90

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics in this section for personal income and population data.

(2) Includes Building Authority unlimited tax bonds

(3) Includes Building Authority limited tax bonds

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Building Authority Bonds	Total		
2009	\$ 7,725	\$ 11,315	\$ 19,040	0.41	\$ 109.52
2010	13,910	10,870	24,780	0.53	143.44
2011	12,875	10,685	23,560	0.52	136.92
2012	11,510	10,415	21,925	0.51	127.99
2013	10,200	9,860	20,060	0.47	117.30
2014	53,847	9,285	63,132	1.47	366.31
2015	54,847	8,685	63,532	1.46	368.63
2016	53,052	8,065	61,117	1.43	353.71
2017	52,286	7,415	59,701	1.38	344.28
2018	12,636	50,395	63,031	1.41	362.89

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

There are no significant resources that are restricted to repaying the principal of outstanding general bonded debt.

(1) See Schedule C-2 for property taxable value data.

(2) Population data can be found in Schedule E-2.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-3

Direct and Overlapping Governmental Activities Debt
As of September 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt:			
School Districts (K-12)	\$ 580,121,050	64.193%	\$ 372,397,550
Cities, Villages, and Townships	85,706,465	100.000%	85,706,465
Muskegon Community College	35,575,000	100.000%	35,575,000
Hackley Public Library	2,470,000	100.000%	2,470,000
White Lake Community Library	240,000	100.000%	240,000
Ottawa Area Intermediate School District	1,840,000	1.240%	22,816
Newaygo Area Intermediate School District	865,000	3.210%	27,767
Subtotal, overlapping debt			<u>496,439,598</u>
County direct debt, governmental activities			<u>63,649,051</u>
Total direct and overlapping debt			<u><u>\$ 560,088,649</u></u>

Source: Municipal Advisory Council of Michigan

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County of Muskegon. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account; however, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-4

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value (000s)	\$5,277,916
Debt limit percentage	10%
Debt limit (10% of SEV)	<u>\$ 527,792</u>
Debt applicable to limit:	
General obligation bonds (1)	16,174
Other debt	618
Building authority bonds (2)	50,395
Revenue bonds	56,204
Local Govt Public Works Finance	18,131
Delinquent tax notes	<u>16,000</u>
Total net debt applicable to limit	<u>157,522</u>
Legal debt margin	<u>\$ 370,270</u>

		Fiscal Year									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	(a)	\$ 548,943	\$ 522,120	\$ 494,300	\$ 474,649	\$ 461,026	\$ 470,692	\$ 486,642	\$ 492,865	\$ 513,973	\$ 527,792
Total net debt applicable to limit	(b)	<u>134,787</u>	<u>140,510</u>	<u>156,245</u>	<u>151,712</u>	<u>143,702</u>	<u>181,389</u>	<u>180,555</u>	<u>172,049</u>	<u>160,381</u>	<u>157,522</u>
Legal debt margin available	(a-b)	<u>\$ 414,156</u>	<u>\$ 381,610</u>	<u>\$ 338,055</u>	<u>\$ 322,937</u>	<u>\$ 317,324</u>	<u>\$ 289,303</u>	<u>\$ 306,087</u>	<u>\$ 320,816</u>	<u>\$ 353,592</u>	<u>\$ 370,270</u>
Total net debt applicable to limit as a percentage of debt limit	(b/a)	24.55%	26.91%	31.61%	31.96%	31.17%	38.54%	37.10%	34.91%	31.20%	29.85%
County net debt limit as a percentage of total State Equalized Value (1)		2.46%	2.69%	3.16%	3.20%	3.12%	3.85%	3.71%	3.49%	3.12%	2.98%

Note: Under Michigan State law, the County of Muskegon's outstanding debt should not exceed 10% of state equalized value less amounts available for repaying the applicable bonds.

(1) Includes Building Authority unlimited tax bonds

(2) Includes Building Authority limited tax bonds

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-5

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Pledged Revenues - Wastewater Revenue Bonds						Admin + Operations & Maint Exp	"Net Revenues"	Debt Service		Coverage
	Sewer Charges	Farm Sales	Other Operating	Interest Earnings	Operating Subsidies	"Total Revenues" (1)			Principal	Interest	
2009	\$ 13,816	\$ 1,854	\$ 276	\$ 184	\$ 55	\$ 16,185	\$ 11,551	\$ 4,634	\$ 2,315	\$ 1,293	128
2010	10,221	1,822	2	59	132	12,236	7,765	4,471	3,675	1,822	81
2011	11,048	2,768	96	83	-	13,995	9,672	4,323	2,959	1,408	99
2012	13,524	2,942	33	85	926	17,510	8,868	8,642	3,825	1,991	149
2013	14,854	3,348	45	77	152	18,476	8,695	9,781	3,840	1,585	180
2014	15,713	2,284	94	132	56	18,279	8,501	9,778	3,880	1,509	181
2015	15,649	2,288	140	195	65	18,337	8,793	8,338	3,925	1,542	153
2016	16,553	2,495	41	229	289	19,607	9,615	9,992	3,970	1,479	183
2017	16,631	2,647	42	224	560	20,104	10,544	9,560	4,180	1,386	172
2018	17,153	2,365	40	264	-	19,822	10,127	9,695	4,240	1,292	175

(1) "Revenues" is defined by Section 3 of Act 94 of 1933 as "the income derived from the rates charged for the services, facilities, and commodities furnished by a public improvement. Revenues include, to the extent provided in the authorizing ordinance, earnings on investment of funds of the public improvement and other revenues derived from or pledged to operation of the public improvement."

(2) Does not include depreciation expense.

(3) Per Section 3 of Act 94 of 1933, " 'Net Revenues' means the revenues of a public improvement remaining after deducting the reasonable expenses of administration, operation, and maintenance of the public improvement."

