

County of
Muskegon,
Michigan



Year Ended
September 30,
2019

Comprehensive
Annual Financial
Report



County of Muskegon, Michigan

Comprehensive Annual Financial Report
For the Year Ended September 30, 2019

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

*Beth M. Dick, CPA
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 27, 2020

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

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

* 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 27, 2020

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, 2019.

Management Responsibility

This report consists of management's representations concerning the finances of the County of Muskegon. 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 the County of Muskegon 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 County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the 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 County of Muskegon 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 the County of Muskegon for the fiscal year ended September 30, 2019, 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 County of Muskegon financial statements for the fiscal year ended September 30, 2019, 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 Board Chair 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 the County of Muskegon'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

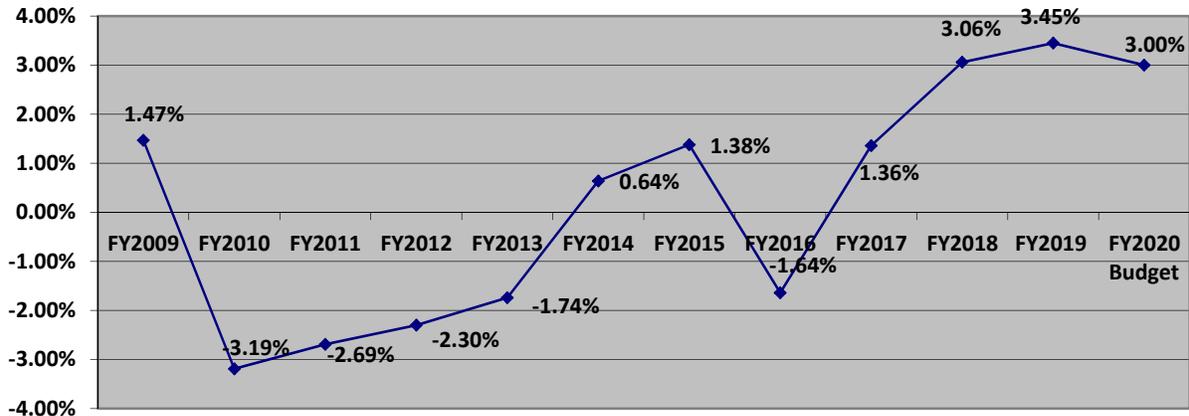
Local Economy

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 exceeded 2008 revenues beginning with fiscal 2018.

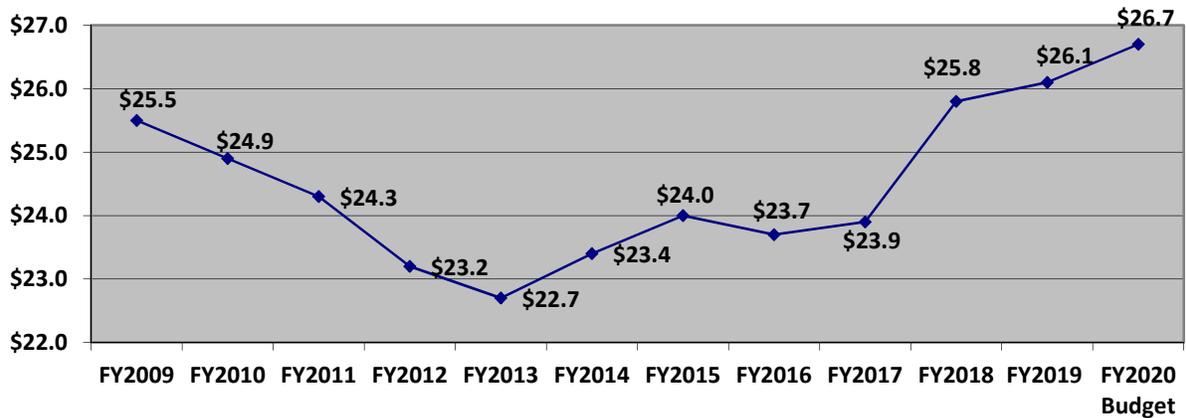
COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

Taxable Value Percent Change Trend



General Fund Property Tax Revenue Trend (in millions)

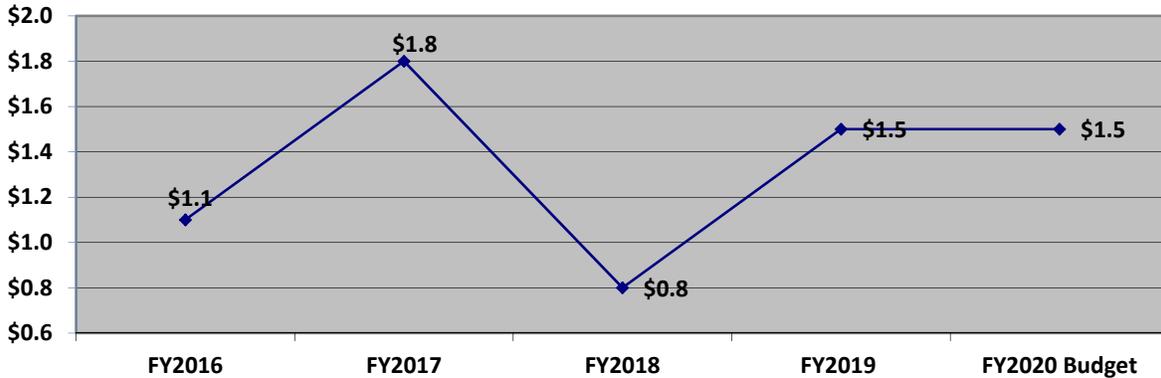


The decrease in taxable values again in 2016 was the result of the Personal Property Tax Reform passed by the State of Michigan. This law caused a reduction in property tax revenues from those taxpayers that filed for personal property exemptions. Included in the reform was a component that the State would reimburse municipalities for those personal property tax losses. The graph below illustrates the reimbursements the County has received since the reform went into effect.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

General Fund Personal Property Tax Reimbursement (in millions)

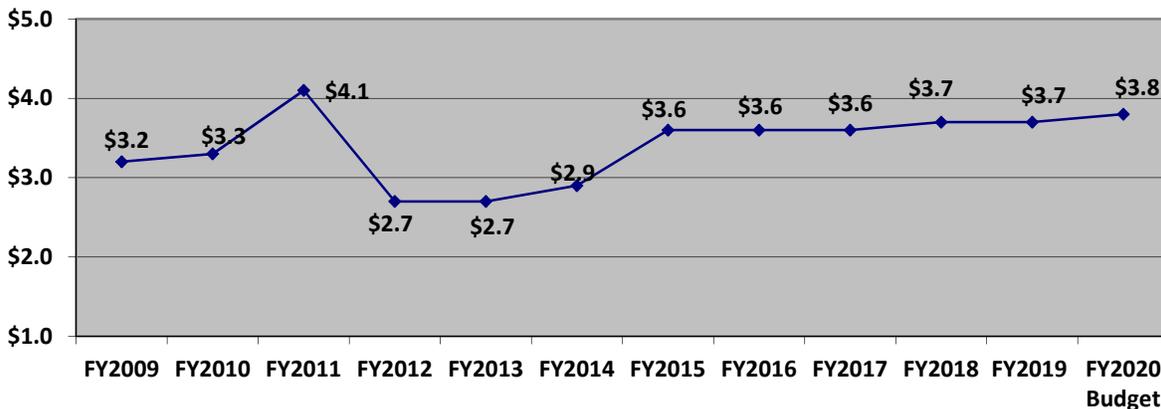


As evidenced by the 2019 taxable value increase, residential building and home sales as well as some commercial and industrial expansion are showing positive signs of growth throughout the county.

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 2019 began the year at 3.8% 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. The graph below illustrates that after achieving a high point in FY2011, these revenues have gradually recovered back to almost that same level.

General Fund State Revenue Sharing Trend (in millions)



COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

In addition, for fiscal year 2019 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 2019.

Long-term financial planning

Since the County Board contracted with a consultant to prepare a five-year financial forecast of the General Fund (FY2018-FY2022), many steps have been taken toward implementing several of the recommendations from that report to improve the financial outlook. 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 were expected to increase significantly due primarily to debt service obligations related to the County Jail and Juvenile Transition Center (JTC) as well as defined benefit pension contributions to the Municipal Employees’ Retirement System (MERS). The original forecast revealed that the consistent disparity between revenues and expenditures would have resulted in the depletion of General Fund reserves within the following five years if no action were taken.

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

Recommendation	Action Taken	Result
Reduce appropriations/subsidies to other funds by exploring special millage options	Placed a millage proposal for a youth and family services millage on the November 2017 ballot to generate \$4.3 million and replace the General Fund appropriation to the Child Care Fund.	<ul style="list-style-type: none"> • The millage was not approved by the voters. • The County will continue to explore other millage opportunities in the future including a Headlee override.
Restructure the Jail/JTC bond issue	During FY2018, the County issued new taxable bonds through the County Building Authority that defeased the original series 2013 \$38.9 million bond issue.	<ul style="list-style-type: none"> • Reduced the debt service interest rate from 4.75% to 3.93%. • Reduced the annual debt service payment that originally escalated to \$6.2 million by FY2026 to a more manageable annual debt service payment of \$2.7 million.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

Recommendation	Action Taken	Result
Consider the option of issuing pension bonds to minimize the impact of significant projected increases in pension contributions	During FY2019 the County implemented a comprehensive plan to reduce retirement costs which included the following: a) Negotiated with 5 of 9 unions to reduce their pension benefit for future years b) Made a \$6.9 million lump sum pension contribution from the Wastewater fund c) Issued \$43 million in pension obligation bonds	<ul style="list-style-type: none"> • Increased the County’s defined benefit plan funding level from 66% to 81%. • Lowered the annual defined benefit pension costs including the debt service payments to an average of \$7.7 million from the MERS projected amount of \$10.2 million in FY2020 and increasing \$1 million per year thereafter peaking at \$20 million by FY2029.
Explore options for reducing the cost of retiree health insurance premiums	Through union contract negotiation eliminated the high cost medical plan option for all future retirees and kept the HSA option. In addition, changed providers for the Medicare Advantage program for post 65 retirees.	<ul style="list-style-type: none"> • Change in Medicare Advantage program provider resulting in an annual savings of \$1.9 million in retiree medical costs. • Increased County’s OPEB plan from 40.7% to 103.3% funded as of 9/30/19.
Research new or increased revenue generating opportunities such as updating fees, selling assets and renting County Jail bed space to federal and state prisoners	The County has actively pursued the sale of various assets such as the building formerly known as Brookhaven Medical Care Facility as well as various former mental health group homes and business park land properties.	<ul style="list-style-type: none"> • Proceeds from these asset sales are utilized to fund other capital improvement needs throughout the County. • Efforts to rent additional jail bed space to federal and state prisoners have yet to achieve any results.
Limit funding for capital improvements	Annual budgets include minimal funds for capital improvements in order to maximize funding needed for operations.	<ul style="list-style-type: none"> • Relied on proceeds from sale of assets to fund critical capital improvements.

Significant financial progress has been made over the last three 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.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

MAJOR INITIATIVES

In April of 2017, the Board of Commissioners, Elected Department Heads, County Administrator and appointed Department Heads of Muskegon County met to participate in a two day strategic planning process. During this process the Board was asked to describe a vision of what Muskegon County would look like to a visitor in the year 2022. The following table describes their vision, the 5 major goal areas identified to achieve the vision and examples of accomplishments toward those goals:

Vision	Goal Area	Status
Connected with other municipalities through coordinated infrastructure including transportation, energy, water, sewer and internet	Infrastructure Maintenance and Expansion Citizen Customer Service	<ul style="list-style-type: none"> • Dalton Township connected Michigan’s Adventure to send flow to Wastewater System • Channel Crossing project in progress to create redundancy to Northside water system • Conducted a Transit System Route Study to develop a more efficient, cost effective system to better serve the citizens
Be a vibrant high-tech manufacturing center focusing on workforce development and technology education	Economic Development	<ul style="list-style-type: none"> • Supported economic development of over \$1 billion in investments county-wide
The Port of Muskegon will have increased activity from tourism, shipping, retail and housing	Economic Development	<ul style="list-style-type: none"> • Served as a port for Great Lakes cruise ships expected to increase from 14 ports of call in 2019 to 35 in 2020 • New housing construction has increased from 253 in 2017 to 277 in 2018
Increased services to senior citizens	Citizen Customer Service	<ul style="list-style-type: none"> • Upon approval of the senior millage in 2016, created the Senior Activities Committee that has distributed \$5 million in funds for services to seniors
Mobile and changing workforce with staff sustainability	Citizen Customer Service	<ul style="list-style-type: none"> • Implemented several wage and benefit changes through the most recent union contract negotiations • Unemployment rates dropped from a high of 6.5% in July 2017 to 3.7% as of December 2019

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

Vision	Goal Area	Status
Improved interaction and collaboration with other local and regional governments to increase participation in the regional economy	Expanded Community Coordination & Communication Economic Development	<ul style="list-style-type: none"> • Entered into a development agreement with the City of Muskegon and a local hotel owner to build a \$19.2 million downtown convention center • Continued discussions on Class II Casino operation with the Little River Band of Ottawa Indians • Collaborated with municipality leadership and private stakeholders to reorganize and create Muskegon Area First 2.0
Improved financial stability	Financial Stability & Sustainability	<ul style="list-style-type: none"> • Refinanced Jail/JTC Debt - 2018 • Maintain AA bond rating • Lowered annual pension costs - defined benefit plan • Raised the General Fund unassigned fund balance from 16.5% in 2015 to 20.1% in 2019 • Implemented medical insurance plan changes



Lakeshore Convention Center - Downtown Muskegon

A major initiative that the County is involved in is a public/private partnership with the City of Muskegon and Parkland Properties for the development of a \$19.2 million convention center attached to a downtown hotel. Through an intergovernmental agreement, the City of Muskegon issued bonds in October 2019 to finance the construction of the Lakeshore Convention Center while the County will transfer existing accommodations taxes collected on the downtown hotels to fund the City's scheduled

debt service payments. The hotel owner Parkland Properties has put \$6 million in improvements into the downtown hotel, rebranded as Delta Hotels by Marriott Muskegon Downtown, and began self-assessing an additional hotel tax that generates new revenues for the Muskegon County Convention & Visitors Bureau to use towards tourism marketing. The convention center broke ground in the spring of 2019. It will offer 20,000 square feet of meeting space including breakout rooms and pre-function space. The attached hotel offers an additional 10,000 square feet of meeting space, 200 guest rooms and a 200 seat restaurant. Located within walking distance of the new convention center are another 140 hotel rooms, 20 restaurants, the historic Frauenthal Center, the Mercy Health Ice Arena and much more. The convention center is designed to meet the needs of groups requiring space for up to 1,000 attendees. The estimated completion date is January 2021.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

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 Report (CAFR) for the fiscal year ended September 30, 2018. This was the 43rd 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 CAFR, 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, 2019.

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,

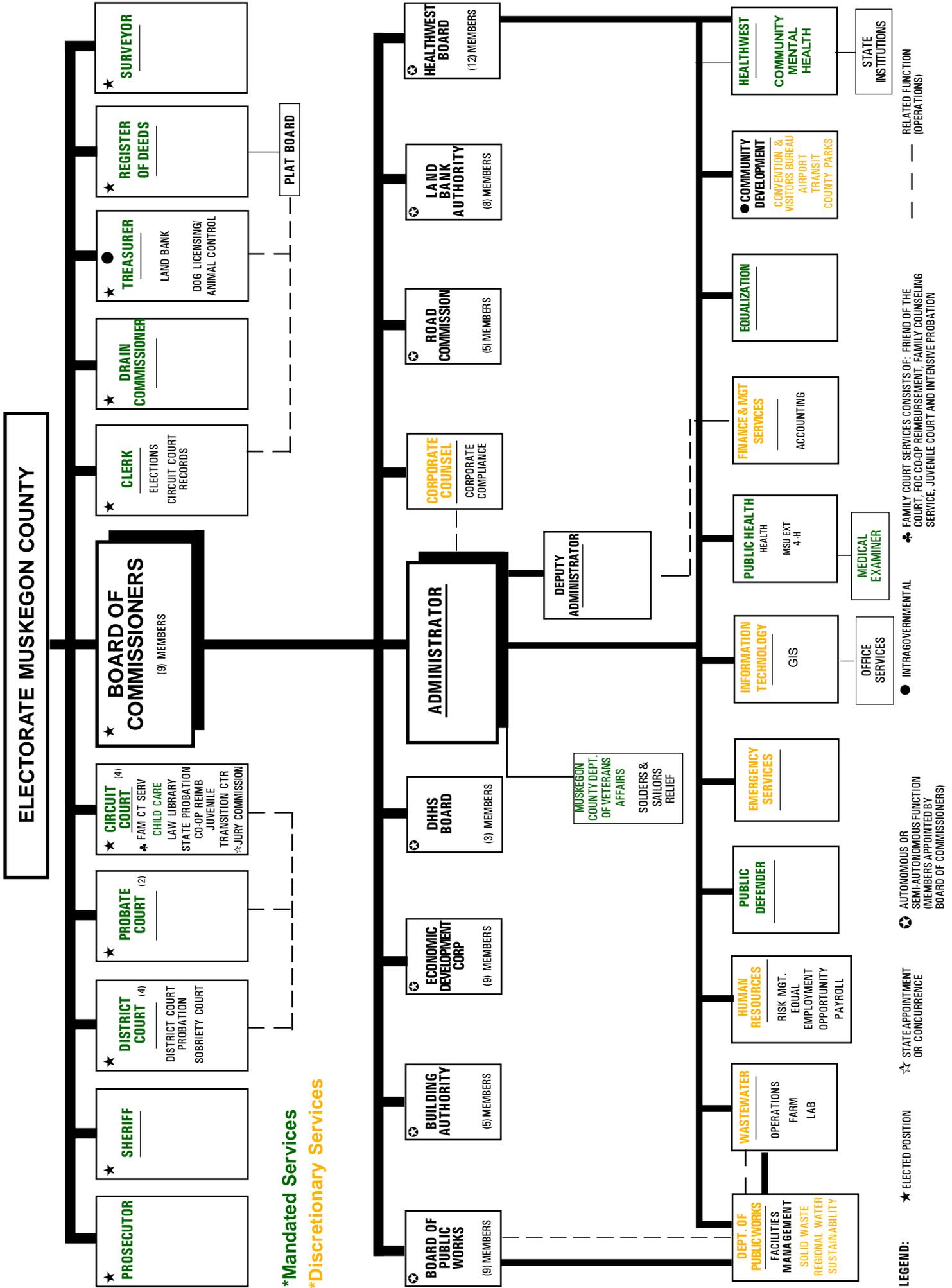


Beth M. Dick, CPA
Director of Finance/Assistant County Administrator



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

2019 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, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

March 27, 2020

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, 2019, 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 86 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, 2019, 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.