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule E-1

Principal Employers

Current Year and Nine Years Ago

Employer	2018			2009		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Mercy Health Partners	4,372	1	5.9 %	1,714	2	2.1 %
Alcoa Howmet	2,400	2	3.2	2,420	1	3.0
County of Muskegon	990	3	1.3	1,046	3	1.3
Meijer	900	4	1.2	378	9	0.5
ADAC Automotive	900	5	1.2	400	8	0.5
GE Aviation	801	6	1.1	—		—
Hines Corporation Companies	681	7	0.9	—		—
Chassix (Diversified Machine, Inc.)	620	8	0.8	361	10	0.5
Port City Group	600	9	0.8	—		—
Wesco	557	10	0.8	500	5	0.6
L3 Communications	—		—	600	4	0.7
Johnson Technology Inc	—		—	480	6	0.6
Eagle Group	—		—	430	7	0.5
Total	12,821		17.3 %	8,329		10.3 %

(1) Sources: Muskegon Area First, Muskegon County Payroll, Muskegon Public Schools

(2) Total County Employment Source: Michigan Department of Technology, Management & Budget

(3) Source: Muskegon County 2009 Comprehensive Annual Financial Report

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
	(1)	(1)	(1)	(2)	(3)	(4)
2008	173,846	\$ 4,898,789	\$ 28,233	35.5	30,713	8.5 %
2009	172,755	4,705,478	27,984	35.5	30,977	14.5
2010	171,969	5,006,786	29,114	38.2	30,021	13.5
2011	170,021	5,234,139	30,785	38.2	29,243	10.2
2012	170,182	5,392,301	31,685	38.2	28,787	8.8
2013	171,008	5,541,481	32,405	37.2	28,347	9.0
2014	172,344	5,662,490	32,856	39.0	27,905	7.4
2015	172,790	5,979,311	34,604	39.1	27,586	5.6
2016	173,408	6,180,403	35,641	39.0	27,723	5.2
2017	173,693	6,452,555	37,149	39.1	27,548	5.4

Sources: (1) Population and personal income information provided by the U.S. Department of Commerce
 (2) Median age from decennial data provided by U.S. Census Bureau
 (3) School enrollment information provided by State of Michigan Center for Educational Performance and Information (CEPI)
 (4) Unemployment data provided by State of Michigan Department of Technology, Management and Budget (DTMB)

Note: Unemployment rate information is an adjusted yearly average.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-1

County Government Employee Headcount by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Legislative										
Board of Commissioners	11	11	11	11	11	9	9	9	9	9
General Government										
Administration	8	9	4	6	7	8	9	7	7	4
Economic Development	-	-	-	-	-	-	-	-	1	1
County Clerk/Circuit Court Records	15	15	14	14	14	14	17	15	15	17
Prosecutor's Office	33	32	31	32	27	27	28	28	27	28
Treasurer's Office	10	10	9	9	9	9	10	9	13	12
Equalization	24	24	23	20	20	19	21	20	20	21
Register of Deeds	9	9	8	8	8	9	9	8	8	8
Drain Commissioner	4	4	4	6	11	11	11	9	7	7
Accounting/Budget	9	9	10	7	8	9	9	8	8	9
Human Resources	6	6	3	3	3	2	3	3	2	2
Purchasing	3	3	3	3	2	-	-	-	-	-
Office Services	3	3	3	2	2	2	2	2	2	2
Information Systems	8	8	8	7	5	5	5	6	8	10
Risk Management	9	9	8	8	10	9	10	10	10	10
Facilities Management	16	16	15	15	13	13	13	13	12	13
Judicial										
Circuit Court	22	22	22	23	23	24	23	24	25	36
District Court	63	64	65	64	63	63	65	64	61	61
Family Court	80	81	69	66	66	69	77	74	76	76
Probate Court	7	7	7	7	7	7	7	7	7	7
Public Defender	-	-	-	-	-	16	16	16	16	16
Public safety										
Sheriff	134	135	134	125	122	119	122	117	118	127
Animal Licensing	-	-	-	-	4	4	4	3	2	1
Courtroom Security	8	8	8	8	9	9	9	10	10	10
Community Corrections	8	8	5	6	4	4	4	4	4	4
Emergency Services	2	2	2	2	1	2	2	2	1	1

continued...

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-1

County Government Employee Headcount by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Health										
Public Health	87	87	81	83	72	75	65	59	58	60
Mental Health	341	346	342	350	370	402	400	359	409	446
Brookhaven Medical Care	270	268	269	269	270	207	170	174	194	-
Water system	2	2	3	3	3	3	3	3	3	3
Wastewater	57	57	54	52	54	55	53	46	46	48
Solid Waste	14	13	14	14	15	15	15	15	16	15
Welfare										
Veterans' Affairs	-	-	-	-	-	-	-	-	-	2
Child Haven	16	16	16	16	16	16	16	16	-	-
Juvenile Detention Center	27	27	29	36	37	37	37	35	40	40
Workforce Development	23	24	12	14	14	70	65	-	-	-
Cultural										
MSU Cooperative Extension	1	1	1	1	1	1	1	-	-	-
District Library	-	-	-	-	-	-	-	-	-	-
Parks and Recreation										
County Parks	22	22	22	22	22	22	23	22	22	31
Convention/Visitor's Bureau	8	8	6	6	6	7	8	6	7	6
Airport	12	13	12	13	12	12	11	11	10	8
Transit	46	46	54	55	58	65	73	73	73	73
Total	1,418	1,425	1,382	1,386	1,399	1,450	1,425	1,287	1,347	1,224