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 27, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters 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.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

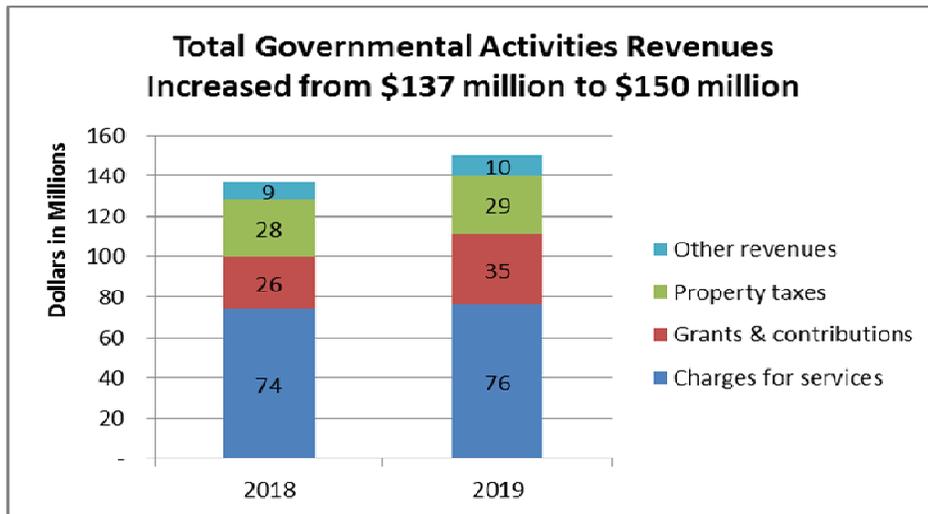
COUNTY OF MUSKEGON, MICHIGAN

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, 2019. 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, 2019; the difference representing net position of \$39.5 million reported by the primary government. Of this amount, a negative \$94.2 million in *unrestricted (deficit) net position* results from the reporting requirements of Governmental Accounting Standards Board (GASB) Statement Nos. 68 to record a net pension liability in the amount of \$50.3 million on the government-wide financial statements. *Restricted net position* of \$8.8 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 \$124.9 million.
- The County's *net position* increased by \$33.4 million as a result of the current year's operations. Net position of governmental activities increased by approximately \$20.5 million and net position of business-type activities increased by approximately \$12.9 million for current year activities.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending *fund balances* of \$10.4 million, a decrease of \$384K from the prior year ending fund balance of \$10.8 million. Approximately \$9.7 million (93%) 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 Economic Development Corporation (no activity during the fiscal year), Muskegon County Road Commission, Muskegon County Drain Commission and the 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 change 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 regional water, 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 regional water, 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 \$39.5 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	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 46.7	\$ 35.7	\$ 85.9	\$ 88.4	\$ 132.6	\$ 124.1
Capital assets, net	78.0	82.0	161.4	158.9	239.4	240.9
Total assets	<u>124.7</u>	<u>117.7</u>	<u>247.3</u>	<u>247.3</u>	<u>372.0</u>	<u>365.0</u>
Deferred outflows of resources	26.3	16.7	3.5	2.7	29.8	19.4
Liabilities						
Long-term debt outstanding	116.2	70.5	110.4	112.9	226.6	183.4
Other liabilities	63.3	162.8	7.8	27.6	71.1	190.4
Total liabilities	<u>179.5</u>	<u>233.3</u>	<u>118.2</u>	<u>140.5</u>	<u>297.7</u>	<u>373.8</u>
Deferred inflows of resources	53.7	3.8	10.9	0.7	64.6	4.5
Net position						
Net investment in capital assets	18.2	21.8	106.7	99.2	124.9	121.0
Restricted	8.8	3.7	-	-	8.8	3.7
Unrestricted (deficit)	(109.2)	(128.2)	15.0	9.6	(94.2)	(118.6)
Total net position	<u>\$ (82.2)</u>	<u>\$ (102.7)</u>	<u>\$ 121.7</u>	<u>\$ 108.8</u>	<u>\$ 39.5</u>	<u>\$ 6.1</u>

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 \$94.2 million.

Statement of Activities. The County's total revenue for the fiscal year ended September 30, 2019, was approximately \$195.9 million while total cost of all programs and services was \$162.5 million. The fiscal year's operations result in an increase in the primary government's net position of \$33.4 million. The *Changes in Net Position* table on page 26 presents a summary for the years ended September 30.

- **Governmental Activities.** Revenues for the County's governmental activities increased by 9.6% (\$13.2 million), while total expenses decreased by 14.0% (\$21.4 million). The increase in net position for governmental activities was \$20.5 million in 2019. This compares to a \$21.7 million decrease in net position in 2018.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

	CHANGES IN NET POSITION (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 76.2	\$ 73.8	\$ 36.1	\$ 35.4	\$ 112.3	\$ 109.2
Operating grants	34.4	25.5	4.8	5.1	39.2	30.6
Capital grants	0.4	0.4	4.9	0.5	5.3	0.9
General revenues:						
Property taxes	28.8	28.5	-	-	28.8	28.5
Other taxes	2.3	2.0	-	-	2.3	2.0
State shared revenue	3.7	3.7	-	-	3.7	3.7
Other	4.2	2.9	0.1	-	4.3	2.9
Total revenues	<u>150.0</u>	<u>136.8</u>	<u>45.9</u>	<u>41.0</u>	<u>195.9</u>	<u>177.8</u>
Program expenses						
General government	14.0	17.3	-	-	14.0	17.3
Legislative	0.2	0.5	-	-	0.2	0.5
Judicial	11.4	16.1	-	-	11.4	16.1
Public safety	14.0	20.6	-	-	14.0	20.6
Health	78.5	89.1	-	-	78.5	89.1
Welfare	6.4	3.5	-	-	6.4	3.5
Culture and economic development	0.1	0.3	-	-	0.1	0.3
Recreation	2.0	2.0	-	-	2.0	2.0
Interest	4.4	3.0	-	-	4.4	3.0
Brookhaven	-	-	0.2	5.1	0.2	5.1
Delinquent tax revolving	-	-	1.1	1.1	1.1	1.1
Local govt public works financing	-	-	0.6	1.3	0.6	1.3
Solid waste	-	-	3.7	3.8	3.7	3.8
Airport operations	-	-	2.7	2.5	2.7	2.5
Regional water	-	-	3.0	3.2	3.0	3.2
Wastewater	-	-	15.8	17.2	15.8	17.2
Other enterprise funds	-	-	4.4	6.4	4.4	6.4
Total program expenses	<u>131.0</u>	<u>152.4</u>	<u>31.5</u>	<u>40.6</u>	<u>162.5</u>	<u>193.0</u>
Excess (deficiency) before special item and transfers	19.0	(13.3)	14.4	(1.9)	33.4	(15.2)
Special item - Brookhaven	-	(10.7)	-	10.7	-	-
Transfers	1.5	2.3	(1.5)	(2.3)	-	-
<i>Change in net position</i>	<u>20.5</u>	<u>(21.7)</u>	<u>12.9</u>	<u>6.5</u>	<u>33.4</u>	<u>(15.2)</u>
Net position-beginning, as previously reported	<u>(102.7)</u>	<u>(78.7)</u>	<u>108.8</u>	<u>100.0</u>	<u>6.1</u>	<u>21.3</u>
Net position, end of year	<u>\$ (82.2)</u>	<u>\$ (102.7)</u>	<u>\$ 121.7</u>	<u>\$ 108.8</u>	<u>\$ 39.5</u>	<u>\$ 6.1</u>

The increase in governmental activities revenues was primarily in the operating grants category. The County received a \$5.0 million grant from the state to fund environmental and remediation efforts related to Muskegon Lake. In addition, the Public Defender's office received a \$917K state grant to support its operation in providing indigent defense services. Also included in this category is the state's reimbursement for personal property tax exemptions which was \$947K higher than the previous year.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

The decreases in expenses of the various governmental activities functions were primarily due to changes associated with pension and other post-employment benefit (OPEB) liabilities. The County issued \$41.2 million in pension obligation bonds in fiscal 2019 applicable to governmental activities. In addition, the County negotiated a reduction in future pension benefits with 5 of the 9 bargaining units and the nonbargaining employees. The combination of these two changes resulted in negative pension expense (pension income) of \$3.9 million for governmental activities. The table below depicts the pension expense changes from the prior year by governmental activity function.

Changes related to OPEB liabilities included switching providers of the Medicare Advantage program for the County's post-65 age retirees as well as eliminating the high cost medical plan for all future retirees age 65 and under and replacing it with a Health Savings Account plan. The combination of these two changes resulted in negative OPEB expense (OPEB income) of \$11.9 million for governmental funds. The table below depicts the pension expense changes from the prior year by governmental activity function.

The fiscal 2019 general government expenses include an accrual for a \$4.9 million expense related to a judgment awarded to a former provider of information technology products and services.

	Pension and Other Postemployment Benefits (OPEB) Expense (Income) (in millions)					
	Pension Expense (Income)			OPEB Expense (Income)		
	2019	2018	Incr/(Decr)	2019	2018	Incr/(Decr)
Governmental activities						
General government	\$ (0.808)	\$ 3.819	\$ (4.627)	\$ (2.909)	\$ 1.355	\$ (4.264)
Legislative	(0.104)	0.099	(0.203)	(0.051)	0.027	(0.078)
Judicial	(0.583)	1.102	(1.685)	(2.233)	1.117	(3.350)
Public safety	(0.842)	3.212	(4.054)	(2.312)	1.132	(3.444)
Health	(1.569)	3.679	(5.248)	(4.249)	1.961	(6.210)
Welfare	(0.006)	0.013	(0.019)	(0.037)	0.011	(0.048)
Recreation	(0.023)	0.053	(0.076)	(0.073)	0.029	(0.102)
Total governmental activities	\$ (3.935)	\$ 11.977	\$ (15.912)	\$ (11.864)	\$ 5.632	\$ (17.496)
Business-type activities						
Brookhaven	\$ -	\$ 0.387	\$ (0.387)	\$ -	\$ 0.630	\$ (0.630)
Solid Waste	(0.045)	0.215	(0.260)	(0.319)	0.154	(0.473)
Airport	(0.021)	0.098	(0.119)	(0.088)	0.055	(0.143)
Regional Water	(0.012)	0.067	(0.079)	(0.087)	0.038	(0.125)
Wastewater	(0.162)	1.085	(1.247)	(1.147)	0.525	(1.672)
Other	(0.140)	0.542	(0.682)	(0.784)	0.376	(1.160)
Total business-type activities	\$ (0.380)	\$ 2.394	\$ (2.774)	\$ (2.425)	\$ 1.778	\$ (4.203)

- **Business-type Activities.** Business-type activities increased the County's net position by approximately \$12.9 million during the year.

The increase in capital grant revenues for business-type activities of \$4.4 million was primarily related to \$4.0 million of capital improvements to the Airport Runway 6-24 for a rehabilitation and lighting project that was 97.5% funded by federal and state grants.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

The decreases in expenses associated with business-type activities were also primarily due to the changes associated with pension and OPEB as described previously for governmental activities. However, in addition a \$6.9 million lump sum pension contribution was made during fiscal 2019 from the Wastewater fund. The table above depicts the business-type activities changes for both pension and OPEB compared to the prior year.

The \$10.7 million prior year Special Item included in fiscal 2018 expense in governmental activities and revenue in business-type activities. It represented the transactions associated with transferring assets and liabilities due to the closure of the County's Brookhaven Medical Care Facility. The long-term healthcare facility for the elderly or disabled was closed in February 2018. The \$5.1 million Brookhaven 2018 expenses were related to 5 months of operations prior to the closure while fiscal 2019 had final costs associated with the closure of \$174K, which were funded by a transfer from the General Fund.

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 \$10.4 million, a decrease of \$384K 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 \$9.7 million while total fund balance amounted to \$9.9 million. The General Fund's total fund balance increased from the prior year by \$880K. At September 30, 2019, General Fund unassigned fund balance approximated 10.6% of reported General Fund expenditures plus transfers out (excluding special items) for the prior year, which compares with approximately 18.6% at the end of the prior year. This increase was primarily the result of various expenditures coming in less than budgeted resulting in revenues exceeding expenditures and therefore increasing unassigned fund balance. For additional explanation see the *General Fund Budgetary Highlights* section.

The HealthWest special revenue fund had a current year decrease in fund balance amounting to \$8.4 million, resulting in ending fund balance deficit of \$12.0 million. Additional details can be located in its separately issued financial statements of the HealthWest fund, formerly known as Community Mental Health Services of Muskegon County, as well as under Governmental Activities above.

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.

COUNTY OF MUSKEGON, MICHIGAN

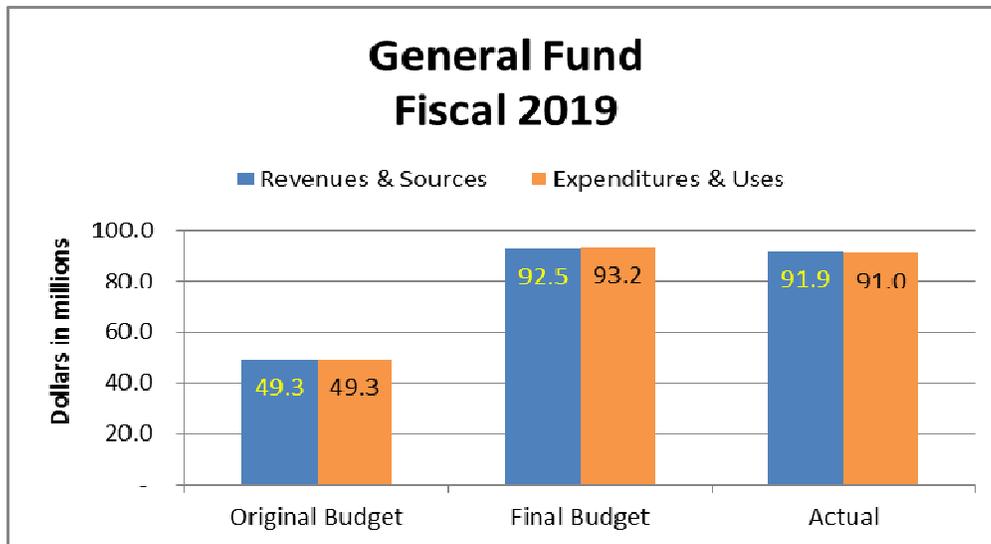
Management's Discussion and Analysis

The Muskegon County enterprise funds provide service to most residents and businesses of the County and reported an increase in net position of \$12.9 million. The composition of the net position of the County's enterprise funds as September 30, 2019, is shown in the below table.

Enterprise Funds Net Position (dollars in 000s)	Net Investment in Capital Assets	Unrest- ricted Net Position	Total Net Position
Regional water	\$ 2,918	\$ 3,973	\$ 6,891
Delinquent tax revolving	-	2,656	2,656
Local government public works	-	165	165
Solid waste	3,888	2,761	6,649
Airport	31,550	(1,357)	30,194
Wastewater	60,208	11,026	71,233
Nonmajor enterprise funds	8,106	(4,208)	3,897
Total net position	\$ 106,669	\$ 15,015	\$ 121,684

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, 2019, the Board approved several project-oriented 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:



Significant revisions from the Original Budget included the following:

- Proceeds from the issuance of pension obligation bonds of \$41.174 million were added to other financing sources which were not included in the original FY2019 budget. In addition corresponding a expenditure of \$40.736 million was added to the budget for the amount of bond proceeds paid to Municipal Employees' Retirement System (MERS) as a contribution towards the General Fund's portion of the County's pension liability. Bond closing costs of \$292K as well the underwriter's discount expenditure of \$146K were also added to the budget.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

- Property tax revenue was amended upward by \$376K from the original budget due to the inclusion of a TIFA distribution from a local municipality that was received and not included in the original budget.
- State grants and contributions were amended downward by \$795K primarily due to the transfer of \$531K for the Public Defender's Michigan Indigent Defense Commission (MIDC) grant that was originally budgeted in to General Fund to a separate special revenue fund. In addition, the personal property tax reimbursement budget amount was decreased by \$300K based on updated projections.
- Local grants and contributions were amended upward by \$2.429 million from the original budget due to an anticipated increase in the activity in the DTE Test and Tune-up program. This increase in revenues was offset by a corresponding increase of \$2.174 million in the welfare program expenditures.
- Charges for services were amended upward by \$176K for increases in the administrative cost reimbursement for use of central services, pay phone and vending machine commissions in the jail, equalization assessments and circuit and district court costs.
- General government expenditures were amended upward by \$209K primarily due to an increase in corporate counsel expenditures.
- Judicial expenditures were amended downward by \$2.015 million primarily due to the transfer of the Public Defender budget from the General Fund to a separate special revenue fund.
- Public Safety expenditures were amended upward by \$290K primarily due to an increase in inmate medical contractual services within the Jail budget.
- Transfers out to other funds was amended upward by \$2.063 million. An appropriation to the new Indigent Defense special revenue funds was added to the budget for \$1.254 million as a result of transferring the Public Defender budget outside of the General Fund. In addition, an appropriation to the Muskegon Area Transit System (MATS) for \$372K was added to the budget due to state and federal funding shortfalls. Transfers to debt service funds were increased by \$862K due to the issuance of the pension obligation bonds. These increases were offset by a decrease in the transfer to the Friend of the Court fund of \$417K.

Significant Final Budget to Actual fluctuations included the following:

- Local grants and contributions were \$776K under budget primarily due to the activity in the DTE Test and Tune-up program coming in lower than anticipated. Correspondingly expenditures in the Welfare category were also less than budget by \$742K as a result of the lower activity.
- Charges for services were \$212K over budget. Charges for certified copies in the County Clerks office, transfer taxes and recording fees in the Register of Deeds office, dog license fees in the Treasurer's office and juror compensation reimbursement revenues all contributed to this revenue category being over budget.
- General government expenditures were \$544K under budget. This was primarily due to the reversal of a prior year accrual of \$248K for a litigation claim that has now been recorded as a long-term liability in the government wide statement. In addition, various departments expenditures in salaries and fringe benefits, contractual services, election supplies and building maintenance costs were also under budget.
- Judicial expenditures were \$254K under budget primarily due to salaries and fringe benefits in most of the court related departments coming in lower than anticipated due to vacant positions.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

- Public safety expenditures were \$375K under budget. This variance was primarily due to savings in salaries and fringe benefits due to vacant positions primarily within the Sheriff operations and jail budgets.
- Transfers out to the Child Card fund were \$667K under budget. The variance was primarily due to expenditures for in home intensive treatment, the juvenile transition center, foster care and residential placements coming in lower than anticipated.
- Transfers out to other funds were \$487K over budget. Of this amount \$174K was due to an unbudgeted transfer to Brookhaven Medical Care Facility. The County closed this facility in fiscal 2018 however final Medicaid settlement revenues were estimated and recorded as a receivable at September 30, 2018. The final settlement that was received was \$174K less than anticipated therefore a transfer out to Brookhaven was needed to balance the fund. In addition, the transfer to Family Court was \$440K greater than budget due to grant revenues coming in lower than estimated by \$712K. Family Court expenditures plus transfers out were also under budget by \$272K which therefore resulted in the General Fund having to appropriate more than anticipated to balance the fund.
- The General Fund's State Institutions actual spending and accrued expenditures for the year of \$218K was under the original budget of \$302K, but exceeded the final budget of \$198K by \$21K. It was the only General Fund department over budget for the year. Payments are made to the State of Michigan Department of Health and Human Services (MDHHS) representing the County General Fund's mandated 10 percent share of costs of the care of Muskegon County residents at State psychiatric hospitals. The monthly averages for the first seven months' billings available when the final budget was prepared were less than the average of the final five months for which bills were received after year end.

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	
	2019	2018	2019	2018	2019	2018
Land	\$ 4.6	\$ 4.6	\$ 20.2	\$ 20.2	\$ 24.8	\$ 24.8
Construction in progress	2.7	0.5	11.5	3.7	14.2	4.2
Depreciable capital assets	134.6	134.7	291.3	290.7	425.9	425.4
Accumulated depreciation	(63.9)	(57.8)	(161.6)	(155.7)	(225.5)	(213.5)
Total capital assets, net	\$ 78.0	\$ 82.0	\$ 161.4	\$ 158.9	\$ 239.4	\$ 240.9

As of September 30, 2019, net capital assets used in the primary government's governmental and business-type activities decreased by \$1.5 million, or 0.6%, over the prior year. This year-to-year change represents about \$14.3 million in capital additions less \$15.8 million in depreciation expense.

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

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

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	
	2019	2018	2019	2018	2019	2018
Bonds	\$ 101.6	\$ 62.8	\$ 71.3	\$ 75.8	\$ 172.9	\$ 138.6
Delinquent tax notes	-	-	16.0	16.0	16.0	16.0
Other debt	2.7	0.6	-	-	2.7	0.6
Total installment debt	104.3	63.4	87.3	91.8	191.6	155.2
Deferred premium & discount	0.1	0.3	2.4	2.1	2.5	2.4
Legal settlement	4.9	-	-	-	4.9	-
Closure and sludge liability	-	-	19.5	17.8	19.5	17.8
Compensated absences	6.9	6.8	1.2	1.2	8.1	8.0
Totals	\$ 116.2	\$ 70.5	\$ 110.4	\$ 112.9	\$ 226.6	\$ 183.4

New debt resulted mainly from issuing approximately \$43 million of pension obligation bonds (POBs), which are taxable bonds issued to fund part of the unfunded portion of pension liabilities using proceeds of the POBs. As shown in the following table about 95% of the POBs were funded by governmental activities, with about 5% paid by business-type activities.