concluded

Source: Muskegon County Budget Office

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-2

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety Police										
Bookings	9,567	8,743	8,436	8,654	8,149	7,981	7,889	9,038	8,213	8,580
Traffic Stops	2,135	1,964	2,147	3,160	3,512	2,543	2,677	3,278	2,030	1,921
Verbal Warnings	1,747	2,130	2,419	2,788	2,823	1,874	1,997	2,393	1,477	1,207
Citations	1,393	1,721	1,377	1,299	1,693	1,336	1,069	1,137	1,056	1,072
Public Safety-Corrections										
Average Daily Jail Population	401	403	401	407	405	403	407	453	532	513
Avg Population as Pct of Capacity	108%	109%	108%	110%	109%	109%	110%	81%	98%	95%
Sanitation										
Refuse collected (tons)	104,984	128,850	137,467	102,729	109,580	115,089	142,467	174,385	148,295	152,909
Recyclables collected (tons)	18	79	65	63	44	76	101	95	99	82
Water										
New connections	70	194	61	60	48	46	57	61	45	56
Average daily consumption (thousands of gallons)	1,108	520	1,195	1,216	1,159	1,112	1,122	1,111	1,117	1,124
Wastewater										
Average daily sewer treatment (million gallons)	16	13	12	12	12	12	12	12	12	12
District Court										
Cases filed	42,527	39,993	34,796	36,868	36,656	37,588	36,304	33,017	32,583	35,193
Cases disposed	45,331	40,937	39,045	40,789	39,152	38,399	42,049	38,422	37,621	39,794
Cases pending	4,571	13,915	4,609	5,210	4,717	4,532	6,147	4,758	4,729	5,235
Airport										
Total landings / take-offs	58,137	47,373	37,017	34,599	31,383	32,675	31,518	25,659	27,050	23,647
Passengers	35,119	27,362	27,711	37,724	36,634	35,641	36,484	39,512	38,528	39,240
Transit										
Total Vehicle Miles	534,484	595,223	695,211	790,430	784,796	786,389	919,108	934,391	957,154	789,068
Total Revenue Miles	530,039	595,217	676,887	713,705	707,842	731,656	849,739	867,714	853,670	784,396
Total Passengers	617,828	641,416	739,283	719,908	731,633	708,461	652,037	581,742	557,281	488,167

Source: Sheriff's Department, Road Commission, Solid Waste, Wastewater, District Court, County Airport, Transit System

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-3

Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety-Sheriff Patrol Units	25	25	30	27	29	29	29	29	29	29
Public Safety-Corrections Jail Capacity	370	370	370	370	370	370	558	558	542	542
Culture and Recreation Parks Acreage	337	337	337	337	337	337	337	337	337	337
Parks	6	6	6	6	6	6	6	6	6	6
Sewer Storm and Sanitary (miles)	278	278	278	278	278	278	278	278	278	278
Maximum Daily Treatment Capacity (millions of gallons)	42	42	42	42	42	42	42	42	42	42
Airport Capacity (thousand of passengers)	66	63	70	73	73	73	71	70	67	71
Transit Number of Buses	17	17	21	24	37	37	37	36	36	36
Solid Waste Total Capacity (thousand cubic yards)	3,778	3,778	3,778	3,778	3,778	3,819	3,819	4,685	4,685	4,685
Remaining Capacity (thousand cubic yards)	1,816	1,695	1,596	1,517	1,388	1,231	1,114	1,114	802	659
Remaining Capacity (percent of total)	48.1%	44.9%	42.2%	40.2%	36.7%	32.2%	29.2%	23.8%	17.1%	14.1%

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 1

Local Revenue Report

For the Year Ended September 30, 2018

	Urban		Nonurban	
	Linehaul	Demand Response	Linehaul	Total
Passenger fares	\$ 321,134	\$ 53,623	\$ 4,874	\$ 379,631
Concessions	3,245	-	-	3,245
Advertising	32,517	-	-	32,517
Greyhound commissions	25,514	-	-	25,514
Gain on sale of capital assets	3,920	-	-	3,920
Alternative fuel reimbursement	50,281	-	-	50,281
Local operating assistance	408,189	-	-	408,189
Interest income	286	-	-	286
Total	\$ 845,086	\$ 53,623	\$ 4,874	\$ 903,583
Financial statement revenue				
Total operating revenues				\$ 491,188
Nonoperating revenue				
Local grants				204,945
Investment income				286
Gain on sale of capital asset				3,920
Transfers in				203,244
Total				\$ 903,583