Sources and uses of Pension Obligation Bond proceeds (in millions)	Governmental Activities	Business - type Activities	Total Primary Government
Uses of Pension Obligation Bond proceeds:			
Deposit to MERS pension trust	\$ 40.736	\$ 1.949	\$ 42.685
Cost of issuance	0.298	0.014	0.312
Proceeds, net of original issue discount	\$ 41.034	\$ 1.963	\$ 42.997

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 \$560.1 million, which is significantly in excess of the County's approximately \$194.0 million of outstanding general obligation debt.

More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

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 amended fiscal 2019 balanced budget.

	General Fund Changes in Fund Balance Fiscal 2018 & 2019 with 2020 Budget (dollars in thousands)		
	<i>2020 Budget</i>	2019	2018
Revenues	\$ 48,090	\$ 48,264	\$ 45,492
Expenditures			
Current:			
General government	12,235	11,449	12,530
Legislative	393	378	398
Judicial	7,153	6,766	8,449
Public safety	14,758	14,279	14,625
Welfare	1,360	2,541	1,328
Cultural	105	89	186
MERS payment	-	40,736	-
Debt service:			
Bond issuance cost	-	292	-
Total expenditures	36,004	76,530	37,516
Revenues over expenditures	12,086	(28,266)	7,976
Other financing sources/(uses)			
Transfers in	2,199	2,586	2,661
Transfers out	(14,285)	(14,495)	(10,553)
Issuance of long-term debt		41,174	
Other	-	(119)	17
Total other financing sources/(uses)	(12,086)	29,146	(7,875)
Special item	-	-	(1,673)
Change in fund balance	-	880	(1,572)
Fund balance, beginning	9,945	9,065	10,637
Fund balance, ending	\$ 9,945	\$ 9,945	\$ 9,065

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

The following economic factors were considered in preparing the County's budget for the 2020 fiscal year:

- After experiencing a 3.45% increase in taxable values for fiscal 2019, General Fund property tax revenues for fiscal 2020 were budgeted assuming a taxable value increase of 3.0%. This equates to an increase of \$616K in current property tax revenues compared to fiscal 2019. This increase is based on projected inflationary increases, new housing construction, home sales and business expansions.
- State revenue sharing is budgeted to increase 2.8% to \$3.774 million based on the state's budget allocation.
- Revenues for the DTE Test and Tune-up program are budgeted to decrease by \$1.291 million to \$1.521 million due lower anticipated activity for fiscal 2020 compared to fiscal 2019. This is offset by a corresponding decrease in the Welfare expenditures of \$1.179 million.
- In fiscal 2019 a transfer in from the Public Improvement fund of \$443K was included from funds from the repayment of a long-term loan to another local municipality. The fiscal 2020 budget only includes a \$100K transfer from the Public Improvement fund.
- An 18% increase in medical insurance costs has been incorporated into the 2020 budget. This increase represents an estimated overall increase to the General fund budget of \$738K.
- The remainder of the increases in the various expenditure functions are primarily due to board approved wage and step increases as well as the assuming the majority of positions will be filled for the entire fiscal year.
- Budgeted fiscal 2020 transfers out to other funds show a decrease of \$210K primarily due to the exclusion of any appropriation to MATS. In fiscal 2019 the General Fund appropriated \$372K million to MATS however, the fiscal 2020 budget assumed that the implementation of recommendations from an on going operational and route study would eliminate the need for any General Fund transfer.

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, Muskegon County, 990 Terrace St, Muskegon, MI 49442.

BASIC FINANCIAL STATEMENTS

COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 11,982,082	\$ 45,609,248	\$ 57,591,330	\$ 13,564,117
Receivables, net	33,044,308	36,039,566	69,083,874	14,530,692
Internal balances	508,781	(508,781)	-	-
Other assets	1,107,227	102,352	1,209,579	5,342,851
Restricted assets	-	2,697,571	2,697,571	-
Advances to component units	100,000	150,000	250,000	-
Capital assets not being depreciated	7,291,249	31,650,418	38,941,667	33,002,238
Capital assets being depreciated, net	70,675,822	129,723,626	200,399,448	58,337,043
Net OPEB asset	-	1,851,145	1,851,145	530,050
Total assets	124,709,469	247,315,145	372,024,614	125,306,991
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	3,236,512	370,638	3,607,150	-
Deferred pension amounts	15,541,089	1,691,335	17,232,424	3,303,506
Deferred OPEB amounts	7,526,905	1,397,933	8,924,838	93,936
Total deferred outflows of resources	26,304,506	3,459,906	29,764,412	3,397,442
LIABILITIES				
Payables	16,789,078	3,655,812	20,444,890	3,438,397
Advances from primary government	-	-	-	250,000
Unearned revenue	142,977	92,602	235,579	611,241
Long-term debt:				
Due within one year	5,618,036	18,901,603	24,519,639	2,128,151
Due in more than one year	110,541,106	91,470,545	202,011,651	8,222,245
Net pension liability (due in more than one year)	46,354,629	3,968,582	50,323,211	6,455,726
Net OPEB liability (due in more than one year)	18,077	107,745	125,822	-
Total liabilities	179,463,903	118,196,889	297,660,792	21,105,760
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	553,500	54,402	607,902	113,881
Deferred OPEB amounts	53,134,891	10,839,336	63,974,227	363,384
Total deferred inflows of resources	53,688,391	10,893,738	64,582,129	477,265
NET POSITION				
Net investment in capital assets	18,160,569	106,669,114	124,829,683	82,638,402
Restricted for:				
Grant programs and other activities	8,878,739	-	8,878,739	-
Debt service	-	-	-	320,931
Nonexpendable endowments	36,787	-	36,787	-
Other postemployment benefits	-	-	-	510,105
County roads	-	-	-	11,079,656
Unrestricted (deficit)	(109,214,414)	15,015,310	(94,199,104)	12,572,314
Total net position	\$ (82,138,319)	\$ 121,684,424	\$ 39,546,105	\$ 107,121,408

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, 2019

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 14,044,689	\$ 6,186,047	\$ 2,801,179	\$ 386,726
Legislative	202,369	-	-	-
Judicial	11,351,148	3,443,573	5,266,802	14,495
Public safety	14,042,138	2,302,806	1,476,024	-
Health	78,391,162	62,968,772	15,799,420	-
Welfare	6,438,286	-	8,964,596	-
Culture and economic development	144,798	5,535	91,872	-
Recreation	2,024,819	892,051	1,725	-
Interest on long-term debt	4,354,312	414,716	-	-
Total governmental activities	<u>130,993,721</u>	<u>76,213,500</u>	<u>34,401,618</u>	<u>401,221</u>
Business-type activities:				
Brookhaven Medical Care	174,477	-	-	-
Delinquent tax revolving	1,104,148	3,679,855	101,609	-
Local government public works financing	637,750	742,554	1,694	-
Solid waste	3,665,907	4,536,664	226,840	-
Airport operations	2,655,427	1,235,912	48,840	4,419,137
Regional water	2,975,086	3,247,365	77,686	-
Wastewater	15,917,187	22,189,877	241,383	-
Other enterprise funds	4,446,627	511,634	4,143,554	456,598
Total business-type activities	<u>31,576,609</u>	<u>36,143,861</u>	<u>4,841,606</u>	<u>4,875,735</u>
Total primary government	<u>\$ 162,570,330</u>	<u>\$ 112,357,361</u>	<u>\$ 39,243,224</u>	<u>\$ 5,276,956</u>
Component units				
Road Commission	\$ 16,666,616	\$ 3,374,821	\$ 15,517,026	\$ 5,302,216
Drain Commission	1,208,267	52,251	346,994	2,421,927
Land Bank Authority	856,041	391,977	20,598	111,249
Total component units	<u>\$ 18,730,924</u>	<u>\$ 3,819,049</u>	<u>\$ 15,884,618</u>	<u>\$ 7,835,392</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
Net position, beginning of year
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	
\$ (4,670,737)	\$ -	\$ (4,670,737)	\$ -
(202,369)	-	(202,369)	-
(2,626,278)	-	(2,626,278)	-
(10,263,308)	-	(10,263,308)	-
377,030	-	377,030	-
2,526,310	-	2,526,310	-
(47,391)	-	(47,391)	-
(1,131,043)	-	(1,131,043)	-
(3,939,596)	-	(3,939,596)	-
<u>(19,977,382)</u>	<u>-</u>	<u>(19,977,382)</u>	<u>-</u>
-	(174,477)	(174,477)	-
-	2,677,316	2,677,316	-
-	106,498	106,498	-
-	1,097,597	1,097,597	-
-	3,048,462	3,048,462	-
-	349,965	349,965	-
-	6,514,073	6,514,073	-
-	665,159	665,159	-
<u>-</u>	<u>14,284,593</u>	<u>14,284,593</u>	<u>-</u>
<u>(19,977,382)</u>	<u>14,284,593</u>	<u>(5,692,789)</u>	<u>-</u>
-	-	-	7,527,447
-	-	-	1,612,905
-	-	-	(332,217)
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,808,135</u>
<u>(19,977,382)</u>	<u>14,284,593</u>	<u>(5,692,789)</u>	<u>8,808,135</u>
28,790,784	-	28,790,784	-
825,658	-	825,658	-
1,473,245	-	1,473,245	-
3,689,773	-	3,689,773	-
1,622,521	-	1,622,521	161,748
52,142	137,208	189,350	30,578
2,565,625	-	2,565,625	462,811
1,516,928	(1,516,928)	-	-
<u>40,536,676</u>	<u>(1,379,720)</u>	<u>39,156,956</u>	<u>655,137</u>
20,559,294	12,904,873	33,464,167	9,463,272
(102,697,613)	108,779,551	6,081,938	97,658,136
<u>\$ (82,138,319)</u>	<u>\$ 121,684,424</u>	<u>\$ 39,546,105</u>	<u>\$ 107,121,408</u>

COUNTY OF MUSKEGON, MICHIGAN

Balance Sheet Governmental Funds September 30, 2019

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,000,641	\$ 2,700	\$ 12,886,168	\$ 13,889,509
Receivables, net:				
Accounts	19,556	222,944	838,006	1,080,506
Due from other governments	1,671,382	16,811,205	3,213,187	21,695,774
Property taxes	8,994,145	-	-	8,994,145
Notes	-	-	200,000	200,000
Prepaid and other items	8,053	26,495	1,429	35,977
Inventories	-	-	36,403	36,403
Advances to component units	100,000	-	-	100,000
Total assets	\$ 11,793,777	\$ 17,063,344	\$ 17,175,193	\$ 46,032,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Negative equity in pooled cash	\$ -	\$ 10,212,467	\$ 2,157,558	\$ 12,370,025
Payables:				
Accounts payable	827,048	6,471,637	1,737,828	9,036,513
Due to other governments	160,350	16,928	105,865	283,143
Accrued liabilities	859,571	-	658,200	1,517,771
Unearned revenue	736	50,000	50,229	100,965
Total liabilities	1,847,705	16,751,032	4,709,680	23,308,417
Deferred inflows of resources:				
Unavailable revenues - Medicaid fee for service and capitation	-	12,280,554	-	12,280,554
Fund balances:				
Nonspendable	108,053	26,495	74,619	209,167
Restricted	102,455	-	8,586,914	8,689,369
Committed	-	-	3,730,279	3,730,279
Assigned	67,499	-	73,701	141,200
Unassigned (deficit)	9,668,065	(11,994,737)	-	(2,326,672)
Total fund balances	9,946,072	(11,968,242)	12,465,513	10,443,343
Total liabilities, deferred inflows of resources and fund balances	\$ 11,793,777	\$ 17,063,344	\$ 17,175,193	\$ 46,032,314

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, 2019

Fund balances - total governmental funds	\$ 10,443,343
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.	
Capital assets not being depreciated	4,292,408
Capital assets being depreciated, net	59,897,665
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	9,133,128
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 - Medicaid fee for service and capitation	12,280,554
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment assets/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	(46,354,629)
Deferred outflows related to the net pension liability	15,541,089
Deferred inflows related to the net pension liability	(553,500)
Net OPEB liability	(18,077)
Deferred outflows related to the net OPEB liability	7,526,905
Deferred inflows related to the net OPEB liability	(53,134,891)
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	(90,598,159)
Judgment obligation	(4,900,000)
Unamortized deferred charge on bond refunding	3,236,512
Compensated absences	(6,770,245)
Accrued interest on long-term debt	(2,160,422)
Net position of governmental activities	<u>\$ (82,138,319)</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

Governmental Funds

For the Year Ended September 30, 2019

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 27,107,744	\$ -	\$ 4,291,831	\$ 31,399,575
Grants and contributions:				
Federal	173,696	5,382,968	5,750,765	11,307,429
State	6,582,689	2,057,586	14,948,119	23,588,394
Local	2,812,609	84,099	273,756	3,170,464
Charges for services	10,141,478	53,934,882	2,725,985	66,802,345
Fines and forfeitures	580,760	-	9,478	590,238
Investment income	99,343	-	113,235	212,578
Rentals	111,902	-	728,630	840,532
Other	653,937	868,111	633,387	2,155,435
Total revenues	<u>48,264,158</u>	<u>62,327,646</u>	<u>29,475,186</u>	<u>140,066,990</u>
EXPENDITURES				
Current:				
General government	11,448,598	-	740,801	12,189,399
Legislative	377,533	-	-	377,533
Judicial	6,765,568	-	8,282,479	15,048,047
Public safety	14,279,435	-	2,102,263	16,381,698
Health	-	70,445,550	15,093,391	85,538,941
Welfare	2,541,435	-	3,952,634	6,494,069
Cultural	88,983	-	56,008	144,991
Recreation	-	-	1,758,828	1,758,828
Other - MERS payment	40,735,808	-	-	40,735,808
Debt service:				
Principal	-	-	1,685,000	1,685,000
Interest and fiscal charges	-	-	2,004,359	2,004,359
Bond issuance costs	292,315	-	-	292,315
Capital outlay	-	-	409,277	409,277
Total expenditures	<u>76,529,675</u>	<u>70,445,550</u>	<u>36,085,040</u>	<u>183,060,265</u>
Revenues under expenditures	<u>(28,265,517)</u>	<u>(8,117,904)</u>	<u>(6,609,854)</u>	<u>(42,993,275)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,585,721	736,934	15,029,268	18,351,923
Transfers out	(14,495,041)	(1,014,793)	(1,292,827)	(16,802,661)
Issuance of long-term debt	41,174,089	-	5,244	41,179,333
Discount on issuance of bonds	(145,966)	-	-	(145,966)
Proceeds from sale of capital assets	26,987	-	-	26,987
Total other financing sources (uses)	<u>29,145,790</u>	<u>(277,859)</u>	<u>13,741,685</u>	<u>42,609,616</u>
Net change in fund balances	<u>880,273</u>	<u>(8,395,763)</u>	<u>7,131,831</u>	<u>(383,659)</u>
Fund balances, beginning of year	9,065,799	(3,572,479)	5,333,682	10,827,002
Fund balances, end of year	<u>\$ 9,946,072</u>	<u>\$ (11,968,242)</u>	<u>\$ 12,465,513</u>	<u>\$ 10,443,343</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, 2019

Net change in fund balances - total governmental funds \$ (383,659)

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	243,681
Donated capital assets	14,495
Depreciation expense	(3,973,954)
Proceeds from sale of capital assets	(26,987)
Gain on sale of capital assets	26,987

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 - Medicaid fee for service and capitation	8,105,791
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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 long-term debt	(41,179,333)
Discount on issuance of long-term debt	145,966
Principal payments on long-term liabilities	1,685,000

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	(1,232,534)
Amortization of deferred charge on refunding	(247,182)
Amortization of bond premiums	23,544
Change in the accrual for compensated absences	(114,726)
Change in net pension liability and related deferred amounts	49,159,061
Change in net OPEB liability and related deferred amounts	13,157,993
Change in judgment obligation	(4,900,000)

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.

Investment income from internal service funds	1,409,943
Interest expense from internal service funds	(601,466)
Gain on sale of capital assets from internal service funds	25,155
Operating loss from governmental activities in internal service funds	(1,132,873)
Capital contributions to internal service funds	386,726
Net transfers from internal service funds	(32,334)

Change in net position of governmental activities \$ 20,559,294

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES				
Taxes	\$ 26,726,158	\$ 27,101,910	\$ 27,107,744	\$ 5,834
Grants and contributions:				
Federal	148,344	160,844	173,696	12,852
State	7,358,123	6,562,901	6,582,689	19,788
Local	1,159,640	3,588,618	2,812,609	(776,009)
Charges for services	9,753,497	9,929,278	10,141,478	212,200
Fines and forfeitures	566,300	591,300	580,760	(10,540)
Investment income	61,251	70,001	99,343	29,342
Rentals	111,855	114,719	111,902	(2,817)
Other	640,311	684,681	653,937	(30,744)
Total revenues	<u>46,525,479</u>	<u>48,804,252</u>	<u>48,264,158</u>	<u>(540,094)</u>
EXPENDITURES				
Current:				
General government	11,783,653	11,992,916	11,448,598	(544,318)
Legislative	393,549	384,283	377,533	(6,750)
Judicial	9,034,965	7,019,966	6,765,568	(254,398)
Public safety	14,363,943	14,654,536	14,279,435	(375,101)
Welfare	1,078,954	3,283,761	2,541,435	(742,326)
Cultural	99,795	164,328	88,983	(75,345)
Other - MERS payment	-	40,735,808	40,735,808	-
Debt service:				
Bond issuance costs	-	297,559	292,315	(5,244)
Total expenditures	<u>36,754,859</u>	<u>78,533,157</u>	<u>76,529,675</u>	<u>(2,003,482)</u>
Revenues over (under) expenditures	<u>9,770,620</u>	<u>(29,728,905)</u>	<u>(28,265,517)</u>	<u>1,463,388</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Delinquent tax fund	2,261,570	2,261,570	2,141,569	(120,001)
Other funds	540,009	444,152	444,152	-
Total transfers in	<u>2,801,579</u>	<u>2,705,722</u>	<u>2,585,721</u>	<u>(120,001)</u>
Transfers out:				
Child care fund	(4,473,016)	(4,639,223)	(3,972,044)	(667,179)
Public health fund	(1,790,689)	(1,690,689)	(1,663,961)	(26,728)
Other funds	(6,308,494)	(8,372,019)	(8,859,036)	487,017
Total transfers out	<u>(12,572,199)</u>	<u>(14,701,931)</u>	<u>(14,495,041)</u>	<u>(206,890)</u>
Issuance of long-term debt	-	41,179,333	41,174,089	(5,244)
Discount on issuance of bonds	-	(145,966)	(145,966)	-
Proceeds from sale of capital assets	-	3,000	26,987	23,987
Total other financing sources (uses)	<u>(9,770,620)</u>	<u>29,040,158</u>	<u>29,145,790</u>	<u>105,632</u>
Net change in fund balances	-	(688,747)	880,273	1,569,020
Fund balances, beginning of year	9,065,799	9,065,799	9,065,799	-
Fund balances, end of year	<u>\$ 9,065,799</u>	<u>\$ 8,377,052</u>	<u>\$ 9,946,072</u>	<u>\$ 1,569,020</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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES				
Grants and contributions:				
Federal	\$ 2,916,082	\$ 5,265,354	\$ 5,382,968	\$ 117,614
State	2,249,027	2,645,469	2,057,586	(587,883)
Local	220,435	71,475	84,099	12,624
Charges for services:				
Medicaid fee for service and capitation	57,313,430	60,426,644	53,934,882	(6,491,762)
Other insurance	2,309,100	-	-	-
Other	1,116,558	1,514,283	868,111	(646,172)
Total revenues	<u>66,124,632</u>	<u>69,923,225</u>	<u>62,327,646</u>	<u>(7,595,579)</u>
EXPENDITURES				
Current - Health	<u>65,860,734</u>	<u>69,645,366</u>	<u>70,445,550</u>	<u>800,184</u>
Revenues over (under) expenditures	<u>263,898</u>	<u>277,859</u>	<u>(8,117,904)</u>	<u>(8,395,763)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	750,895	736,934	736,934	-
Transfers out	<u>(1,014,793)</u>	<u>(1,014,793)</u>	<u>(1,014,793)</u>	<u>-</u>
Total other financing sources (uses)	<u>(263,898)</u>	<u>(277,859)</u>	<u>(277,859)</u>	<u>-</u>
Net change in fund balances	-	-	(8,395,763)	(8,395,763)
Fund balances, beginning of year	<u>(3,572,479)</u>	<u>(3,572,479)</u>	<u>(3,572,479)</u>	<u>-</u>
Fund balances, end of year	<u>\$ (3,572,479)</u>	<u>\$ (3,572,479)</u>	<u>\$ (11,968,242)</u>	<u>\$ (8,395,763)</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, 2019

	Business-type Activities - Enterprise Funds			
	Regional Water (5910)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
ASSETS				
Current assets:				
Cash and investments	\$ 4,099,629	\$ 7,034,478	\$ 159,826	\$ 18,183,969
Receivables, net:				
Accounts	891,193	1,353,465	300	409,749
Due from other governments	52,945	-	-	9,831
Accrued interest	-	-	-	-
Taxes	-	10,320,435	-	-
Notes	7,163	-	-	-
Leases	-	-	1,382,052	-
Special assessments	112,980	-	-	-
Prepays	-	-	-	-
Inventories	-	-	-	5,872
Total current assets	<u>5,163,910</u>	<u>18,708,378</u>	<u>1,542,178</u>	<u>18,609,421</u>
Noncurrent assets:				
Advances to other funds	-	-	-	41,803
Advances to component units	-	150,000	-	-
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	2,568,776
Notes receivable	10,114	-	-	-
Leases receivable	-	-	15,504,993	-
Special assessments receivable	408,394	-	-	-
Capital assets not being depreciated	9,000	-	-	926,443
Capital assets being depreciated, net	14,344,814	-	-	2,961,495
Net OPEB asset	100,184	-	-	209,737
Total noncurrent assets	<u>14,872,506</u>	<u>150,000</u>	<u>15,504,993</u>	<u>6,708,254</u>
Total assets	<u>20,036,416</u>	<u>18,858,378</u>	<u>17,047,171</u>	<u>25,317,675</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	103,413	-	267,225	-
Deferred pension amounts	37,640	-	-	259,460
Deferred OPEB amounts	48,811	-	-	185,480
Total deferred outflows of resources	<u>189,864</u>	<u>-</u>	<u>267,225</u>	<u>444,940</u>

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 407,856	\$ 16,741,694	\$ 731,945	\$ 47,359,397	\$ 10,462,598
104,779	1,293,350	1,231,301	5,284,137	517,984
50,904	1,372,208	999,655	2,485,543	33,790
-	-	-	-	322,109
-	-	-	10,320,435	-
-	53,835	-	60,998	200,000
-	-	-	1,382,052	-
-	-	-	112,980	-
30,972	-	-	30,972	335,275
-	65,508	-	71,380	-
<u>594,511</u>	<u>19,526,595</u>	<u>2,962,901</u>	<u>67,107,894</u>	<u>11,871,756</u>
-	-	-	41,803	550,584
-	-	-	150,000	-
-	-	-	-	699,572
-	-	128,795	2,697,571	-
-	469,920	-	480,034	-
-	-	-	15,504,993	-
-	-	-	408,394	-
15,787,329	14,572,893	354,753	31,650,418	2,998,841
15,762,831	88,903,615	7,750,871	129,723,626	10,778,157
-	695,511	845,713	1,851,145	-
<u>31,550,160</u>	<u>104,641,939</u>	<u>9,080,132</u>	<u>182,507,984</u>	<u>15,027,154</u>
<u>32,144,671</u>	<u>124,168,534</u>	<u>12,043,033</u>	<u>249,615,878</u>	<u>26,898,910</u>
-	-	-	370,638	-
84,157	819,019	491,059	1,691,335	-
63,493	633,806	466,343	1,397,933	-
<u>147,650</u>	<u>1,452,825</u>	<u>957,402</u>	<u>3,459,906</u>	<u>-</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position Proprietary Funds September 30, 2019

	Business-type Activities - Enterprise Funds			
	Regional Water (5910)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
LIABILITIES				
Current liabilities:				
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -
Payables:				
Accounts payable	402,132	7,186	-	180,743
Due to other governments	482,134	-	827	-
Accrued liabilities	13,636	45,472	-	160,962
Accrued interest	137,013	150,113	251,517	9,875
Unearned revenue	-	-	-	-
Current portion of accrued closure cost and sludge removal	-	-	-	224,658
Current portion of compensated absences	4,425	-	-	19,739
Current portion of long-term debt	762,345	12,000,000	1,268,326	9,541
Total current liabilities	<u>1,801,685</u>	<u>12,202,771</u>	<u>1,520,670</u>	<u>605,518</u>
Noncurrent liabilities, net of current portion:				
Advances from other funds	-	-	-	-
Accrued closure cost and sludge removal	-	-	-	14,912,813
Compensated absences	30,722	-	-	136,961
Long-term debt	10,947,875	4,000,000	15,628,892	297,224
Net pension liability	151,052	-	-	1,698,944
Net OPEB liability	-	-	-	-
Total noncurrent liabilities	<u>11,129,649</u>	<u>4,000,000</u>	<u>15,628,892</u>	<u>17,045,942</u>
Total liabilities	<u>12,931,334</u>	<u>16,202,771</u>	<u>17,149,562</u>	<u>17,651,460</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	2,240	-	-	8,681
Deferred OPEB amounts	401,433	-	-	1,453,877
Total deferred outflows of resources	<u>403,673</u>	<u>-</u>	<u>-</u>	<u>1,462,558</u>
NET POSITION				
Net investment in capital assets	2,917,867	-	-	3,887,938
Unrestricted (deficit)	3,973,406	2,655,607	164,834	2,760,659
Total net position	<u>\$ 6,891,273</u>	<u>\$ 2,655,607</u>	<u>\$ 164,834</u>	<u>\$ 6,648,597</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
\$ -	\$ -	\$ 1,750,149	\$ 1,750,149	\$ -
152,699	669,449	152,222	1,564,431	1,093,465
25,503	-	34,108	542,572	20,685
22,801	148,533	106,858	498,262	2,443,079
8,288	454,193	39,548	1,050,547	234,000
7,481	84,521	600	92,602	42,012
-	-	21,119	245,777	-
6,906	79,525	36,179	146,774	21,206
8,007	4,422,621	38,212	18,509,052	1,550,946
<u>231,685</u>	<u>5,858,842</u>	<u>2,178,995</u>	<u>24,400,166</u>	<u>5,405,393</u>
550,584	-	-	550,584	41,803
-	4,099,829	278,773	19,291,415	-
47,947	552,124	251,184	1,018,938	147,228
249,460	38,846,362	1,190,379	71,160,192	12,171,358
511,818	86,957	1,519,811	3,968,582	-
107,745	-	-	107,745	-
<u>1,467,554</u>	<u>43,585,272</u>	<u>3,240,147</u>	<u>96,097,456</u>	<u>12,360,389</u>
<u>1,699,239</u>	<u>49,444,114</u>	<u>5,419,142</u>	<u>120,497,622</u>	<u>17,765,782</u>
4,538	16,986	21,957	54,402	-
394,886	4,927,178	3,661,962	10,839,336	-
<u>399,424</u>	<u>4,944,164</u>	<u>3,683,919</u>	<u>10,893,738</u>	<u>-</u>
31,550,160	60,207,525	8,105,624	106,669,114	298,776
(1,356,502)	11,025,556	(4,208,250)	15,015,310	8,834,352
<u>\$ 30,193,658</u>	<u>\$ 71,233,081</u>	<u>\$ 3,897,374</u>	<u>\$ 121,684,424</u>	<u>\$ 9,133,128</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Regional Water (5910)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
Operating revenues:				
Charges for services	\$ 3,133,429	\$ 1,523,421	\$ 115,109	\$ 4,527,006
Farm sales	-	-	-	-
Interest and penalties	-	2,156,421	-	-
Rentals	59,810	-	-	-
Lease interest revenue	-	-	625,952	-
Other revenues	54,126	13	1,493	9,658
Total operating revenues	<u>3,247,365</u>	<u>3,679,855</u>	<u>742,554</u>	<u>4,536,664</u>
Operating expenses:				
Salaries and fringes	137,863	328,000	408	788,522
Supplies and other operating expenses	1,953,442	408,568	15,432	2,410,372
Insurance benefits and claims	-	-	-	-
Insurance premiums	-	-	-	-
Depreciation	407,819	-	-	454,913
Total operating expenses	<u>2,499,124</u>	<u>736,568</u>	<u>15,840</u>	<u>3,653,807</u>
Operating income (loss)	<u>748,241</u>	<u>2,943,287</u>	<u>726,714</u>	<u>882,857</u>
Nonoperating revenues (expenses):				
Grants and contributions:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Investment income	77,686	101,609	1,694	226,840
Interest expense	(395,168)	(341,580)	(621,910)	(9,875)
Bond issuance expense	(81,062)	(26,000)	-	(2,225)
Gain on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>(398,544)</u>	<u>(265,971)</u>	<u>(620,216)</u>	<u>214,740</u>
Income (loss) before capital contributions and transfers	<u>349,697</u>	<u>2,677,316</u>	<u>106,498</u>	<u>1,097,597</u>
Capital contributions - federal	-	-	-	-
Capital contributions - state	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(2,367,586)	-	-
Change in net position	<u>349,697</u>	<u>309,730</u>	<u>106,498</u>	<u>1,097,597</u>
Net position, beginning of year	<u>6,541,576</u>	<u>2,345,877</u>	<u>58,336</u>	<u>5,551,000</u>
Net position, end of year	<u>\$ 6,891,273</u>	<u>\$ 2,655,607</u>	<u>\$ 164,834</u>	<u>\$ 6,648,597</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
\$ 1,133,778	\$ 19,671,441	\$ 507,976	\$ 30,612,160	\$ 17,673,945
-	2,486,087	-	2,486,087	-
-	-	-	2,156,421	-
83,601	-	-	143,411	1,387,609
-	-	-	625,952	-
18,533	32,349	3,658	119,830	5,864,763
<u>1,235,912</u>	<u>22,189,877</u>	<u>511,634</u>	<u>36,143,861</u>	<u>24,926,317</u>
424,174	2,209,900	1,753,673	5,642,540	2,348,595
1,064,890	6,492,832	2,036,575	14,382,111	2,044,831
-	-	-	-	159,251
-	-	-	-	18,656,269
1,156,208	6,123,936	782,130	8,925,006	2,850,244
<u>2,645,272</u>	<u>14,826,668</u>	<u>4,572,378</u>	<u>28,949,657</u>	<u>26,059,190</u>
<u>(1,409,360)</u>	<u>7,363,209</u>	<u>(4,060,744)</u>	<u>7,194,204</u>	<u>(1,132,873)</u>
-	-	2,280,522	2,280,522	-
42,806	-	1,591,564	1,634,370	-
-	-	260,874	260,874	-
6,034	241,383	10,594	665,840	1,409,943
(8,288)	(1,090,519)	(39,548)	(2,506,888)	(601,466)
(1,867)	-	(8,910)	(120,064)	-
49,243	67,263	20,702	137,208	25,155
<u>87,928</u>	<u>(781,873)</u>	<u>4,115,798</u>	<u>2,351,862</u>	<u>833,632</u>
(1,321,432)	6,581,336	55,054	9,546,066	(299,241)
4,303,877	-	365,279	4,669,156	386,726
115,260	-	91,319	206,579	-
304,181	-	546,477	850,658	42,828
-	-	-	(2,367,586)	(75,162)
<u>3,401,886</u>	<u>6,581,336</u>	<u>1,058,129</u>	<u>12,904,873</u>	<u>55,151</u>
<u>26,791,772</u>	<u>64,651,745</u>	<u>2,839,245</u>	<u>108,779,551</u>	<u>9,077,977</u>
<u>\$ 30,193,658</u>	<u>\$ 71,233,081</u>	<u>\$ 3,897,374</u>	<u>\$ 121,684,424</u>	<u>\$ 9,133,128</u>

COUNTY OF MUSKEGON, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Regional Water (5910)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,255,718	\$ 14,726,799	\$ 1,970,274	\$ 4,491,432
Payments to vendors	(1,807,221)	(402,234)	(14,905)	(1,185,720)
Payments for personnel services	(427,394)	(296,535)	(408)	(1,547,802)
Delinquent taxes purchased	-	(12,232,569)	-	-
Net cash provided by (used in) operating activities	<u>1,021,103</u>	<u>1,795,461</u>	<u>1,954,961</u>	<u>1,757,910</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental receipts	-	-	-	9,629
Intergovernmental payments	-	(2,367,586)	-	-
Receipts on advances to component unit	-	75,000	-	-
Proceeds from issuance of pension bonds	171,468	-	-	307,856
Discount on issuance of pension bonds	(608)	-	-	(1,091)
Issuance of tax notes	-	12,000,000	-	-
Principal paid on tax notes	-	(12,000,000)	-	-
Interest paid on tax notes	-	(363,790)	-	-
Federal and/or state grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>170,860</u>	<u>(2,656,376)</u>	<u>-</u>	<u>316,394</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	-	-	-	-
Proceeds received on refunded bonds	4,940,000	-	-	-
Payment to refunding bond escrow agent	(5,325,000)	-	-	-
Premium on issuance of refunded bonds	484,563	-	-	-
Principal paid on long-term debt	(660,000)	-	(1,085,000)	-
Interest paid on long-term debt	(548,472)	-	(765,131)	(2,225)
Capital contributions received	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Purchase of capital assets	-	-	-	(45,270)
Net cash used in capital and related financing activities	<u>(1,108,909)</u>	<u>-</u>	<u>(1,850,131)</u>	<u>(47,495)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	<u>77,686</u>	<u>101,609</u>	<u>1,694</u>	<u>226,840</u>
Net change in cash and investments	160,740	(759,306)	106,524	2,253,649
Cash and investments, beginning of year	3,938,889	7,793,784	53,302	15,930,320
Cash and investments, end of year	<u>\$ 4,099,629</u>	<u>\$ 7,034,478</u>	<u>\$ 159,826</u>	<u>\$ 18,183,969</u>

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,211,611	\$ 22,550,191	\$ 705,079	\$ 48,911,104	\$ 25,020,025
(1,022,594)	(6,088,450)	(2,841,591)	(13,362,715)	(20,134,290)
(867,681)	(10,654,011)	(4,224,436)	(18,018,267)	(2,665,307)
-	-	-	(12,232,569)	-
(678,664)	5,807,730	(6,360,948)	5,297,553	2,220,428
254,181	-	546,477	810,287	19,146
-	-	-	(2,367,586)	(11,109)
-	-	-	75,000	-
258,383	-	1,232,960	1,970,667	-
(916)	-	(4,369)	(6,984)	-
-	-	-	12,000,000	-
-	-	-	(12,000,000)	-
-	-	-	(363,790)	-
24,333	-	4,583,128	4,607,461	-
535,981	-	6,358,196	4,725,055	8,037
-	-	-	-	2,753,539
-	-	-	4,940,000	-
-	-	-	(5,325,000)	-
-	-	-	484,563	-
-	(4,290,000)	-	(6,035,000)	(1,511,826)
(1,867)	(1,197,033)	(8,910)	(2,523,638)	(638,013)
-	-	456,598	456,598	386,726
70,472	97,464	32,874	200,810	25,155
(195,088)	(6,254,157)	(591,679)	(7,086,194)	(2,412,958)
(126,483)	(11,643,726)	(111,117)	(14,887,861)	(1,397,377)
6,034	241,383	10,594	665,840	1,409,943
(263,132)	(5,594,613)	(103,275)	(4,199,413)	2,241,031
670,988	22,336,307	835,220	51,558,810	8,221,567
\$ 407,856	\$ 16,741,694	\$ 731,945	\$ 47,359,397	\$ 10,462,598

continued...

COUNTY OF MUSKEGON, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Regional Water (5910)	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)	\$ 748,241	\$ 2,943,287	\$ 726,714	\$ 882,857
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	407,819	-	-	454,913
Changes in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(44,480)	(1,301,495)	-	(45,069)
Due from other governments	(52,945)	-	-	(163)
Accrued interest receivable	-	-	-	-
Taxes receivable	-	115,870	-	-
Notes receivable	6,758	-	-	-
Leases receivable	-	-	1,227,720	-
Special assessments receivable	99,020	-	-	-
Prepays	-	-	-	-
Inventories	-	-	-	224
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	(138,776)
Negative equity in pooled cash	-	-	-	-
Accounts payable	61,989	6,334	(300)	136,108
Due to other governments	84,232	-	827	-
Accrued liabilities	2,228	31,465	-	(2,075)
Unearned revenue	-	-	-	-
Accrued closure cost and sludge removal	-	-	-	1,227,096
Accrued compensated absences	5,799	-	-	19,798
Net pension liability	(165,331)	-	-	(213,621)
Deferred outflows - pension amounts	(20,466)	-	-	3,558
Deferred inflows - pension amounts	(25,237)	-	-	(36,985)
Net OPEB asset	(100,184)	-	-	(209,737)
Net OPEB liability	(398,350)	-	-	(1,604,558)
Deferred outflows - OPEB amounts	10,577	-	-	(169,537)
Deferred inflows - OPEB amounts	401,433	-	-	1,453,877
Net cash provided by (used in) operating activities	<u>\$ 1,021,103</u>	<u>\$ 1,795,461</u>	<u>\$ 1,954,961</u>	<u>\$ 1,757,910</u>

Noncash transactions:

The Airport fund received noncash capital contributions of \$4,419,137 for the year ended September 30, 2019.

The Equipment Revolving internal service fund financed the acquisition of capital assets with noncash capital leases of \$134,260 for the year ended September 30, 2019.