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 2

Schedule of Expenditures of State and Federal Awards

For the Year Ended September 30, 2018

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant No./ Authorization Number	Program Award Amount	Current Year Expenditures				Prior Year's Expended	Award Amount Remaining
				Total	Federal	State	Local		
U.S. Department of Transportation									
Capital assistance - section 5307	20.507	MI-90-X670-02	\$ 3,409,841	\$ 43,532	\$ 43,532	\$ -	\$ -	\$ 3,366,309	\$ -
Capital assistance - section 5307	20.507	MI-2016-027-00	2,233,702	45,558	45,558	-	-	2,152,761	35,383
Capital assistance - section 5307	20.507	MI-2017-022-00	2,139,547	631,037	631,037	-	-	920,926	587,584
Capital assistance - section 5307	20.507	MI-2018-025-01-00	1,640,000	1,429,463	1,429,463	-	-	-	210,537
Capital grant - CMAQ capital assistance/CMAQ marketing	20.507	MI-95-X094-02	1,035,379	68,261	68,261	-	-	719,569	247,549
Capital assistance - section 5339 - Support Equipment	20.526	MI-2018-025-02-00	40,000	34,139	34,139	-	-	-	5,861
Passed through Michigan Department of Transportation:									
Section 5310 Enhanced Mobility	20.513	2012-0138/P013R2	80,000	20,403	20,403	-	-	13,947	45,650
Section 5310 Enhanced Mobility - Mobility Management and Marketing	20.521	2017-0104/P05	120,000	120,000	120,000	-	-	-	-
Section 5304 - Statewide and Nonmetropolitan Planning - Facility Study	20.505	2012-0138/P016	80,000	79,218	79,218	-	-	-	782
FTA/MDOT Section 5317 New Freedom (bus shelters)	20.521	2012-0138/P20/R1	200,000	-	-	-	-	120,000	80,000
Section 5339 Bus and Facilities Formula	20.526	2012-0138-P018	161,009	111,963	111,963	-	-	49,045	1
Total U.S. Department of Transportation				2,583,574	2,583,574	-	-	7,342,557	1,213,347
Michigan Department of Transportation									
Operating Assistance - formula funding	N/A	FY18	1,429,203	1,429,203	-	1,429,203	-	-	-
Operating Assistance - prior years	N/A	Prior to 2018	13,387	13,387	-	13,387	-	-	-
Preventative maintenance/support vehicles/support equipment	N/A	12-0138/P007-R2	322,000	10,884	-	10,884	-	311,116	-
CMAQ Marketing/acquire replacement bus	N/A	12-0138/P009 R2	168,845	17,066	-	17,066	-	89,892	61,887
Section 5310 Enhanced Mobility Match	N/A	12-0138/P013 R1	20,000	5,101	-	5,101	-	3,486	11,413
Section 5339 Match - Equipment	N/A	17-0104/P009	10,000	8,535	-	8,535	-	-	1,465
Section 5339 Bus and Facilities Formula Match	N/A	12-0138/P018	40,252	27,991	-	27,991	-	12,261	-
Section 5310 Enhanced Mobility	N/A	17-0104/P001	30,000	30,000	-	30,000	-	-	-
Specialized Services	N/A	17-0104/P002	65,499	16,380	-	16,380	-	49,119	-
Specialized Services	N/A	17-0104/P006	65,499	49,119	-	49,119	-	-	16,380
Section 5307 Match	N/A	17-0104/P003	306,896	21,349	-	21,349	-	138,651	146,896
Section 5304 Match - Facility Study	N/A	12-0138/P016	20,000	19,804	-	19,804	-	-	196
Section 5310 New Freedom Program Match/bus stop improvements	N/A	12-0138/P020/R1	50,000	-	-	-	-	30,000	20,000
Section 5307 Match	N/A	12-0138/P022	120,235	11,389	-	11,389	-	100,000	8,846
Total Michigan Department of Transportation				1,660,208	-	1,660,208	-	734,525	267,083
Total Expenditures of Federal and State Awards				\$ 4,243,782	\$ 2,583,574	\$ 1,660,208	\$ -	\$ 8,077,082	\$ 1,480,430

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 3
 Operating and Contract Expense Report
 For the Year Ended September 30, 2018

	Urban	Nonurban	Capital Grants Not Capitalized	Specialized Services	Total System
Operating expenses					
Labor					
Salaries and wages - operators	\$ 1,633,122	\$ 29,724	\$ -	\$ -	\$ 1,662,846
Salaries and wages - other	514,405	-	-	-	514,405
Fringe benefits	624,228	12,249	-	-	636,477
OPEB - defined benefit	354,272	9,331	-	-	363,603
OPEB - defined contribution	10,827	28	-	-	10,855
Pension - defined benefit	527,525	12,211	-	-	539,736
Pension - defined contribution	12,954	57	-	-	13,011
Services					
Advertising	131,668	-	-	-	131,668
Audit	6,865	-	-	-	6,865
Other services	35,096	-	-	-	35,096
Materials and supplies					
Fuel	311,678	6,866	-	-	318,544
Tires and tubes	45,506	-	-	-	45,506
Other materials and supplies	734,684	1,037	-	-	735,721
Casualty and liability costs					
Liability insurance	166,127	-	-	-	166,127
Other insurance	12,653	-	-	-	12,653
Utilities					
	108,378	-	-	-	108,378
Miscellaneous					
Travel, meetings and training	5,513	-	-	-	5,513
Association dues and subscriptions	15,827	-	-	-	15,827
Equipment leases					
	3,452	-	-	-	3,452
Depreciation					
	877,069	-	-	-	877,069
Total operating expenses before expenses excluded	6,131,849	71,503	-	-	6,203,352

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 3

Operating and Contract Expense Report
For the Year Ended September 30, 2018

	Urban	Nonurban	Capital Grants Not Capitalized	Specialized Services	Total System
Expenses excluded from OAR					
State grant funds					
MI-16-x005-03/2012-0138-P13-R2/FY2014 5310	\$ -	\$ -	\$ 1,702	\$ -	\$ 1,702
2017-0104-P2 / Specialized Services	-	-	-	16,380	16,380
2017-0104-P6 / Specialized Services	-	-	-	49,119	49,119
MI-80-0004-07/2012-0138-P16/FY2015 5304	-	-	18,745	-	18,745
MI-16-x005-03/2012-0138-P13-R2/FY2014 5310	-	-	3,399	-	3,399
MI-2018-025/2017-0104-P9/FY2018 5339	-	-	7,732	-	7,732
2017-0104-P9 Capitalized	-	-	(7,029)	-	(7,029)
MI-2018-025/2017-0104-P9/FY2018 5339	-	-	803	-	803
MI-34-0003-03/2012-0138-P18/FY2015 5339	-	-	27,991	-	27,991
2012-0138-P18 Capitalized	-	-	(27,991)	-	(27,991)
Federal grant funded					
Federal Pass Thru 2012-0138-P13-R2	-	-	6,808	-	6,808
Federal Direct MI-2018-025-00	-	-	30,926	-	30,926
MI-2018-025-00 Capitalized	-	-	(28,119)	-	(28,119)
Federal Pass Thru 2012-0138-P13-R2	-	-	13,595	-	13,595
Federal Pass Thru 2012-0138-P16	-	-	74,978	-	74,978
Federal Direct MI-2018-025-00	-	-	3,213	-	3,213
Federal Pass Thru 2012-0138-P18	-	-	111,963	-	111,963
2012-0138-P18 Capitalized	-	-	(111,963)	-	(111,963)
Ineligible pension, OPEB, Comp abs	-	-	877	-	877
Total expenses excluded from OAR	-	-	127,630	65,499	193,129
Total operating expenses	\$ 6,131,849	\$ 71,503	\$ 127,630	\$ 65,499	\$ 6,396,481

concluded

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund Schedule 4E Urban Regular Service Expense Report For the Year Ended September 30, 2018

	Operations	Maintenance	General Administration	Total System
Operating expenses				
Labor				
Salaries and wages - operators	\$ 1,590,039	\$ -	\$ 43,083	\$ 1,633,122
Salaries and wages - other	-	150,696	363,709	514,405
Fringe benefits	440,749	57,829	125,650	624,228
OPEB - defined benefit	268,394	31,002	54,876	354,272
OPEB - defined contribution	7,444	771	2,612	10,827
Pension - defined benefit	389,969	35,569	101,987	527,525
Pension - defined contribution	8,900	924	3,130	12,954
Services				
Advertising	50,000	-	81,668	131,668
Audit	-	-	6,865	6,865
Other services	-	13,101	21,995	35,096
Materials and supplies				
Fuel	311,678	-	-	311,678
Tires and tubes	45,506	-	-	45,506
Other materials and supplies	9,408	387,341	337,935	734,684
Casualty and liability costs				
Liability insurance	166,127	-	-	166,127
Other insurance	-	-	12,653	12,653
Utilities	-	-	108,378	108,378
Miscellaneous				
Travel, meetings and training	-	-	5,513	5,513
Association dues and subscriptions	-	-	15,827	15,827
Equipment leases	-	-	3,452	3,452
Depreciation	877,009	-	60	877,069
Total operating expenses	4,165,223	677,233	1,289,393	6,131,849

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund Schedule 4E Urban Regular Service Expense Report For the Year Ended September 30, 2018

	Operations	Maintenance	General Administration	Total System
Ineligible expenses				
Ineligible depreciation	\$ 877,009	\$ -	\$ -	\$ 877,009
Ineligible portion of association dues	-	-	1,924	1,924
Ineligible pension - DB not paid	175,722	16,143	46,288	238,153
Ineligible OPEB - DB not paid	188,263	21,427	42,272	251,962
Ineligible increase in compensated absences	-	-	29,983	29,983
Ineligible preventive maintenance				
Federal direct MI-90-X670-03	-	43,532	-	43,532
Federal direct MI-2017-022-00	-	85,402	-	85,402
MI-90-X670/2012-0138-P7-R2/FY13&14 5307	-	10,884	-	10,884
MI-2017-022/2017-0104-P3/FY2017 5307	-	21,349	-	21,349
Ineligible expense with advertising	-	-	2,761	2,761
Expenses paid by capital contracts				
Federal direct MI-2016-027-00	-	-	45,558	45,558
Federal direct MI-95-X094-02	-	-	68,261	68,261
Federal Pass Thru 2017-0104/P005	40,000	-	80,000	120,000
Federal Pass Thru 2012-0138/P016	-	-	4,240	4,240
MI-95-x094/2012-0138-P9-R2/FY13,14,15 5307	-	-	17,066	17,066
MI-2016-038-01/2017-0104-P5/FY2018 5310	10,000	-	20,000	30,000
MI-80-0004-07/2012-0138-P16/FY2015 5304	-	-	1,059	1,059
MI-2016-027/2012-0138-P22/FY2015 5307	-	-	11,389	11,389
Total ineligible expenses	1,290,994	198,737	370,801	1,860,532
Total eligible expenses				\$ 4,271,317

concluded

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4E
 Nonurban Regular Service Expense Report
 For the Year Ended September 30, 2018

	Operations	Maintenance	General Administration	Total System
Operating expenses				
Labor				
Salaries and wages - operators	\$ 29,724	\$ -	\$ -	\$ 29,724
Salaries and wages - other	-	-	-	-
Fringe benefits	12,249	-	-	12,249
OPEB - defined benefit	9,331	-	-	9,331
OPEB - defined contribution	28	-	-	28
Pension - defined benefit	12,211	-	-	12,211
Pension - defined contribution	57	-	-	57
Services				
Advertising	-	-	-	-
Audit	-	-	-	-
Other services	-	-	-	-
Materials and supplies				
Fuel	6,866	-	-	6,866
Tires and tubes	-	-	-	-
Other materials and supplies	1,037	-	-	1,037
Casualty and liability costs				
Liability insurance	-	-	-	-
Other insurance	-	-	-	-
Utilities				
Utilities	-	-	-	-
Miscellaneous				
Travel, meetings and training	-	-	-	-
Association dues and subscriptions	-	-	-	-
Equipment leases				
Equipment leases	-	-	-	-
Depreciation				
Depreciation	-	-	-	-
Total operating expenses	71,503	-	-	71,503

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4E
 Nonurban Regular Service Expense Report
 For the Year Ended September 30, 2018