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
\$ (1,409,360)	\$ 7,363,209	\$ (4,060,744)	\$ 7,194,204	\$ (1,132,873)
1,156,208	6,123,936	782,130	8,925,006	2,850,244
(27,265)	(293,169)	192,678	(1,518,800)	172,128
-	386,449	167	333,508	828
-	-	-	-	(101,394)
-	-	-	115,870	-
-	182,513	-	189,271	-
-	-	-	1,227,720	-
-	-	-	99,020	-
(30,972)	-	-	(30,972)	(7,038)
-	10,872	-	11,096	-
-	-	-	-	(6,106)
-	-	160	(138,616)	-
-	-	(678,267)	(678,267)	-
73,268	(175,744)	(119,046)	(17,391)	739,205
-	-	34,108	119,167	(183,004)
201	5,540	(18,789)	18,570	(137,847)
2,964	84,521	600	88,085	22,146
-	569,254	(41,971)	1,754,379	-
(33,677)	28,372	(21,985)	(1,693)	4,139
(240,201)	(6,526,655)	(1,081,691)	(8,227,499)	-
(24,749)	(174,401)	(268,164)	(484,222)	-
(28,406)	(313,583)	(188,359)	(592,570)	-
-	(695,511)	(845,713)	(1,851,145)	-
(496,631)	(5,522,969)	(3,708,524)	(11,731,032)	-
(14,930)	(172,082)	500	(345,472)	-
394,886	4,927,178	3,661,962	10,839,336	-
<u>\$ (678,664)</u>	<u>\$ 5,807,730</u>	<u>\$ (6,360,948)</u>	<u>\$ 5,297,553</u>	<u>\$ 2,220,428</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
September 30, 2019

	Agency Funds	Private-Purpose Trust Fund	Other Post- employment Benefits Trust
		Epic Heir Trust (7650)	(7360)
ASSETS			
Cash and investments	\$ 13,118,017	\$ 65,773	\$ 22,447
MERS total market portfolio	-	-	53,974,174
Accounts receivable	177	-	-
Total assets	<u>\$ 13,118,194</u>	<u>65,773</u>	<u>53,996,621</u>
LIABILITIES			
Accounts payable	\$ 14,354	-	-
Due to other governments	2,002,569	-	-
Undistributed current and delinquent taxes	10,190,047	-	-
Trust deposits	699,933	-	-
Unallocated receipts	211,291	-	-
Total liabilities	<u>\$ 13,118,194</u>	<u>-</u>	<u>-</u>
NET POSITION RESTRICTED FOR:			
Epic children		65,773	-
Other postemployment benefits		-	53,996,621
Total net position		<u>\$ 65,773</u>	<u>\$ 53,996,621</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, 2019

	Private-Purpose Trust Fund	Other Post- employment
	Epic Heir Trust (7650)	Benefits Trust (7360)
ADDITIONS		
Employer contributions	\$ -	\$ 1,589,289
Investment earnings	854	1,310,202
Total additions	<u>854</u>	<u>2,899,491</u>
DEDUCTIONS		
Benefit payments	-	2,646,706
Administrative expenses	-	103,550
Total deductions	<u>-</u>	<u>2,750,256</u>
Change in net position	854	149,235
Net position, beginning of year	64,919	53,847,386
Net position, end of year	<u>\$ 65,773</u>	<u>\$ 53,996,621</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, 2019

	Road Commission	Drain Commission	Land Bank Authority	Total
ASSETS				
Cash and investments	\$ 9,082,139	\$ 3,343,222	\$ 1,138,756	\$ 13,564,117
Receivables:				
Accounts	-	-	863,494	863,494
Assessments	-	9,348,828	-	9,348,828
Due from other governments	4,127,145	101,450	19,406	4,248,001
Other	70,369	-	-	70,369
Prepays and other assets	2,223,253	-	-	2,223,253
Inventories	2,394,157	-	-	2,394,157
Assets held for resale	-	-	725,441	725,441
Capital assets not being depreciated	29,028,530	3,973,708	-	33,002,238
Capital assets being depreciated, net	51,006,089	7,330,954	-	58,337,043
Net OPEB asset	530,050	-	-	530,050
Total assets	<u>98,461,732</u>	<u>24,098,162</u>	<u>2,747,097</u>	<u>125,306,991</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension amounts	3,303,506	-	-	3,303,506
Deferred OPEB amounts	93,936	-	-	93,936
Total deferred outflows of resources	<u>3,397,442</u>	<u>-</u>	<u>-</u>	<u>3,397,442</u>
LIABILITIES				
Accounts payable	1,597,997	913,691	10,898	2,522,586
Accrued liabilities	747,683	-	15,429	763,112
Accrued interest	-	152,699	-	152,699
Advances from primary government	-	100,000	150,000	250,000
Unearned revenue	590,931	-	20,310	611,241
Long-term debt:				
Due within one year	228,000	1,900,151	-	2,128,151
Due in more than one year	137,192	8,085,053	-	8,222,245
Net pension liability (due in more than one year)	6,455,726	-	-	6,455,726
Total liabilities	<u>9,757,529</u>	<u>11,151,594</u>	<u>196,637</u>	<u>21,105,760</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	113,881	-	-	113,881
Deferred OPEB amounts	363,384	-	-	363,384
Total deferred inflows of resources	<u>477,265</u>	<u>-</u>	<u>-</u>	<u>477,265</u>
NET POSITION				
Net investment in capital assets	80,034,619	2,603,783	-	82,638,402
Restricted for debt service	-	320,931	-	320,931
Restricted for OPEB	510,105	-	-	510,105
Restricted for county roads	11,079,656	-	-	11,079,656
Unrestricted	-	10,021,854	2,550,460	12,572,314
Total net position	<u>\$ 91,624,380</u>	<u>\$ 12,946,568</u>	<u>\$ 2,550,460</u>	<u>\$ 107,121,408</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, 2019

	Road Commission	Drain Commission	Land Bank Authority	Total
EXPENSES				
Road Commission	\$ 16,666,616	\$ -	\$ -	\$ 16,666,616
Drain Commission	-	1,208,267	-	1,208,267
Land Bank Authority	-	-	856,041	856,041
Total expenses	<u>16,666,616</u>	<u>1,208,267</u>	<u>856,041</u>	<u>18,730,924</u>
REVENUES				
Program revenues:				
Charges for services	3,374,821	52,251	391,977	3,819,049
Operating grants and contributions	15,517,026	346,994	20,598	15,884,618
Capital grants and contributions	5,302,216	2,421,927	111,249	7,835,392
General revenues:				
Unrestricted investment earnings	68,382	49,446	43,920	161,748
Gain on sale of capital assets	30,578	-	-	30,578
Other revenue	-	-	462,811	462,811
Total revenues	<u>24,293,023</u>	<u>2,870,618</u>	<u>1,030,555</u>	<u>28,194,196</u>
Change in net position	7,626,407	1,662,351	174,514	9,463,272
Net position, beginning of year	83,997,973	11,284,217	2,375,946	97,658,136
Net position, end of year	<u>\$ 91,624,380</u>	<u>\$ 12,946,568</u>	<u>\$ 2,550,460</u>	<u>\$ 107,121,408</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 Unit

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.

Discretely Presented Component Units

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. A separate report is not prepared for the EDC. The EDC has no activity during the year, and has therefore not been included in the financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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 Office of the Drain Commissioner. 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 (the "Land Bank 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:

The *Regional Water System* provides for the continued operations of a regional water system for the townships of Dalton, Laketon, and Muskegon.

The *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.

The *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.

The *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.

The *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.

The *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.

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 and employee benefits 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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to 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.

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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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, or (3) not eligible for payoff for involuntary terminations.

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 Medicaid fee for service and capitation for HealthWest. 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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and OPEB assets/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.

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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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.

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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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.
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 to grant reimbursements 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 to third party cost reimbursements 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 offered for sale 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 for properties are sold at this first public auction. Parcels not sold at the first minimum-bid auction are offered at a second no-minimum-bid auction. Following the second auction, an unsold parcel is turned over to the County by the local unit of government.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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, 2019, 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:			
State Institutions	\$ 198,000	\$ 218,980	\$ 20,980
HealthWest special revenue fund - health	69,645,366	70,445,550	800,184

3. DEFICIT FUND EQUITY

At September 30, 2019, the following enterprise funds reported deficit net position balances as shown in the following table:

Proprietary Fund	Unrestricted Net Position (Deficit)	Total Net Position	Working Capital	Total of Net Pension & Net OPEB Liabilities (Assets) & Related Deferred Amounts
Airport	\$ (1,356,502)	\$ 30,193,658	\$ 362,826	\$ 871,337
Muskegon Area Transit System	(4,769,085)	3,110,287	73,093	3,400,615
Energy Improvements	1,380,180	(257,211)	1,080,180	-

All of these funds maintained positive working capital, which represents the excess of current assets over current liabilities. Net pension and net OPEB amounts 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 \$11,012,588 at September 30, 2019, while the total fund deficit was \$10,986,093. HealthWest's fund balance deficit resulted from payment on \$12,280,554 of receivables not being received within 90 days after September 30, resulting in delayed revenue recognition until such time as payment is received on the deferred receivables balance. Additional details can be located in the separately issued financial statements of the HealthWest fund.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2019:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 57,591,330	\$ 13,564,117	\$ 71,155,447
Restricted assets	2,697,571	-	2,697,571
	<u>60,288,901</u>	<u>13,564,117</u>	<u>73,853,018</u>
Statement of Fiduciary Net Position			
Agency funds:			
Cash and investments	13,118,017	-	13,118,017
Private purpose trust fund:			
Cash and investments	65,773	-	65,773
Other postemployment benefit trust fund:			
Cash and investments	22,447	-	22,447
MERS total market portfolio	53,974,174	-	53,974,174
	<u>67,180,411</u>	<u>-</u>	<u>67,180,411</u>
Total	<u>\$ 127,469,312</u>	<u>\$ 13,564,117</u>	<u>\$ 141,033,429</u>
Deposits and investments			
Bank deposits:			
Checking and savings accounts			\$ 58,870,376
Certificates of deposits, due within one year			4,500,000
Certificates of deposits, due one to five years			20,000
Total bank deposits			<u>63,390,376</u>
Investments:			
MERS total market portfolio			53,974,174
Money market accounts			2,912,735
Municipal bonds			9,549,878
Government securities			11,035,831
Non-cash commodity			53,338
Total investments			<u>77,525,956</u>
Cash on hand			<u>117,097</u>
Total			<u>\$ 141,033,429</u>

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, \$60,074,470 of the County's bank balance of \$63,672,256 was exposed to custodial credit risk because it was uninsured and uncollateralized.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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, 2019, 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.

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

Moody AAA	\$ 11,035,831
Moody AA1	3,331,233
Moody AA2	640,791
S&P AAAm	300,526
S&P AA	5,277,328
Unrated	<u>56,940,247</u>
Total	<u>\$ 77,525,956</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	\$ 2,893,534
Due in 1-5 years	10,015,476
Due in 6-10 years	3,089,431
Due in 11-15 years	4,286,742
No maturity	<u>57,240,773</u>
Total	<u>\$ 77,525,956</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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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.

Securities traded on a national or international exchange (Level 1) are valued at the last reported sales price at current exchange rates. Debt securities (Level 2), comprised of the municipal bonds and government 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 has the following recurring fair value measurements as of September 30, 2019:

	Fair Value Measurements Using			
	9/30/2019	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
MERS total market portfolio	\$ 53,974,174	\$ 53,974,174	\$ -	\$ -
Money market accounts	2,912,735	2,912,735	-	-
Municipal bonds	9,249,352	-	9,249,352	-
Government securities	11,035,831	-	11,035,831	-
Non-cash commodity	53,338	53,338	-	-
Total investments by fair value level	<u>77,225,430</u>	<u>\$ 56,940,247</u>	<u>\$ 20,285,183</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Michigan CLASS government investment pool	300,526			
Total investments	<u>\$ 77,525,956</u>			

Investments in Entities that Calculate Net Asset Value per Share

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

At year end, the net asset value of the County's investment in Michigan CLASS was \$300,526. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,820,371	\$ 5,286,147	\$ 863,494
Less: allowance for uncollectibles	(221,881)	(2,010)	-
Due from other governments	21,733,583	2,485,543	4,248,001
Less: allowance for uncollectibles	(4,019)	-	-
Accrued interest	322,109	-	-
Taxes (current)	8,994,145	-	-
Taxes (delinquent)	-	10,320,435	-
Notes	400,000	541,032	-
Leases	-	16,887,045	-
Special assessments	-	521,374	9,348,828
Other	-	-	70,369
	<u>\$ 33,044,308</u>	<u>\$ 36,039,566</u>	<u>\$ 14,530,692</u>

Of the amounts reported for receivables above, long-term notes receivables in the amount of \$480,034, special assessments receivable in the amount of \$8,592,036, leases receivable in the amount of \$15,376,937, and accounts receivable of \$642,471 are not expected to be collected within one year.

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 matured August 30, 2019; however, the County only received \$600,000 of the \$1,000,000 due from the City of Muskegon Downtown Development Authority during the fiscal year. The remaining portion of this note receivable, \$400,000, is included as a current receivable in the accompanying financial statements. 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	\$ 10,129,978	\$ 1,564,431	\$ 2,522,586
Due to other governments	303,828	542,572	-
Accrued liabilities	3,960,850	498,262	763,112
Accrued interest payable	2,394,422	1,050,547	152,699
	<u>\$ 16,789,078</u>	<u>\$ 3,655,812</u>	<u>\$ 3,438,397</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

7. OTHER ASSETS

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

	Governmental Activities	Business-type Activities	Component Units
Prepays	\$ 371,252	\$ 30,972	\$ 2,223,253
Inventories	36,403	71,380	2,394,157
Deposits held with others	699,572	-	-
Assets held for resale	-	-	725,441
	<u>\$ 1,107,227</u>	<u>\$ 102,352</u>	<u>\$ 5,342,851</u>

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2019, was as follows:

Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
Solid Waste	\$ 41,803	\$ -
Airport	-	550,584
Internal Service Funds	550,584	41,803
	<u>\$ 592,387</u>	<u>\$ 592,387</u>

Advances to and from component units

	Advances to Component Units	Advances from Primary Government
General Fund	\$ 100,000	\$ -
Delinquent Tax Revolving	150,000	-
Drain Commission	-	100,000
Land Bank Authority	-	150,000
	<u>\$ 250,000</u>	<u>\$ 250,000</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, 2019, interfund transfers consisted of the following:

Transfers Out	Transfers In						Totals
	General Fund	HealthWest	Nonmajor Governmental Funds	Airport	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 736,934	\$ 12,864,621	\$ 304,181	\$ 546,477	\$ 42,828	\$ 14,495,041
Healthwest	-	-	1,014,793	-	-	-	1,014,793
Nonmajor Governmental Funds	444,152	-	848,675	-	-	-	1,292,827
Delinquent Tax Revolving	2,141,569	-	226,017	-	-	-	2,367,586
Internal Service Funds	-	-	75,162	-	-	-	75,162
Totals	\$ 2,585,721	\$ 736,934	\$ 15,029,268	\$ 304,181	\$ 546,477	\$ 42,828	\$ 19,245,409

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, 2019 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,640,297	\$ -	\$ -	\$ -	\$ 4,640,297
Construction-in-progress	477,396	2,231,894	-	(58,338)	2,650,952
	<u>5,117,693</u>	<u>2,231,894</u>	<u>-</u>	<u>(58,338)</u>	<u>7,291,249</u>
Capital assets being depreciated:					
Land improvements	8,140,067	-	-	-	8,140,067
Buildings and improvements	98,154,649	70,435	(214,423)	58,338	98,068,999
Machinery and equipment	28,358,982	503,065	(451,051)	-	28,410,996
	<u>134,653,698</u>	<u>573,500</u>	<u>(665,474)</u>	<u>58,338</u>	<u>134,620,062</u>
Less accumulated depreciation for:					
Land improvements	(4,221,990)	(361,090)	-	-	(4,583,080)
Building and improvements	(35,892,000)	(3,807,199)	214,423	-	(39,484,776)
Machinery and equipment	(17,671,526)	(2,655,909)	451,051	-	(19,876,384)
	<u>(57,785,516)</u>	<u>(6,824,198)</u>	<u>665,474</u>	<u>-</u>	<u>(63,944,240)</u>
Total capital assets being depreciated, net	<u>76,868,182</u>	<u>(6,250,698)</u>	<u>-</u>	<u>58,338</u>	<u>70,675,822</u>
Governmental activities-capital assets, net	<u>\$ 81,985,875</u>	<u>\$ (4,018,804)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,967,071</u>

Of the amount reported in capital assets, \$1,666,990 of machinery and equipment was purchased through capital lease purchase agreements. Related accumulated depreciation at year-end amounted to \$1,020,733.

Depreciation expense was charged to functions/programs of the primary government's governmental activities as follows:

Depreciation of governmental activities by function

General government	\$ 943,579
Judicial	22,553
Public safety	1,608,631
Health	1,015,627
Welfare	1,700
Recreation	381,864
Internal service funds	2,850,244
Total depreciation expense - governmental activities	<u>\$ 6,824,198</u>

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	\$ -	\$ (21,229)	\$ -	\$ 20,216,255
Construction-in-progress	3,611,712	9,158,631	-	(1,336,180)	11,434,163
	<u>23,849,196</u>	<u>9,158,631</u>	<u>(21,229)</u>	<u>(1,336,180)</u>	<u>31,650,418</u>
Capital assets being depreciated:					
Land improvements	32,591,269	11,770	-	229,077	32,832,116
Buildings and improvements	27,611,033	1,053,875	(13,225)	1,107,103	29,758,786
Machinery and equipment	45,242,420	1,281,055	(2,938,328)	-	43,585,147
Lagoons	9,495,715	-	-	-	9,495,715
W/W collection and distribution	166,787,612	-	(115,167)	-	166,672,445
Capitalized interest and engineering	8,936,046	-	-	-	8,936,046
	<u>290,664,095</u>	<u>2,346,700</u>	<u>(3,066,720)</u>	<u>1,336,180</u>	<u>291,280,255</u>
Less accumulated depreciation for:					
Land improvements	(18,679,241)	(775,473)	-	-	(19,454,714)
Building and improvements	(17,318,558)	(728,750)	13,225	-	(18,034,083)
Machinery and equipment	(23,087,697)	(2,150,272)	2,895,955	-	(22,342,014)
Lagoons	(4,289,823)	(95,085)	-	-	(4,384,908)
W/W collection and distribution	(84,945,939)	(5,069,557)	115,167	-	(89,900,329)
Capitalized interest and engineering	(7,334,712)	(105,869)	-	-	(7,440,581)
	<u>(155,655,970)</u>	<u>(8,925,006)</u>	<u>3,024,347</u>	<u>-</u>	<u>(161,556,629)</u>
Total capital assets being depreciated, net	<u>135,008,125</u>	<u>(6,578,306)</u>	<u>(42,373)</u>	<u>1,336,180</u>	<u>129,723,626</u>
Business-type activities capital assets, net	<u>\$ 158,857,321</u>	<u>\$ 2,580,325</u>	<u>\$ (63,602)</u>	<u>\$ -</u>	<u>\$ 161,374,044</u>

Depreciation expense was charged to functions/programs of the primary government's business-type activities as follows:

Depreciation of business-type activities by function

Regional Water	\$ 407,819
Solid Waste	454,913
Airport	1,156,208
Wastewater	6,123,936
Nonmajor enterprise funds	782,130
Total depreciation expense - business-type activities	<u>\$ 8,925,006</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

10. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2019:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Public placement:					
General obligation bonds	\$ 55,255,000	\$ 41,179,333	\$ (1,620,000)	\$ 94,814,333	\$ 3,113,573
Direct placement:					
General obligation bonds	7,515,000	-	(780,000)	6,735,000	800,000
Capital leases	618,354	398,467	(248,911)	767,910	285,928
Installment purchase agreements	-	2,489,332	(547,915)	1,941,417	506,894
Total direct placement	8,133,354	2,887,799	(1,576,826)	9,444,327	1,592,822
Total installment debt	63,388,354	44,067,132	(3,196,826)	104,258,660	4,706,395
Premium on bonds payable	260,697	-	(52,928)	207,769	45,469
Discount on bonds payable	-	(145,966)	-	(145,966)	(7,408)
Judgment obligation	-	4,900,000	-	4,900,000	-
Compensated absences	6,819,814	991,120	(872,255)	6,938,679	873,580
Total governmental activities	\$ 70,468,865	\$ 49,812,286	\$ (4,122,009)	\$ 116,159,142	\$ 5,618,036
Business-type activities					
Public placement:					
General obligation bonds	\$ 20,125,000	\$ 1,970,667	\$ (1,245,000)	\$ 20,850,667	\$ 1,351,427
Revenue bonds	18,170,000	4,940,000	(6,800,000)	16,310,000	1,465,000
Total public placement	38,295,000	6,910,667	(8,045,000)	37,160,667	2,816,427
Direct placement:					
Revenue bonds	37,468,365	-	(3,315,000)	34,153,365	3,390,000
Notes payable	16,000,000	12,000,000	(12,000,000)	16,000,000	12,000,000
Total direct placement	53,468,365	12,000,000	(15,315,000)	50,153,365	15,390,000
Total installment debt	91,763,365	18,910,667	(23,360,000)	87,314,032	18,206,427
Premium on bonds payable	2,109,821	484,563	(232,188)	2,362,196	302,978
Discount on bonds payable	-	(6,984)	-	(6,984)	(353)
Closure and sludge cost	17,782,813	1,796,350	(41,971)	19,537,192	245,777
Compensated absences	1,167,405	90,402	(92,095)	1,165,712	146,774
Total business-type activities	\$ 112,823,404	\$ 21,274,998	\$ (23,726,254)	\$ 110,372,148	\$ 18,901,603

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Governmental Activities

Public placement - *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.	\$ 4,535,000
\$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.	42,525,000
\$41,179,333 2018 Pension Bonds (governmental-activities portion), due in annual installments of \$1,068,848 to \$3,311,525 plus interest ranging from 3.19% to 4.55%, payable semi-annually, through November 1, 2038.	41,179,333
\$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.	4,635,000
\$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.	<u>1,940,000</u>
Total governmental activities public placement installment debt	<u>\$ 94,814,333</u>

Direct placement

General obligation bonds

\$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.	\$ 1,545,000
\$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.	5,190,000

Capital leases

Various capital leases, due in various monthly installments plus interest maturing at various dates through April 29, 2024.	767,910
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Installment purchase agreements

\$243,326 2019 Pictometry installment purchase agreement, due in payments of \$20,277 to \$81,109, no interest, payable annually, through May 1, 2021.	162,218
\$2,246,006 2019 Key Government Finance, Inc. installment purchase agreement, due in annual installments of \$425,785 to \$466,807, plus interest at 2.92%, payable annually, through August 27, 2023.	<u>1,779,199</u>

Total governmental activities direct placement installment debt	<u>\$ 9,444,327</u>
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COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Business-type Activities

Public placement

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. \$ 520,000

\$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. 14,775,000

\$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. 255,000

\$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. 3,330,000

\$1,970,667 2018 Pension Bonds (business-type activities portion), due in annual installments of \$51,152 to \$158,475 plus interest ranging from 3.19% to 4.55%, payable semi-annually, through November 1, 2038. 1,970,667

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. 5,855,000

\$4,940,000 2019 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$415,000 to \$585,000 plus interest ranging from 3.50% to 4.00%, payable semi-annually, through November 1, 2028. 4,940,000

\$12,380,000 2011 Wastewater Revenue Refunding Bond, payable 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. 5,515,000

Total business-type activities public placement installment debt \$ 37,160,667

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Direct placement

Revenue bonds

**\$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.	\$ 7,626,560
**\$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.	6,865,000
**\$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.	795,000
**\$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.	463,316
**\$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.	8,439,830
**\$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.	8,962,676
**\$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.	1,000,983
 <i>Notes payable</i>	
\$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.	4,000,000
\$12,000,000 2018 General Obligation Tax Note, due in installments of \$4,000,000 plus interest at 2.74%, payable semi-annually, through December 1, 2020.	<u>12,000,000</u>
 Total business-type activities direct placement installment debt	 <u><u>\$ 50,153,365</u></u>

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, 2019, the total amount outstanding on the various bond and drain notes that will be assessed to the County in subsequent years is approximately \$1.7 million. The amounts will be assessed annually through 2048.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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 \$38,043,196. For the current year, principal and interest paid was \$4,102,477 and net revenues were \$13,728,528.