	Operations	Maintenance	General Administration	Total System
Ineligible expenses				
Ineligible depreciation	\$ -	\$ -	\$ -	\$ -
Ineligible portion of association dues	-	-	-	-
Ineligible pension - DB not paid	6,547	-	-	6,547
Ineligible OPEB - DB not paid	7,184	-	-	7,184
Ineligible increase in compensated absences	-	-	-	-
Ineligible preventive maintenance	-	-	-	-
Ineligible expense with advertising	-	-	-	-
Expenses paid by capital contracts	-	-	-	-
Total ineligible expenses	<u>13,731</u>	<u>-</u>	<u>-</u>	<u>13,731</u>
Total eligible expenses				<u>\$ 57,772</u>

concluded

Muskegon Area Transit System Fund

Schedule 4N

Urban Regular Service Nonfinancial Report

For the Year Ended September 30, 2018

	Miles	Hours
Linehaul		
First Quarter	170,128	11,423
Second Quarter	147,522	10,495
Third Quarter	141,484	10,120
Fourth Quarter	139,471	9,971
	<u>598,605</u>	<u>42,009</u>
Demand response		
First Quarter	38,862	2,879
Second Quarter	40,282	2,864
Third Quarter	36,106	2,696
Fourth Quarter	35,472	2,449
	<u>150,722</u>	<u>10,888</u>
Total operations	<u><u>749,327</u></u>	<u><u>52,897</u></u>

The methodology used for compiling miles and other nonfinancial data information used to allocate costs has been reviewed and the recording method has been found to be adequate and reliable.

Muskegon Area Transit System Fund

Schedule 4N

Nonurban Regular Service Nonfinancial Report

For the Year Ended September 30, 2018

	Miles	Hours
Linehaul		
First Quarter	-	-
Second Quarter	11,690	428
Third Quarter	11,690	428
Fourth Quarter	11,689	429
	<u>35,069</u>	<u>1,285</u>
Demand response		
First Quarter	-	-
Second Quarter	-	-
Third Quarter	-	-
Fourth Quarter	-	-
	<u>-</u>	<u>-</u>
Total operations	<u><u>35,069</u></u>	<u><u>1,285</u></u>

The methodology used for compiling miles and other nonfinancial data information used to allocate costs has been reviewed and the recording method has been found to be adequate and reliable.

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund Schedule 4R Urban Regular Service Revenue Report For the Year Ended September 30, 2018

	Linehaul	Demand Response	Total
Passenger fares	\$ 321,134	\$ 53,623	\$ 374,757
Concessions	3,245	-	3,245
Advertising	32,517	-	32,517
Greyhound commissions	25,514	-	25,514
Gain on sale of capital assets	3,920	-	3,920
Building rental	-	-	-
Alternative fuel reimbursement	50,281	-	50,281
Local operating assistance	408,189	-	408,189
Urban Regular Service Local Revenues - OAR Revenues	<u>844,800</u>	<u>53,623</u>	<u>898,423</u>
State Cash Grants/Reimbursements - OAR Revenues			
FY2018 Formula Funding	1,215,156	191,401	1,406,557
MI-90-X670/2012-0138-P7-R2/FY13&14 5307	10,884	-	10,884
MI-2017-022/2017-0104-P3/FY2017 5307	21,349	-	21,349
MI-95-x094/2012-0138-P9-R2/FY13,14,15 5307	17,066	-	17,066
MI-2016-038-01/2017-0104-P5/FY2018 5310	30,000	-	30,000
MI-80-0004-07/2012-0138-P16/FY2015 5304	1,059	-	1,059
MI-2016-027/2012-0138-P22/FY2015 5307	11,389	-	11,389
State Cash Grants/Reimbursements - OAR Revenues	<u>1,306,903</u>	<u>191,401</u>	<u>1,498,304</u>
Plus OAR Excluded State Revenues (excluded Prior Year/Capital/Sp Svcs)			
Prior years formula funding	13,387	-	13,387
MI-16-x005-03/2012-0138-P13-R2/FY2014 5310 (0584)	1,702	-	1,702
2017-0104-P2 / Specialized Services (0593)	16,380	-	16,380
2017-0104-P6 / Specialized Services (0593)	49,119	-	49,119
MI-80-0004-07/2012-0138-P16/FY2015 5304 (0596)	18,745	-	18,745
MI-16-x005-03/2012-0138-P13-R2/FY2014 5310 (0596)	3,399	-	3,399
MI-2018-025/2017-0104-P9/FY2018 5339 (0596)	703	-	703
MI-2018-025/2017-0104-P9/FY2018 5339 (0597)	803	-	803
MI-2018-025/2017-0104-P9/FY2018 5339 (0596)	7,029	-	7,029
MI-34-0003-03/2012-0138-P18/FY2015 5339 (0596)	27,991	-	27,991
State Revenue on the Financial Statements	<u>1,446,161</u>	<u>191,401</u>	<u>1,637,562</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4R
 Urban Regular Service Revenue Report
 For the Year Ended September 30, 2018

	Linehaul	Demand Response	Total
Federal Cash Grants/Reimbursements - OAR Revenues			
Federal direct MI-2017-022-00	\$ 470,082	\$ 75,553	\$ 545,635
Federal direct MI-2018-025-00	1,214,764	188,250	1,403,014
Federal direct MI-90-X670-03	43,532	-	43,532
Federal direct MI-2017-022-00	85,402	-	85,402
Federal direct MI-2016-027-00	45,558	-	45,558
Federal direct MI-95-X094-02	68,261	-	68,261
Federal Pass Thru 2017-0104/P005	120,000	-	120,000
Federal Pass Thru 2012-0138/P016	4,240	-	4,240
Federal Cash Grants/Reimbursements - OAR Revenues	<u>2,051,839</u>	<u>263,803</u>	<u>2,315,642</u>
Plus OAR Excluded Federal Revenues (excluded Capital)			
Ineligible preventive maintenance			
Federal Pass Thru 2012-0138-P13-R2 (0584)	6,808	-	6,808
Federal Direct MI-2018-025-00 (0596)	2,807	-	2,807
Federal Pass Thru 2012-0138-P13-R2 (0596)	13,595	-	13,595
Federal Pass Thru 2012-0138-P16 (0596)	74,978	-	74,978
Federal Direct MI-2018-025-00 (0597)	3,213	-	3,213
Federal Direct MI-2018-025-00 (0596)	28,119	-	28,119
Federal Pass Thru 2012-0138-P18	111,963	-	111,963
Federal Revenue on the Financial Statements	<u>2,293,322</u>	<u>263,803</u>	<u>2,557,125</u>
Other revenue - OAR Revenues			
Interest income - OAR Revenues	<u>286</u>	<u>-</u>	<u>286</u>
Total revenues - OAR Revenues and OAR Excluded Revenues	<u><u>\$ 4,584,569</u></u>	<u><u>\$ 508,827</u></u>	<u><u>\$ 5,093,396</u></u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4R
 Nonurban Regular Service Revenue Report
 For the Year Ended September 30, 2018