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

Year Ended September 30,	Governmental Activities			
	Public Placement		Direct Placement	
	Principal	Interest	Principal	Interest
2020	\$ 3,113,573	\$ 4,241,167	\$ 1,592,822	\$ 478,949
2021	3,411,699	3,527,571	1,560,995	417,009
2022	3,003,848	3,424,884	1,430,491	359,125
2023	3,235,629	3,321,544	936,508	301,511
2024	3,410,834	3,212,441	433,511	257,626
2025-2029	17,678,144	14,239,761	2,300,000	835,703
2030-2034	24,414,129	10,241,103	1,190,000	83,292
2035-2039	24,501,477	5,135,004	-	-
2040-2044	12,045,000	1,262,247	-	-
	<u>\$ 94,814,333</u>	<u>\$ 48,605,722</u>	<u>\$ 9,444,327</u>	<u>\$ 2,733,215</u>

Year Ended September 30,	Business-type Activities			
	Public Placement		Direct Placement	
	Principal	Interest	Principal	Interest
2020	\$ 2,816,427	\$ 1,603,402	\$ 15,390,000	\$ 1,053,617
2021	2,343,301	1,468,692	7,455,000	704,316
2022	2,376,152	1,368,350	3,525,000	578,322
2023	2,359,371	1,267,315	3,600,000	505,601
2024	2,419,166	1,165,506	3,680,000	431,351
2025-2029	10,781,856	4,289,318	16,397,382	1,003,087
2030-2034	8,345,871	2,394,008	105,983	2,650
2035-2039	5,718,523	449,789	-	-
	<u>\$ 37,160,667</u>	<u>\$ 14,006,380</u>	<u>\$ 50,153,365</u>	<u>\$ 4,278,944</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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.

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 Muskegon 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. The General Fund paid 33% of the governmental activities expense for fiscal 2019 and 41% was from the HealthWest major special revenue fund.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Refunded and Defeased Debt

The County issued \$4.940 million of 2019 Water Supply System Revenue 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 \$5.325 million of the 2008 Water Supply System Revenue Refunding Bonds. As a result, the 2008 bonds are considered defeased and the liability has been removed from the statement of net position. The refunding resulted in a savings of \$658,693 and an economic gain of \$588,663.

As a result of prior year refundings, as of September 30, 2019, the County had \$37,865,000 in bonds payable considered defeased.

Judgment Obligation

Subject to entry of a final judgement, in 2019 an Ingham County Circuit Court Judge issued findings of fact and conclusions of law regarding a lawsuit between the County and a provider of information technology products and services. The Court found the County in breach of the underlying managed services agreement, and awarded the vendor various contract and other damages, which amounts will be made part of a final judgment. The County is currently in settlement discussions with the vendor, and anticipates that the final judgment will range from \$4.8 million to \$5.3 million, which includes attorney fees and interest. Given the court's findings and the status of matters as of September 30, 2019, the County recorded a liability in the amount of \$4.9 million as of such date. However, it is expected that the County will appeal all or parts of the judgment with the Michigan Court of Appeals. Any payment upon a settlement or judgment is expected to be liquidated through the General fund through the issuance of a judgment bond.

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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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
2018	\$ 2,345,426	\$ 1,559,652	\$ (1,397,521)	\$ 2,507,557
2019	2,507,557	958,960	(1,101,552)	2,364,965

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.

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 5 year period) and multipliers ranging from 2.0% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement 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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,113
Inactive employees entitled to but not yet receiving benefits	609
Active employees	<u>412</u>
 Total membership	 <u><u>2,134</u></u>

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

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended September 30, 2019:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - Public Works	\$ 32,195	4.51%
04 - MCF Union	4,752	8.57%
10 - Gnrl Local214	53,772	3.84%
11 - Gnrl NonUnion	162,718	5.41%
12 - District Court	12,870	1.50%
13 - Health Dpt Nrses	7,128	4.05%
14 - Mntl Hlth Wrks	3,064	3.86%
15 - Judges	3,361	4.13%
17 - Comm/E.O./Adm Dir	57,017	5.20%
19 - Mental Hlth Workers af 9/1/10	-	5.86%
20 - Corrections	24,264	2.69%
22 - Shrf Dpty Lcl214	19,488	5.00%
23 - Shrf Cmnd Unit	14,163	7.33%
24 - Correction Ofr hired af 9/1/10	2,795	5.69%
25 - Sheriff Deputy after 10/01/10	1,122	6.50%
41 - AFSCME#570	47,441	5.58%
42 - MCF Union hired after 3/1/10	-	4.00%
90 - Public Works after 02/01/11	1,402	6.50%
91 - Gnrl Local 214 after 11/1/10	3,062	6.00%
	<u>\$ 450,614</u>	

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2018 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 2.50%.

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

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	55.5%	6.15%	3.41%
Global fixed income	18.5%	1.26%	0.23%
Real assets	13.5%	7.22%	0.98%
Diversifying strategies	12.5%	5.00%	0.63%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2018 was 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.

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, 2017	\$ 274,643,813	\$ 180,484,351	\$ 94,159,462
Changes for the year:			
Service cost	2,641,636	-	2,641,636
Interest	21,295,469	-	21,295,469
Changes in benefits	(14,961,647)	-	(14,961,647)
Differences between expected and actual experience	(1,215,805)	-	(1,215,805)
Employer contributions	-	57,731,046	(57,731,046)
Employee contributions	-	1,380,205	(1,380,205)
Net investment loss	-	(7,167,381)	7,167,381
Benefit payments, including refunds of employee contributions	(19,542,529)	(19,542,529)	-
Administrative expense	-	(347,089)	347,089
Other changes	877	-	877
Net changes	(11,781,999)	32,054,252	(43,836,251)
Balances at December 31, 2018	\$ 262,861,814	\$ 212,538,603	\$ 50,323,211

Changes in benefit terms. During the year, the County recognized a change in benefits that reduced the pension liabilities by \$14.96 million, which was a result of a negotiated reduction in future pension benefits for five of the nine employee bargaining units as well as the nonbargaining employees.

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%)
\$ 75,680,446	\$ 50,323,211	\$ 28,471,488

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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

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

For the year ended September 30, 2019, the County recognized pension expense of \$(4,316,075). 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	\$ -	\$ 607,902	\$ (607,902)
Net difference between projected and actual earnings on pension plan investments	14,406,092	-	14,406,092
	<u>14,406,092</u>	<u>607,902</u>	<u>13,798,190</u>
Contributions subsequent to the measurement date	2,826,332	-	2,826,332
	<u>2,826,332</u>	<u>-</u>	<u>2,826,332</u>
Total	<u>\$ 17,232,424</u>	<u>\$ 607,902</u>	<u>\$ 16,624,522</u>

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, 2020. 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
2020	\$ 4,478,179
2021	1,799,311
2022	2,885,703
2023	<u>4,634,997</u>
Total	<u>\$ 13,798,190</u>

Payable to the Pension Plan. At September 30, 2019, the County had no amounts payable for contributions to the pension plan.

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. The General Fund made 36% of pension contributions by governmental activities for fiscal 2019 and 40% was from the HealthWest major special revenue fund.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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.

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 \$813,103 and \$1,188,912 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 January 1, 2019, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	631
Active plan members	373
Total	<u>1,004</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

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.

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, 2019, 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, 2019 was comprised of 100% total market portfolio funds.

Rate of Return. For the year ended September 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 2.50 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset of the County

The components of the net OPEB asset of the County at September 30, 2019, were as follows:

Total OPEB liability	\$ 52,271,298
Plan fiduciary net position	<u>(53,996,621)</u>
County's net OPEB asset	<u>\$ (1,725,323)</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 103.3%

Following is a reconciliation of the County's net OPEB liability (asset) as of September 30, 2019:

	Net OPEB liability	Net OPEB asset	Net OPEB liability (asset)
Governmental activities	\$ 18,077	\$ -	\$ 18,077
Business-type activities	107,745	<u>(1,851,145)</u>	<u>(1,743,400)</u>
	<u>\$ 125,822</u>	<u>\$ (1,851,145)</u>	<u>\$ (1,725,323)</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, 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 8.0% and gradually decreasing to an ultimate trend rate of 5.0%.
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. Ten percent (10%) 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-2019 Full Generational Improvement for healthy life; and Society of Actuaries RPH-2014 Disabled Retiree Mortality Table with MP-2019 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.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. 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%	3.42%
Global fixed income	18.5%	1.26%	0.23%
Private assets	<u>26.0%</u>	6.15%	1.60%
	<u>100.0%</u>		5.25%
Inflation			<u>2.50%</u>
Investment rate of return			<u>7.75%</u>

Discount Rate. The discount rate used to measure the total OPEB liability was 7.75% (previously 5.35%). The projection of cash flows used to determine the discount rate assumes that the employer will contribute the average over the recent years of actual contributions in the future. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Changes in Net OPEB Asset

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset)
Balances at September 30, 2018	\$ 132,437,393	\$ 53,847,386	\$ 78,590,007
Changes for the year:			
Service cost	2,081,923	-	2,081,923
Interest	7,070,293	-	7,070,293
Differences between expected and actual experience	(15,188,991)	-	(15,188,991)
Changes of assumptions	(67,601,184)	-	(67,601,184)
Changes in benefit terms	(3,881,430)	-	(3,881,430)
Employer contributions	-	1,589,289	(1,589,289)
Net investment income	-	1,310,202	(1,310,202)
Benefit payments	(2,646,706)	(2,646,706)	-
Administrative expense	-	(103,550)	103,550
Net changes	(80,166,095)	149,235	(80,315,330)
Balances at September 30, 2019	\$ 52,271,298	\$ 53,996,621	\$ (1,725,323)

Change in assumptions. The changes of assumptions noted above present the impact of lowering the covered spouse rate from 20% to 10%, the excise tax load under the "Cadillac" tax law was changed from 2.0% to 3.5%, the discount rate was changed from 5.35% to 7.75%, and the per capita costs, contribution premiums and trend rates were updated as part of the on-going valuation analysis, which included a reduction in the Medicare Advantage premium rates.

Changes in benefit terms. Effective January 1, 2019, future retiring employees may no longer elect the 2P plan. This decreased present value costs and the impact is fully recognized in the current year as changes in benefit terms.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the net OPEB liability (asset) of the County, calculated using the discount rate of 7.75%, as well as what the County's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current discount rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net OPEB liability (asset)	\$ 3,723,524	\$ (1,725,323)	\$ (6,327,186)

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability (asset) of the County, as well as what the County's net OPEB liability (asset) would be if it were calculated using healthcare trend cost rates that are 1-percentage-point lower (7.0% decreasing to 4.0%) or 1-percentage-point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Current Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Net OPEB liability (asset)	\$ (6,867,271)	\$ (1,725,323)	\$ 4,400,012

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

For the year ended September 30, 2019, the County recognized OPEB expense of \$(14,289,216). The County reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 11,736,948	\$ (11,736,948)
Changes in assumptions	5,922,014	52,237,279	(46,315,265)
Net difference between projected and actual earnings on OPEB plan investments	3,002,824	-	3,002,824
Total	<u>\$ 8,924,838</u>	<u>\$ 63,974,227</u>	<u>\$ (55,049,389)</u>

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

Year Ended September 30,	Amount
2020	\$ (15,535,367)
2021	(15,535,367)
2022	(15,535,367)
2023	<u>(8,443,288)</u>
Total	<u>\$ (55,049,389)</u>

Payable to the OPEB Plan. At September 30, 2019, the County had no outstanding contribution amounts payable to the plan for the year ended September 30, 2019.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

For the governmental activities, which reported a small net OPEB liability of \$18,000 at the end of the year, the net OPEB liability is generally liquidated among the various governmental funds by contributions in proportion to each fund's wages of benefits-eligible employees. The General Fund made 48% of OPEB contributions by governmental activities for fiscal 2019 and 20% was from the HealthWest major special revenue fund.

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 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. Employees do not contribute to the plan.

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 \$788,452 for the year ended September 30, 2019.

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 \$15.4 million reported as landfill closure and post-closure care liability at September 30, 2019 represents the cumulative amount reported to date based on the use of 90 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 \$15.4 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 2019. 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 \$2,697,571 held in trust as of September 30, 2019. The County expects that future inflation costs will be paid from interest earnings in the Solid Waste fund. 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:				
Prepays	\$ 8,053	\$ 26,495	\$ 1,429	\$ 35,977
Inventories	-	-	36,403	36,403
Long-term advances	100,000	-	-	100,000
Permanent fund corpus	-	-	36,787	36,787
Total nonspendable	<u>108,053</u>	<u>26,495</u>	<u>74,619</u>	<u>209,167</u>
Restricted for:				
Training	102,455	-	-	102,455
Lake Pollution	-	-	4,531,366	4,531,366
Seniors	-	-	1,691,628	1,691,628
Convention Business and Tourism	-	-	1,205,983	1,205,983
Grant programs	-	-	128,205	128,205
Forfeited property	-	-	15,598	15,598
Deed Automation Fund	-	-	521,679	521,679
Stormwater Committee	-	-	44,694	44,694
Indigent Defense	-	-	112,325	112,325
Veterans' Care & Trust	-	-	189,773	189,773
Mental Health Buildings	-	-	5,279	5,279
Victim Restitution	-	-	17,442	17,442
Debt repayment	-	-	122,942	122,942
Total restricted	<u>102,455</u>	<u>-</u>	<u>8,586,914</u>	<u>8,689,369</u>
Committed for:				
Parks	-	-	517,371	517,371
District Court	-	-	10,534	10,534
Concealed permits	-	-	152,062	152,062
Pension bonds	-	-	2,483,711	2,483,711
Capital projects	-	-	566,601	566,601
Total committed	<u>-</u>	<u>-</u>	<u>3,730,279</u>	<u>3,730,279</u>
Assigned for:				
Juror Show Cause	67,499	-	-	67,499
Marine Safety	-	-	10,503	10,503
Emergency Services	-	-	4,073	4,073
Crime Victims' Rights	-	-	889	889
Capital projects	-	-	58,236	58,236
Total assigned	<u>67,499</u>	<u>-</u>	<u>73,701</u>	<u>141,200</u>
Unassigned (deficit)	<u>9,668,065</u>	<u>(11,994,737)</u>	<u>-</u>	<u>(2,326,672)</u>
Total fund balances, governmental funds	<u>\$ 9,946,072</u>	<u>\$ (11,968,242)</u>	<u>\$ 12,465,513</u>	<u>\$ 10,443,343</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, 2019, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 7,291,249	\$ 31,650,418	\$ 33,002,238
Capital assets being depreciated, net	70,675,822	129,723,626	58,337,043
	<u>77,967,071</u>	<u>161,374,044</u>	<u>91,339,281</u>
Related debt:			
Total installment debt	104,258,660	87,314,032	9,985,204
Net bond premium	207,769	2,362,196	-
Net bond discount	(145,966)	(6,984)	-
Deferred charge on advance refunding	(3,236,512)	(370,638)	-
General obligation tax notes	-	(16,000,000)	-
Bonds payable related to capital lease receivables	-	(15,550,000)	-
Bonds payable related to pension liability	(41,179,333)	(1,970,667)	-
Net bond discount related to pension liability	145,966	6,984	-
Bond premium on capital lease receivables	-	(1,347,218)	-
Deferred charge on advance refunding on capital lease receivables	-	267,225	-
Unspent bond proceeds	(244,082)	-	(1,284,325)
	<u>59,806,502</u>	<u>54,704,930</u>	<u>8,700,879</u>
Net investment in capital assets	<u>\$ 18,160,569</u>	<u>\$ 106,669,114</u>	<u>\$ 82,638,402</u>

18. COMMITMENTS

The County has active *construction projects* as of September 30, 2019. At year end the County's significant outstanding commitments are as follows:

Project	Spent-to-Date	Remaining commitment
Business-type Activities		
Wastewater:		
John Deere N540C Drill	\$ -	\$ 134,139
Rapid Infiltration Bed Upgrades and Improvements	2,212,794	82,906
Whitehall Irrigation Purge Well Installations	-	124,881
Engineering Services J-Station Upgrade	-	220,000
Laboratory Renovation Project	104,249	1,086,751
Metro Cell #3 Improvements	1,600,247	103,770
Regional Water:		
Muskegon Channel Crossing	128,221	486,826
Solid Waste:		
Hydrogeological Investigation	61,908	176,092
General Engineering Services	40,218	127,782
Muskegon Area Transit System:		
Transit System Route Study and Comprehensive Operational Analysis	112,000	46,052
	<u>\$ 4,259,637</u>	<u>\$ 2,589,199</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 2019, the County made payments of \$362,538 under these operating lease agreements. Future minimum lease payments for these leases are as follows:

Year Ended September 30,	Expected Lease Payment
2020	\$ 326,539
2021	277,831
2022	143,760
2023	86,469
2024	27,647
	<u>\$ 862,246</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 2019, 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, 2019, 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 \$121,000 under agreements entered into by local cities and townships pursuant to this program.

20. SUBSEQUENT EVENTS

On December 17, 2019, the County issued \$5,095,000 in 2019 Refunding bonds, due in annual installments of \$405,000 to \$525,000 plus interest at 2.50% payable through November 1, 2030. The proceeds of these bonds were used to refund the Limited Tax General Obligation Capital Improvement Bonds, Series 2010.

On February 4, 2020, the County completed the sale of the Brookhaven Medical Care Facility property to Apple Avenue Healthcare LLC, a Michigan limited liability company for \$800,000.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

On October 29, 2019, the City of Muskegon (the “City”) issued \$19.42 million in 2019 Capital Improvement Bonds (Limited Tax General Obligation - Taxable) (the “Convention Center Bonds”), the proceeds of which will be used to acquire, construct, furnish and equip the new Lakeshore Convention Center-Downtown Muskegon (the “Convention Center”). Pursuant to a Development Agreement among the County, the City, and a property development firm that operates two downtown Muskegon hotels, the Convention Center will be publicly-owned by the City, maintained and operated by the property development firm, with the City’s debt service payments to be funded by equivalent transfers from the County from the its hotel room tax revenues derived from State of Michigan Public Act 263 of 1974. The City pledged its limited tax, full faith and credit as additional security for the payment of principal and interest due in annual installments of \$175,000 to \$1,285,000 plus semiannual interest ranging from 1.90% to 3.58% payable through October 1, 2049.

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the government’s operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the government for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the government’s financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.



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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

	Year Ended September 30				
	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 2,641,636	\$ 2,906,291	\$ 3,083,783	\$ 3,308,152	\$ 3,712,445
Interest	21,295,469	21,006,199	20,748,385	19,713,939	19,172,131
Changes in benefit terms	(14,961,647)	-	-	-	-
Differences between expected and actual experience	(1,215,805)	(1,111,674)	(2,373,469)	2,011,308	-
Changes in assumptions	-	-	-	12,726,778	-
Benefit payments, including refunds of employee contributions	(19,542,529)	(18,560,904)	(17,733,692)	(16,766,675)	(15,460,228)
Other changes	877	(876)	-	175	(1,610)
Net change in total pension liability	(11,781,999)	4,239,036	3,725,007	20,993,677	7,422,738
Total pension liability, beginning of year	274,643,813	270,404,777	266,679,770	245,686,093	238,263,355
Total pension liability, end of year	<u>\$ 262,861,814</u>	<u>\$ 274,643,813</u>	<u>\$ 270,404,777</u>	<u>\$ 266,679,770</u>	<u>\$ 245,686,093</u>
PLAN FIDUCIARY NET POSITION					
Employer contributions	\$ 57,731,046	\$ 7,177,037	\$ 6,260,290	\$ 5,974,000	\$ 5,775,708
Employee contributions	1,380,205	1,417,126	1,436,839	1,703,744	1,814,766
Net investment income (loss)	(7,167,381)	21,849,796	17,929,109	(2,519,393)	10,678,844
Benefit payments, including refunds of employee contributions	(19,542,529)	(18,560,904)	(17,733,692)	(16,766,675)	(15,460,228)
Administrative expense	(347,089)	(346,767)	(354,403)	(372,829)	(390,750)
Net change in plan fiduciary net position	32,054,252	11,536,288	7,538,143	(11,981,153)	2,418,340
Plan fiduciary net position, beginning of year	180,484,351	168,948,063	161,409,920	173,391,073	170,972,733
Plan fiduciary net position, end of year	<u>\$ 212,538,603</u>	<u>\$ 180,484,351</u>	<u>\$ 168,948,063</u>	<u>\$ 161,409,920</u>	<u>\$ 173,391,073</u>
COUNTY'S NET PENSION LIABILITY	<u>\$ 50,323,211</u>	<u>\$ 94,159,462</u>	<u>\$ 101,456,714</u>	<u>\$ 105,269,850</u>	<u>\$ 72,295,020</u>
Plan fiduciary net position as a percentage of total pension liability	80.9%	65.7%	62.5%	60.5%	70.6%
Covered payroll	\$ 23,625,834	\$ 26,131,809	\$ 27,677,080	\$ 30,232,116	\$ 34,366,135
County's net pension liability as a percentage of covered payroll	213.0%	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.

The changes of benefit terms in 2019 primarily related to a negotiated reduction in future pension benefits.

The changes of assumptions in 2016 primarily related to an adjustment to the mortality table to reflect longer lifetimes, the assumed annual rate of return, net of all expenses, was lowered from 8.0% to 7.75%, and the asset smoothing was changed from 10 to 5 years.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information
MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Liability

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
2019	\$262,861,814	\$212,538,603	\$ 50,323,211	80.9%	\$ 23,625,834	213.0%
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
MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2019	\$ 4,929,826	\$ 54,515,076	\$ 49,585,250	\$ 24,537,583	222.2%
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 (2019, based on the 12/31/2016 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	10-20 years, depending on division/bargaining unit
Asset valuation method	5-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
Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information
Other Postemployment Benefit Plan

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

	Year Ended September 30		
	2019	2018	2017
TOTAL OPEB LIABILITY			
Service cost	\$ 2,081,923	\$ 1,659,119	\$ 790,107
Interest	7,070,293	6,944,748	6,630,852
Differences between expected and actual experience	(15,188,991)	-	-
Changes of assumptions	(67,601,184)	10,857,024	(7,493,570)
Changes in benefit terms	(3,881,430)	-	-
Benefit payments, including refunds of employee contributions	(2,646,706)	(3,879,487)	(4,215,210)
Net change in total OPEB liability	(80,166,095)	15,581,404	(4,287,821)
Total OPEB liability - beginning	132,437,393	116,855,989	121,143,810
Total OPEB liability - ending	<u>\$ 52,271,298</u>	<u>\$ 132,437,393</u>	<u>\$ 116,855,989</u>
PLAN FIDUCIARY NET POSITION			
Employer contributions	\$ 1,589,289	\$ 1,870,502	\$ 1,967,737
Net investment income	1,310,202	2,792,252	5,716,799
Benefit payments, including refunds of employee contributions	(2,646,706)	(3,879,487)	(3,646,698)
Administrative expense	(103,550)	(129,731)	(163,989)
Net change in plan fiduciary net position	149,235	653,536	3,873,849
Plan fiduciary net position - beginning	53,847,386	53,193,850	49,320,001
Plan fiduciary net position - ending	<u>\$ 53,996,621</u>	<u>\$ 53,847,386</u>	<u>\$ 53,193,850</u>
NET OPEB LIABILITY (ASSET) - ENDING	<u>\$ (1,725,323)</u>	<u>\$ 78,590,007</u>	<u>\$ 63,662,139</u>
Plan fiduciary net position as a percentage of total OPEB liability	103.3%	40.7%	45.5%
Covered payroll	\$ 24,537,583	\$ 24,801,852	\$ 28,082,014
Net OPEB liability (asset) as a percentage of covered payroll	-7.0%	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 lowering the covered spouse rate from 20% to 10%, the excise tax load under the "Cadillac" tax law was changed from 2.0% to 3.5%, the discount rate was changed from 5.35% to 7.75%, and the per capita costs, contribution premiums and trend rates were updated as part of the on-going valuation analysis, which included a reduction in the Medicare Advantage premium rates.

During fiscal year 2019, the changes of assumptions noted above present the impact of increasing the blended discount rate from 5.35% to 7.75% and changing the mortality improvement scale from MP 2017 to MP 2018 and revising trend assumptions.

Changes in benefit terms. Effective January 1, 2019, future retiring employees may no longer elect the 2P plan. This decreased present value costs and the impact is fully recognized in 2019 as changes in benefit terms.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information Other Postemployment Benefit Plan

Schedule of the Net OPEB Liability (Asset)

Fiscal Year Ended September 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability (Asset) as Percentage of Covered Payroll
2019	\$ 52,271,298	\$ 53,996,621	\$ (1,725,323)	103.3%	\$ 24,537,583	-7.0%
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 Other Postemployment Benefit Plan

Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2019	\$ 6,025,604	\$ 1,589,289	\$ (4,436,315)	\$ 24,537,583	6.5%
2018	5,394,138	1,870,502	(3,523,636)	24,801,852	7.5%
2017	4,951,356	1,967,737	(2,983,619)	28,082,014	7.0%

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

Notes to Schedule of Contributions

Valuation Date January 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	18 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.00%
Investment rate of return	7.75%, net of OPEB Plan investment expense, including inflation
Retirement age	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.
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-2019 Full Generational Improvement for healthy life; and Society of Actuaries RPH-2014 Disabled Retiree Mortality Table with MP-2019 Full Generational Improvement for disabled life.
Health care trend rates	Trend starting at 8.0% and gradually decreasing to an ultimate trend rate of 5.0%.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information Other Postemployment Benefit Plan

Schedule of Investment Returns

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2019	2.50%
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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
General government:				
Brookhaven Plant O&M	\$ 84,722	\$ 146,376	\$ 145,566	\$ (810)
Administration	730,284	689,525	659,529	(29,996)
Elections	174,994	224,379	177,302	(47,077)
Accounting	1,004,638	1,000,484	973,668	(26,816)
Corporate Counsel	200,425	375,425	372,736	(2,689)
County Clerk	372,280	367,714	367,714	-
Juror Showcause	9,358	36,883	24,078	(12,805)
Equalization	1,597,372	1,670,985	1,648,804	(22,181)
Human Resources	283,602	379,074	364,671	(14,403)
Prosecutor	2,153,499	2,192,948	2,137,609	(55,339)
Register of Deeds	561,821	520,555	498,177	(22,378)
Johnny O. Harris Building	60,469	57,898	54,337	(3,561)
Training Center	52,088	46,247	45,924	(323)
Kenneth L. Brinks Building	17,077	17,872	17,867	(5)
Veterans Center	15,515	9,510	9,504	(6)
Stark Hall	17,571	1,713	1,707	(6)
Treasurer	445,603	343,480	340,380	(3,100)
Shady Grove Cemetery	3,684	3,902	2,336	(1,566)
Cordova Site O&M	1,600	1,960	1,493	(467)
Courthouse and Grounds	925,300	859,457	859,457	-
Oak Ave. Building	152,154	150,652	144,441	(6,211)
County Jail Building	78,744	71,250	71,250	-
Vector Control Building	7,102	36,183	13,770	(22,413)
Drain Commissioner	409,955	260,323	252,917	(7,406)
Plat Board	700	700	-	(700)
Vehicle Pool	19,000	18,000	9,343	(8,657)
State Institutions	302,299	198,000	218,980	20,980
DHHS Legal Representation Grant	268,380	284,433	283,014	(1,419)
Misc Contingency	1,833,417	2,031,832	1,781,586	(250,246)
Current Year Unused Leave Payoffs	-	(3,224)	(27,892)	(24,668)
Donated Leave Payments	-	(1,620)	(1,670)	(50)
Total general government	<u>11,783,653</u>	<u>11,992,916</u>	<u>11,448,598</u>	<u>(544,318)</u>
Legislative:				
Board of Commissioners	<u>393,549</u>	<u>384,283</u>	<u>377,533</u>	<u>(6,750)</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures by Department

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Judicial:				
Circuit Court	\$ 1,297,599	\$ 1,410,315	\$ 1,318,793	\$ (91,522)
Circuit Court Collections	86,690	131,401	101,038	(30,363)
District Court	3,639,520	3,583,460	3,546,015	(37,445)
Probation Cobo Hall Tax	171,181	176,940	170,003	(6,937)
District Court Collections	223,103	215,245	210,290	(4,955)
Law Library	8,500	5,965	4,558	(1,407)
Jury Commission	67,083	69,999	61,853	(8,146)
Probate Court	911,646	910,908	884,334	(26,574)
State Probation	65,026	72,293	65,682	(6,611)
Public Defender	1,912,711	-	-	-
Circuit Court Records	651,906	443,440	403,002	(40,438)
Total judicial	<u>9,034,965</u>	<u>7,019,966</u>	<u>6,765,568</u>	<u>(254,398)</u>
Public safety:				
Designated & Pass-thru Revenues	414,884	413,860	412,829	(1,031)
Facility Security Services	132,501	129,775	112,897	(16,878)
County Jail Building 2015	518,112	504,621	504,214	(407)
Sheriff Operations	3,820,490	3,769,255	3,664,894	(104,361)
Sheriff Administration	452,007	463,029	450,446	(12,583)
Emergency Response Team	16,500	17,900	16,566	(1,334)
Officer Training Act 320	10,000	12,000	10,778	(1,222)
Correction Officer Training	60,000	64,250	58,355	(5,895)
Sheriff Jail	7,496,165	7,820,857	7,620,538	(200,319)
Courtroom Security	1,104,382	1,120,115	1,100,719	(19,396)
Vector Control	338,902	338,874	327,199	(11,675)
Total public safety	<u>14,363,943</u>	<u>14,654,536</u>	<u>14,279,435</u>	<u>(375,101)</u>
Welfare:				
Residential Energy Efficiency Program	1,078,954	3,283,761	2,541,435	(742,326)
Cultural:				
Fairgrounds Training Center	6,274	154,618	79,275	(75,343)
Economic Development	93,521	9,710	9,708	(2)
Total cultural	<u>99,795</u>	<u>164,328</u>	<u>88,983</u>	<u>(75,345)</u>
Other:				
MERS payment	-	40,735,808	40,735,808	-
Debt service:				
Bond issuance costs	-	297,559	292,315	(5,244)
Total expenditures	<u>\$ 36,754,859</u>	<u>\$ 78,533,157</u>	<u>\$ 76,529,675</u>	<u>\$ (2,003,482)</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Transfers Out by Function

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers out:				
Special Revenue Funds:				
Judicial:				
Sobriety Court	\$ (27,966)	\$ (33,472)	\$ (10,827)	\$ (22,645)
Friend of Court	(1,606,689)	(1,189,615)	(1,629,220)	439,605
Public safety funds	(734,855)	(2,058,989)	(2,032,601)	(26,388)
Health, welfare and cultural funds:				
Child care fund	(4,473,016)	(4,639,223)	(3,972,044)	(667,179)
Public health fund	(1,790,689)	(1,690,689)	(1,663,961)	(26,728)
HealthWest fund	(750,895)	(736,934)	(736,934)	-
Other health, welfare and cultural funds	(11,186)	(31,032)	(10,766)	(20,266)
Internal service funds - Equipment revolving	(42,828)	(42,828)	(42,828)	-
Debt service funds	(2,741,153)	(3,602,968)	(3,545,202)	(57,766)
Enterprise funds:				
Brookhaven Medical Care Facility	-	-	(174,477)	174,477
Airport Fund	(392,922)	(304,181)	(304,181)	-
Muskegon Area Transit System	-	(372,000)	(372,000)	-
Total transfers out	<u>\$ (12,572,199)</u>	<u>\$ (14,701,931)</u>	<u>\$ (14,495,041)</u>	<u>\$ (206,890)</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.

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.

Lake Pollution Control (2240)--to account for the Michigan Enhancement Grant funds awarded by the Michigan Economic Development Corporation. This grant is to help fund environmental and remediation efforts related to Muskegon Lake.

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. 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.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

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

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

Indigent Defense Fund (2600)--to account for earmarked state grant revenue and mandated local share contributions to provide indigent defendants in criminal cases with effective assistance of counsel. This fund is required by the Michigan Indigent Defense Commission (MIDC) Act, Public Act 93 of 2013, as amended.

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 the 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.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

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.

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.

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.

Pension Bonds Debt Service (3960)--to account for the payment of principal and interest on long-term debt associated with the payment of pension obligations.

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.

COUNTY OF MUSKEGON, MICHIGAN

■ Nonmajor Governmental Funds

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.

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, 2019

	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	\$ 2,589,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,815	\$ 566,275
Receivables, net:								
Accounts	-	-	-	60,294	-	-	-	4,660
Due from other governments	-	90,363	70,417	40,366	60,188	11,335	9,398	-
Notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,589,866</u>	<u>\$ 90,363</u>	<u>\$ 70,417</u>	<u>\$ 100,660</u>	<u>\$ 60,188</u>	<u>\$ 11,335</u>	<u>\$ 11,213</u>	<u>\$ 570,935</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Negative equity in pooled cash	\$ -	\$ 55,760	\$ 48,861	\$ 61,945	\$ 36,908	\$ 3,000	\$ -	\$ -
Payables:								
Accounts payable	898,238	29,653	18,551	2,047	3,996	846	8	35,165
Due to other governments	-	-	-	-	-	155	-	-
Accrued liabilities	-	4,950	3,005	3,845	8,781	7,334	11,205	18,399
Unearned revenue	-	-	-	28,750	-	-	-	-
Total liabilities	<u>898,238</u>	<u>90,363</u>	<u>70,417</u>	<u>96,587</u>	<u>49,685</u>	<u>11,335</u>	<u>11,213</u>	<u>53,564</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,691,628	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	517,371
Assigned	-	-	-	4,073	10,503	-	-	-
Total fund balances	<u>1,691,628</u>	<u>-</u>	<u>-</u>	<u>4,073</u>	<u>10,503</u>	<u>-</u>	<u>-</u>	<u>517,371</u>
Total liabilities and fund balances	<u>\$ 2,589,866</u>	<u>\$ 90,363</u>	<u>\$ 70,417</u>	<u>\$ 100,660</u>	<u>\$ 60,188</u>	<u>\$ 11,335</u>	<u>\$ 11,213</u>	<u>\$ 570,935</u>

Special Revenue Funds									
Family Court (2150)	Access & Visitation (2151)	SSSPP Grant (2153)	District Court Eviction Prevention Docket (2171)	Health Department (2210)	Community Health Improvement (2217)	Lake Pollution Control (2240)	Sustain-ability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accomoda-tions Tax (2300)
\$ -	\$ 1,025	\$ -	\$ 10,589	\$ 86,215	\$ 53,072	\$ 4,607,399	\$ -	\$ 6	\$ 512,603
-	-	-	-	11,638	-	-	-	-	734,828
670,207	1,655	70,208	-	315,409	-	-	39,013	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,429	-	-	-	-	-
-	-	-	-	36,403	-	-	-	-	-
<u>\$ 670,207</u>	<u>\$ 2,680</u>	<u>\$ 70,208</u>	<u>\$ 10,589</u>	<u>\$ 451,094</u>	<u>\$ 53,072</u>	<u>\$ 4,607,399</u>	<u>\$ 39,013</u>	<u>\$ 6</u>	<u>\$ 1,247,431</u>
\$ 463,957	\$ -	\$ 63,095	\$ -	\$ -	\$ -	\$ -	\$ 39,013	\$ -	\$ -
50,464	2,680	2,800	-	111,026	53,072	76,033	-	-	24,705
-	-	-	-	105,037	-	-	-	-	-
155,786	-	2,198	55	197,199	-	-	-	-	16,743
-	-	-	-	-	-	-	-	-	-
<u>670,207</u>	<u>2,680</u>	<u>68,093</u>	<u>55</u>	<u>413,262</u>	<u>53,072</u>	<u>76,033</u>	<u>39,013</u>	<u>-</u>	<u>41,448</u>
-	-	-	-	37,832	-	-	-	-	-
-	-	2,115	-	-	-	4,531,366	-	6	1,205,983
-	-	-	10,534	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,115</u>	<u>10,534</u>	<u>37,832</u>	<u>-</u>	<u>4,531,366</u>	<u>-</u>	<u>6</u>	<u>1,205,983</u>
<u>\$ 670,207</u>	<u>\$ 2,680</u>	<u>\$ 70,208</u>	<u>\$ 10,589</u>	<u>\$ 451,094</u>	<u>\$ 53,072</u>	<u>\$ 4,607,399</u>	<u>\$ 39,013</u>	<u>\$ 6</u>	<u>\$ 1,247,431</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2019

	Special Revenue Funds							
	Parks Development (2411)	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Pass- Through Grants (2530)	Blight Elimination (2550)	Deed Automation (2560)	Indigent Defense (2600)	Concealed Pistol Licensing (2630)
ASSETS								
Cash and investments	\$ -	\$ 126,084	\$ 673	\$ -	\$ -	\$ 524,689	\$ 186,660	\$ 153,956
Receivables, net:								
Accounts	-	-	-	-	-	-	13,997	-
Due from other governments	-	-	-	-	-	-	509	-
Notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 126,084</u>	<u>\$ 673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,689</u>	<u>\$ 201,166</u>	<u>\$ 153,956</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payables:								
Accounts payable	-	-	-	-	-	59	21,312	867
Due to other governments	-	-	673	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	2,951	67,529	1,027
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>673</u>	<u>-</u>	<u>-</u>	<u>3,010</u>	<u>88,841</u>	<u>1,894</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	126,084	-	-	-	521,679	112,325	-
Committed	-	-	-	-	-	-	-	152,062
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>126,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521,679</u>	<u>112,325</u>	<u>152,062</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 126,084</u>	<u>\$ 673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,689</u>	<u>\$ 201,166</u>	<u>\$ 153,956</u>