	Linehaul	Demand Response	Total
Passenger fares	\$ 4,874	\$ -	\$ 4,874
Concessions	-	-	-
Advertising	-	-	-
Greyhound commissions	-	-	-
Gain on sale of capital assets	-	-	-
Building rental	-	-	-
Alternative fuel reimbursement	-	-	-
Local operating assistance	-	-	-
Nonurban Regular Service Local Revenues - OAR Revenues	<u>4,874</u>	<u>-</u>	<u>4,874</u>
State Cash Grants/Reimbursements - OAR Revenues FY2018 Formula Funding	<u>22,646</u>	<u>-</u>	<u>22,646</u>
Federal Cash Grants/Reimbursements - OAR Revenues MI-2018-025-00 Assistance - Section 5307 - Formula 50%	<u>26,449</u>	<u>-</u>	<u>26,449</u>
Other revenue - OAR Revenues Interest income - OAR Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues - OAR Revenues and OAR Excluded Revenues	<u>\$ 53,969</u>	<u>\$ -</u>	53,969
Schedule 4R Urban revenue			<u>5,093,396</u>
Total revenue			<u>\$ 5,147,365</u>
Local revenue per Schedule 1			\$ 903,583
State revenue per Schedule 2			1,660,208
Federal revenue per Schedule 2			2,583,574
Total revenue			<u>\$ 5,147,365</u>

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund Schedule 5 Urban Operating Assistance Calculation For the Year Ended September 30, 2018

State eligible expenses		
Labor	\$	2,147,527
Fringe benefits		624,228
Other postemployment benefits		365,099
Pension		540,479
Advertising and other service		166,764
Audit		6,865
Materials and supplies		1,091,868
Casualty and liability costs		166,127
Other insurance		12,653
Utilities		108,378
Miscellaneous		21,340
Equipment leases		3,452
Depreciation		877,069 ⁽²⁾
Total expenses		<u>6,131,849</u>
Less ineligible expenses		
Ineligible depreciation		877,009 ⁽²⁾
Ineligible portion of association dues		1,924
Ineligible pension - DB not paid		238,153 ⁽¹⁾
Ineligible OPEB - DB not paid		251,962 ⁽¹⁾
Ineligible increase in compensated absences		29,983
Ineligible preventive maintenance (detail at Schedule 4E Urban)		161,167 ⁽³⁾
Ineligible expense with advertising		2,761 ⁽⁴⁾
Other expense paid by capital contract (detail at Schedule 4E Urban)		297,573 ⁽³⁾
Total ineligible expenses		<u>1,860,532</u>
State eligible expenses	\$	<u>4,271,317</u>
State operating assistance - 32.9303%	\$	<u>1,406,557</u>

The following cost allocation plans were adhered to in the preparation of the financial statements:

- 2007 Central Service Cost Allocation Plan (submitted June 2008)
- 2018 Muskegon Area Regional Connection, Urban/Nonurban Service

⁽¹⁾ The County provides defined contribution (DC) and defined benefit (DB) pension and other postemployment benefit (OPEB) plans. DC contributions are paid in full. DB Pension and other postemployment benefit (OPEB) expense not paid to MERS or the County-wide OPEB trust fund are excluded as ineligible operating expense. Also see schedules 6, 6a and 7.

⁽²⁾ The eligible depreciation expense of \$60 includes the depreciation of assets purchased with local funds where the useful life of the asset was determined pursuant to Appendix A of the Local Public Transit Revenue and Expense Manual or approved by OPT.

⁽³⁾ Operating expense of \$458,740 were subtracted out as ineligible (55011-ineligible preventative maintenance / 57603-ineligible administrative expense paid by capital contract / 57604 other ineligible operating expense paid by capital contract) because these expenses were paid for with capital funds. No other operating expenses were paid for with capital funds.

⁽⁴⁾ There were no operating expenses incurred generating revenue in PTMS codes 406 and 407 except for \$2,761 paid for production of advertising material which is excluded as ineligible operating expense.

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 5 Nonurban
 Operating Assistance Calculation
 For the Year Ended September 30, 2018

State eligible expenses	
Labor	\$ 29,724
Fringe benefits	12,249
Other postemployment benefits	9,359
Pension	12,268
Advertising and other service	-
Audit	-
Materials and supplies	7,903
Casualty and liability costs	-
Other insurance	-
Utilities	-
Miscellaneous	-
Equipment leases	-
Depreciation	-
Total expenses	<u><u>71,503</u></u>
Less ineligible expenses	
Ineligible depreciation	-
Ineligible portion of association dues	-
Ineligible pension - DB not paid	6,547 ⁽¹⁾
Ineligible OPEB - DB not paid	7,184 ⁽¹⁾
Ineligible increase in compensated absences	-
Ineligible preventive maintenance	-
Ineligible expense with advertising	-
Other expense paid by capital contract	-
Total ineligible expenses	<u><u>13,731</u></u>
State eligible expenses	<u><u>\$ 57,772</u></u>
State operating assistance - 39.1981%	<u><u>\$ 22,646</u></u>

The following cost allocation plans were adhered to in the preparation of the financial statements:

- 2007 Central Service Cost Allocation Plan (submitted June 2008)
- 2018 Muskegon Area Regional Connection, Urban/Nonurban Service

⁽¹⁾ The County provides defined contribution (DC) and defined benefit (DB) pension and other postemployment benefit (OPEB) plans. DC contributions are paid in full. DB Pension and other postemployment benefit (OPEB) expense not paid to MERS or the County-wide OPEB trust fund are excluded as ineligible operating expense. Also see schedules 6, 6a and 7.

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COUNTY OF MUSKEGON, MICHIGAN

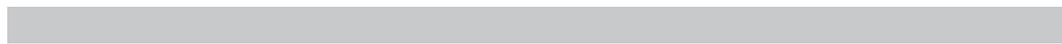
Muskegon Area Transit System Fund

Schedule 6

Annual OPEB Cost and Net OPEB Obligation Schedule

For the Year Ended September 30, 2018

	2008	2009	2010	2011
Annual required contribution	\$ 183,586	\$ 172,002	\$ 180,155	\$ 218,387
Interest on the prior year's net OPEB obligation	-	-	-	-
Adjustment to annual required contribution	-	-	-	-
Annual OPEB cost	<u>183,586</u>	<u>172,002</u>	<u>180,155</u>	<u>218,387</u>
Amount contributed:				
Payment of current premiums	183,586	172,002	180,155	218,387
Payment of prior year expenses	-	-	-	-
Payment of future expenses	-	-	-	-
Total amount contributed	<u>183,586</u>	<u>172,002</u>	<u>180,155</u>	<u>218,387</u>
Increase in OPEB obligation	-	-	-	-
OPEB obligation, beginning of year	-	-	-	-
Restatement	-	-	-	-
OPEB obligation, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



2012	2013	2014	2015	2016	2017
\$ 163,222	\$ 167,997	\$ 169,920	\$ 215,781	\$ 291,469	\$ 238,123
-	-	-	-	25,179	41,040
-	-	-	-	(29,093)	(53,486)
<u>163,222</u>	<u>167,997</u>	<u>169,920</u>	<u>215,781</u>	<u>287,555</u>	<u>225,677</u>
163,222	167,997	169,920	90,507	89,291	111,539
-	-	-	-	-	-
-	-	-	-	-	-
<u>163,222</u>	<u>167,997</u>	<u>169,920</u>	<u>90,507</u>	<u>89,291</u>	<u>111,539</u>
-	-	-	125,274	198,264	114,138
-	-	-	-	314,732	512,996
-	-	-	189,458	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,732</u>	<u>\$ 512,996</u>	<u>\$ 627,134</u>

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund Schedule 6A OPEB Cost, Net OPEB Liability and Deferred Items For the Year Ended September 30, 2018

	2018
Annual financial statement OPEB expense	\$ 364,355
Change in net OPEB liability	(726,515)
Change in deferred inflow	-
Change in deferred outflow	466,843
OPEB payments	<u>\$ 104,683</u>
Net OPEB liability, beginning of year	\$ (627,134)
Restatement	(2,354,875)
Change in net OPEB liability	(726,515)
Net OPEB liability, end of year	<u>\$ (3,708,524)</u>
Beginning deferred inflows	\$ -
Change in deferred inflows	-
Ending deferred inflows	<u>\$ -</u>
Beginning deferred outflows	\$ -
Change in deferred outflows	466,843
Ending deferred outflows	<u>\$ 466,843</u>
Change in net OPEB liability	\$ (726,515)
Change in deferred inflow	-
Change in deferred outflow	466,843
Net OPEB expense not paid	<u>\$ (259,672)</u>

The updated net OPEB liability and deferred items was reported as an adjustment to beginning net position in 2018.

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 7

Pension Cost, Net Pension Liability and Deferred Items

For the Year Ended September 30, 2018

	2014	2015	2016	2017	2018
Annual financial statement pension expense	\$ 172,812	\$ 262,966	\$ 551,813	\$ 606,622	\$ 540,516
Change in net pension liability	-	(285,237)	(1,128,968)	133,222	239,234
Change in deferred inflow	-	-	-	(55,600)	(154,716)
Change in deferred outflow	-	210,972	781,308	(439,820)	(329,565)
Pension payments	\$ 172,812	\$ 188,701	\$ 204,153	\$ 244,424	\$ 295,469
Net pension liability, beginning of year	\$ -	\$ -	\$ (1,844,990)	\$ (2,973,958)	\$ (2,840,736)
Restatement	-	(1,559,753)	-	-	-
Change in net pension liability	-	(285,237)	(1,128,968)	133,222	239,234
Net pension liability, end of year	\$ -	\$ (1,844,990)	\$ (2,973,958)	\$ (2,840,736)	\$ (2,601,502)
Beginning deferred inflows	\$ -	\$ -	\$ -	\$ -	\$ (55,600)
Change in deferred inflows	-	-	-	(55,600)	(154,716)
Ending deferred inflows	\$ -	\$ -	\$ -	\$ (55,600)	\$ (210,316)
Beginning deferred outflows	\$ -	\$ -	\$ 210,972	\$ 992,280	\$ 552,460
Change in deferred outflows	-	210,972	781,308	(439,820)	(329,565)
Ending deferred outflows	\$ -	\$ 210,972	\$ 992,280	\$ 552,460	\$ 222,895
Change in net pension liability	\$ -	\$ (285,237)	\$ (1,128,968)	\$ 133,222	\$ 239,234
Change in deferred inflow	-	-	-	(55,600)	(154,716)
Change in deferred outflow	-	210,972	781,308	(439,820)	(329,565)
Net pension expense not paid	\$ -	\$ (74,265)	\$ (347,660)	\$ (362,198)	\$ (245,047)

The initial net pension liability and deferred items was reported as an adjustment to beginning net position in 2015.