Special Revenue Funds									
Community Corrections (2640)	TNT Drug (2671)	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)
\$ -	\$ 14,156	\$ 1,442	\$ -	\$ -	\$ 52,589	\$ 21,479	\$ 17,891	\$ -	\$ 202,171
-	-	-	-	-	-	-	-	12,589	-
29,868	-	-	23,536	116,931	-	-	-	1,639,998	23,786
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$ 29,868</u>	<u>\$ 14,156</u>	<u>\$ 1,442</u>	<u>\$ 23,536</u>	<u>\$ 116,931</u>	<u>\$ 52,589</u>	<u>\$ 21,479</u>	<u>\$ 17,891</u>	<u>\$ 1,652,587</u>	<u>\$ 225,957</u>
\$ 13,286	\$ -	\$ -	\$ 20,502	\$ 102,893	\$ -	\$ -	\$ -	\$ 1,248,338	\$ -
5,411	-	-	623	788	7,895	-	17,891	277,218	32,477
-	-	-	-	-	-	-	-	-	-
11,171	-	-	2,411	12,361	-	-	-	127,031	3,707
-	-	-	-	-	-	21,479	-	-	-
<u>29,868</u>	<u>-</u>	<u>-</u>	<u>23,536</u>	<u>116,042</u>	<u>7,895</u>	<u>21,479</u>	<u>17,891</u>	<u>1,652,587</u>	<u>36,184</u>
-	-	-	-	-	-	-	-	-	-
-	14,156	1,442	-	-	44,694	-	-	-	189,773
-	-	-	-	-	-	-	-	-	-
-	-	-	-	889	-	-	-	-	-
<u>-</u>	<u>14,156</u>	<u>1,442</u>	<u>-</u>	<u>889</u>	<u>44,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,773</u>
<u>\$ 29,868</u>	<u>\$ 14,156</u>	<u>\$ 1,442</u>	<u>\$ 23,536</u>	<u>\$ 116,931</u>	<u>\$ 52,589</u>	<u>\$ 21,479</u>	<u>\$ 17,891</u>	<u>\$ 1,652,587</u>	<u>\$ 225,957</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2019

	Special Revenue Funds		Debt Service Funds					Building Authority Debt Service (3690)	Pension Bonds Debt Service (3960)
	Mental Health Buildings (2970)	Quality of Victim Restitution (2980)	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)	CMH Building (3140)			
ASSETS									
Cash and investments	\$ 13,339	\$ 17,442	\$ -	\$ -	\$ -	\$ 122,942	\$ -	\$ 2,483,711	
Receivables, net:									
Accounts	-	-	-	-	-	-	-	-	
Due from other governments	-	-	-	-	-	-	-	-	
Notes	-	-	-	-	-	-	-	-	
Prepaid and other items	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	
Total assets	<u>\$ 13,339</u>	<u>\$ 17,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,942</u>	<u>\$ -</u>	<u>\$ 2,483,711</u>	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Payables:									
Accounts payable	7,720	-	-	-	-	-	-	-	
Due to other governments	-	-	-	-	-	-	-	-	
Accrued liabilities	340	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	
Total liabilities	<u>8,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	
Restricted	5,279	17,442	-	-	-	122,942	-	-	
Committed	-	-	-	-	-	-	-	2,483,711	
Assigned	-	-	-	-	-	-	-	-	
Total fund balances	<u>5,279</u>	<u>17,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,942</u>	<u>-</u>	<u>2,483,711</u>	
Total liabilities and fund balances	<u>\$ 13,339</u>	<u>\$ 17,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,942</u>	<u>\$ -</u>	<u>\$ 2,483,711</u>	

Capital Projects Funds						Permanent Fund	
Capital Projects (4010)	Heritage Landing Development (4180)	Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Lake Level (8410)	Cemetery Trust (1500)	Total
\$ 48,975	\$ 9,261	\$ 81,701	\$ 242,833	\$ 98,350	\$ 172	\$ 36,787	\$ 12,886,168
-	-	-	-	-	-	-	838,006
-	-	-	-	-	-	-	3,213,187
-	-	-	-	200,000	-	-	200,000
-	-	-	-	-	-	-	1,429
-	-	-	-	-	-	-	36,403
<u>\$ 48,975</u>	<u>\$ 9,261</u>	<u>\$ 81,701</u>	<u>\$ 242,833</u>	<u>\$ 298,350</u>	<u>\$ 172</u>	<u>\$ 36,787</u>	<u>\$ 17,175,193</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,157,558
-	-	4,055	52,228	-	-	-	1,737,828
-	-	-	-	-	-	-	105,865
-	-	-	-	-	172	-	658,200
-	-	-	-	-	-	-	50,229
-	-	<u>4,055</u>	<u>52,228</u>	-	<u>172</u>	-	<u>4,709,680</u>
-	-	-	-	-	-	36,787	74,619
-	-	-	-	-	-	-	8,586,914
-	-	77,646	190,605	298,350	-	-	3,730,279
<u>48,975</u>	<u>9,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,701</u>
<u>48,975</u>	<u>9,261</u>	<u>77,646</u>	<u>190,605</u>	<u>298,350</u>	<u>-</u>	<u>36,787</u>	<u>12,465,513</u>
<u>\$ 48,975</u>	<u>\$ 9,261</u>	<u>\$ 81,701</u>	<u>\$ 242,833</u>	<u>\$ 298,350</u>	<u>\$ 172</u>	<u>\$ 36,787</u>	<u>\$ 17,175,193</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, 2019

	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	\$ 2,196,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	-	115,286	126,190	-	28,323	-	-
State	201,364	278,436	-	-	77,763	151,050	-	-
Local	-	-	-	-	-	-	193,239	-
Charges for services	-	105,323	-	41,251	-	-	-	829,153
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	30,869	-	-	(753)	-	-	-	7,390
Rentals	-	-	-	-	-	-	-	-
Other	-	-	2,500	12,337	-	-	-	-
Total revenues	<u>2,428,408</u>	<u>383,759</u>	<u>117,786</u>	<u>179,025</u>	<u>77,763</u>	<u>179,373</u>	<u>193,239</u>	<u>836,543</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Judicial	-	390,069	115,348	-	-	-	-	-
Public safety	-	-	-	255,334	193,378	295,334	376,136	-
Health	-	-	-	-	-	-	-	-
Welfare	2,167,364	-	-	-	-	-	-	-
Cultural	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	746,151
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	48,011	5,414	-	-	80,186
Total expenditures	<u>2,167,364</u>	<u>390,069</u>	<u>115,348</u>	<u>303,345</u>	<u>198,792</u>	<u>295,334</u>	<u>376,136</u>	<u>826,337</u>
Revenues over (under) expenditures	<u>261,044</u>	<u>(6,310)</u>	<u>2,438</u>	<u>(124,320)</u>	<u>(121,029)</u>	<u>(115,961)</u>	<u>(182,897)</u>	<u>10,206</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	10,827	678	128,670	111,803	123,545	193,238	-
Transfers out	-	(4,517)	(3,116)	(4,030)	(3,427)	(7,584)	(10,341)	(33,912)
Issuance of long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>6,310</u>	<u>(2,438)</u>	<u>124,640</u>	<u>108,376</u>	<u>115,961</u>	<u>182,897</u>	<u>(33,912)</u>
Net change in fund balances	261,044	-	-	320	(12,653)	-	-	(23,706)
Fund balances, beginning of year	1,430,584	-	-	3,753	23,156	-	-	541,077
Fund balances, end of year	<u>\$ 1,691,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,073</u>	<u>\$ 10,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,371</u>

Special Revenue Funds									
Family Court (2150)	Access & Visitation (2151)	SSSPP Grant (2153)	District Court Eviction Prevention Docket (2171)	Health Department (2210)	Community Health Improvement (2217)	Lake Pollution Control (2240)	Sustainability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accommodations Tax (2300)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,762,635
3,486,917	2,680	-	-	1,870,705	-	-	-	-	-
195,881	-	317,730	-	1,721,254	-	5,000,000	43,212	-	-
-	-	-	-	47	-	-	-	-	1,000
386,989	-	-	-	638,709	362,888	-	-	-	62,898
-	-	-	-	-	-	-	-	-	-
-	-	-	-	415	338	32,334	-	-	4,269
-	-	-	-	-	-	-	-	-	3,510
42,327	-	-	-	74,494	-	-	-	-	13,085
<u>4,112,114</u>	<u>2,680</u>	<u>317,730</u>	<u>-</u>	<u>4,305,624</u>	<u>363,226</u>	<u>5,032,334</u>	<u>43,212</u>	<u>-</u>	<u>1,847,397</u>
-	-	-	-	-	363,290	-	-	-	-
5,594,394	2,680	-	10,695	-	-	-	-	-	-
-	-	314,288	-	-	-	-	-	-	-
-	-	-	-	5,823,373	-	-	-	-	-
-	-	-	-	-	-	500,968	43,212	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	1,012,677
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
5,951	-	-	-	-	-	-	-	-	-
<u>5,600,345</u>	<u>2,680</u>	<u>314,288</u>	<u>10,695</u>	<u>5,823,373</u>	<u>363,290</u>	<u>500,968</u>	<u>43,212</u>	<u>-</u>	<u>1,012,677</u>
<u>(1,488,231)</u>	<u>-</u>	<u>3,442</u>	<u>(10,695)</u>	<u>(1,517,749)</u>	<u>(64)</u>	<u>4,531,366</u>	<u>-</u>	<u>-</u>	<u>834,720</u>
1,629,220	-	986	-	1,663,963	-	-	-	-	-
(140,989)	-	(2,313)	(121)	(132,705)	-	-	-	-	(169,617)
-	-	-	-	-	-	-	-	-	-
<u>1,488,231</u>	<u>-</u>	<u>(1,327)</u>	<u>(121)</u>	<u>1,531,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,617)</u>
-	-	2,115	(10,816)	13,509	(64)	4,531,366	-	-	665,103
-	-	-	21,350	24,323	64	-	-	6	540,880
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,115</u>	<u>\$ 10,534</u>	<u>\$ 37,832</u>	<u>\$ -</u>	<u>\$ 4,531,366</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1,205,983</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2019

	Special Revenue Funds							
	Parks Development (2411)	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Pass- Through Grants (2530)	Blight Elimination (2550)	Deed Automation (2560)	Indigent Defense (2600)	Concealed Pistol Licensing (2630)
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	-	-	4,263	-	-	-	-
State	-	-	-	-	805,774	-	917,735	-
Local	-	-	-	-	-	-	250	-
Charges for services	-	-	-	-	-	162,450	119,603	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	-	1,319	-	-	-	7,408	8,374	1,823
Rentals	-	-	-	-	-	-	-	-
Other	-	27,450	12,625	-	-	-	-	71,734
Total revenues	<u>-</u>	<u>28,769</u>	<u>12,625</u>	<u>4,263</u>	<u>805,774</u>	<u>169,858</u>	<u>1,045,962</u>	<u>73,557</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	277,863	-	49,008
Judicial	-	-	-	-	-	-	2,169,293	-
Public safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Welfare	-	246	12,625	4,263	805,774	-	-	-
Cultural	227	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	144	-	-
Total expenditures	<u>227</u>	<u>246</u>	<u>12,625</u>	<u>4,263</u>	<u>805,774</u>	<u>278,007</u>	<u>2,169,293</u>	<u>49,008</u>
Revenues over (under) expenditures	<u>(227)</u>	<u>28,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,149)</u>	<u>(1,123,331)</u>	<u>24,549</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	227	-	-	-	-	-	1,299,793	-
Transfers out	-	-	-	-	-	(2,588)	(64,137)	(741)
Issuance of long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,588)</u>	<u>1,235,656</u>	<u>(741)</u>
Net change in fund balances	-	28,523	-	-	-	(110,737)	112,325	23,808
Fund balances, beginning of year	-	97,561	-	-	-	632,416	-	128,254
Fund balances, end of year	<u>\$ -</u>	<u>\$ 126,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 521,679</u>	<u>\$ 112,325</u>	<u>\$ 152,062</u>

Special Revenue Funds									
Community Corrections (2640)	TNT Drug (2671)	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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,428
-	-	-	14,000	55,805	-	-	-	46,596	-
173,277	-	-	20,036	238,598	-	55,761	-	4,636,212	97,374
-	-	-	-	400	50,000	-	-	160	28,660
10,700	-	-	-	-	-	-	-	-	-
-	9,478	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	3,153
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	364,235	-
183,977	9,478	-	34,036	294,803	50,000	55,761	-	5,047,203	461,615
-	-	-	-	-	49,160	-	-	-	-
-	-	-	-	-	-	-	-	-	-
327,687	289	36	35,776	304,005	-	-	-	-	-
-	-	-	-	-	-	-	5,935	8,909,593	-
-	-	-	-	-	-	-	-	-	418,182
-	-	-	-	-	-	55,776	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
327,687	289	36	35,776	304,005	49,160	55,776	5,935	8,909,593	418,182
(143,710)	9,189	(36)	(1,740)	(9,202)	840	(15)	(5,935)	(3,862,390)	43,433
153,054	-	-	2,637	18,197	-	15	5,935	3,972,043	-
(9,344)	-	-	(897)	(9,033)	-	-	-	(109,653)	(3,872)
-	-	-	-	-	-	-	-	-	-
143,710	-	-	1,740	9,164	-	15	5,935	3,862,390	(3,872)
-	9,189	(36)	-	(38)	840	-	-	-	39,561
-	4,967	1,478	-	927	43,854	-	-	-	150,212
\$ -	\$ 14,156	\$ 1,442	\$ -	\$ 889	\$ 44,694	\$ -	\$ -	\$ -	\$ 189,773

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Change in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2019

	Special Revenue Funds		Debt Service Funds					
	Mental Health Buildings (2970)	Quality of Victim Restitution (2980)	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)	CMH Building (3140)	Building Authority Debt Service (3690)	Pension Bonds Debt Service (3960)
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 593	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	16,662	-
Local	-	-	-	-	-	-	-	-
Charges for services	-	1,673	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	482	-	-	909	-	1,554	-	10,323
Rentals	310,404	-	-	-	-	414,716	-	-
Other	-	-	-	-	-	-	-	12,600
Total revenues	<u>310,886</u>	<u>1,673</u>	<u>-</u>	<u>1,502</u>	<u>-</u>	<u>416,270</u>	<u>16,662</u>	<u>22,923</u>
EXPENDITURES								
Current:								
General government	-	-	28	-	707	-	452	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Health	354,293	-	-	-	-	197	-	-
Welfare	-	-	-	-	-	-	-	-
Cultural	-	-	-	5	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	45,000	-	480,000	230,000	930,000	-
Interest and fiscal charges	-	-	26,870	-	56,903	184,574	1,735,734	278
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>354,293</u>	<u>-</u>	<u>71,898</u>	<u>5</u>	<u>537,610</u>	<u>414,771</u>	<u>2,666,186</u>	<u>278</u>
Revenues over (under) expenditures	<u>(43,407)</u>	<u>1,673</u>	<u>(71,898)</u>	<u>1,497</u>	<u>(537,610)</u>	<u>1,499</u>	<u>(2,649,524)</u>	<u>22,645</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	71,898	-	537,610	-	2,644,291	2,455,822
Transfers out	(451)	-	-	(137,623)	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	5,244
Total other financing sources (uses)	<u>(451)</u>	<u>-</u>	<u>71,898</u>	<u>(137,623)</u>	<u>537,610</u>	<u>-</u>	<u>2,644,291</u>	<u>2,461,066</u>
Net change in fund balances	<u>(43,858)</u>	<u>1,673</u>	<u>-</u>	<u>(136,126)</u>	<u>-</u>	<u>1,499</u>	<u>(5,233)</u>	<u>2,483,711</u>
Fund balances, beginning of year	49,137	15,769	-	136,126	-	121,443	5,233	-
Fund balances, end of year	<u>\$ 5,279</u>	<u>\$ 17,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,942</u>	<u>\$ -</u>	<u>\$ 2,483,711</u>

Capital Projects Funds						Permanent Fund	
Capital Projects (4010)	Heritage Landing Development (4180)	Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Lake Level (8410)	Cemetery Trust (1500)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,291,831
-	-	-	-	-	-	-	5,750,765
-	-	-	-	-	-	-	14,948,119
-	-	-	-	-	-	-	273,756
-	-	-	-	-	4,348	-	2,725,985
-	-	-	-	-	-	-	9,478
-	-	1,556	1,062	-	-	410	113,235
-	-	-	-	-	-	-	728,630
-	-	-	-	-	-	-	633,387
-	-	1,556	1,062	-	4,348	410	29,475,186
-	-	-	-	-	-	293	740,801
-	-	-	-	-	-	-	8,282,479
-	-	-	-	-	-	-	2,102,263
-	-	-	-	-	-	-	15,093,391
-	-	-	-	-	-	-	3,952,634
-	-	-	-	-	-	-	56,008
-	-	-	-	-	-	-	1,758,828
-	-	-	-	-	-	-	1,685,000
-	-	-	-	-	-	-	2,004,359
7,050	-	99,514	152,357	1,650	9,000	-	409,277
7,050	-	99,514	152,357	1,650	9,000	293	36,085,040
(7,050)	-	(97,958)	(151,295)	(1,650)	(4,652)	117	(6,609,854)
-	-	-	-	-	4,816	-	15,029,268
-	-	-	(441,652)	-	(164)	-	(1,292,827)
-	-	-	-	-	-	-	5,244
-	-	-	(441,652)	-	4,652	-	13,741,685
(7,050)	-	(97,958)	(592,947)	(1,650)	-	117	7,131,831
56,025	9,261	175,604	783,552	300,000	-	36,670	5,333,682
\$ 48,975	\$ 9,261	\$ 77,646	\$ 190,605	\$ 298,350	\$ -	\$ 36,787	\$ 12,465,513

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, 2019

	Senior Millage (1060)			Sobriety Court (1170)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ 2,147,149	\$ 2,196,175	\$ 49,026	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	201,364	201,364	-	375,000	278,436	(96,564)
Local	-	-	-	-	-	-
Charges for services	-	-	-	98,294	105,323	7,029
Fines and forfeitures	-	-	-	-	-	-
Investment income	19,500	30,869	11,369	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>2,368,013</u>	<u>2,428,408</u>	<u>60,395</u>	<u>473,294</u>	<u>383,759</u>	<u>(89,535)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	501,744	390,069	(111,675)
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	2,369,392	2,167,364	(202,028)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,369,392</u>	<u>2,167,364</u>	<u>(202,028)</u>	<u>501,744</u>	<u>390,069</u>	<u>(111,675)</u>
Revenues over (under) expenditures	<u>(1,379)</u>	<u>261,044</u>	<u>262,423</u>	<u>(28,450)</u>	<u>(6,310)</u>	<u>22,140</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	33,472	10,827	(22,645)
Transfers out	-	-	-	(5,022)	(4,517)	(505)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,450</u>	<u>6,310</u>	<u>(23,150)</u>
Net change in fund balances	<u>(1,379)</u>	<u>261,044</u>	<u>262,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>1,430,584</u>	<u>1,430,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,429,205</u>	<u>\$ 1,691,628</u>	<u>\$ 262,423</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
195,196	115,286	(79,910)	138,144	126,190	(11,954)	-	-	-
-	-	-	-	-	-	80,300	77,763	(2,537)
-	-	-	-	-	-	-	-	-
-	-	-	41,251	41,251	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(753)	(753)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2,500	2,500	3,336	12,337	9,001	-	-	-
<u>195,196</u>	<u>117,786</u>	<u>(77,410)</u>	<u>181,978</u>	<u>179,025</u>	<u>(2,953)</u>	<u>80,300</u>	<u>77,763</u>	<u>(2,537)</u>
-	-	-	-	-	-	-	-	-
192,066	115,348	(76,718)	-	-	-	-	-	-
-	-	-	257,493	255,334	(2,159)	214,590	193,378	(21,212)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	77,505	48,011	(29,494)	5,714	5,414	(300)
<u>192,066</u>	<u>115,348</u>	<u>(76,718)</u>	<u>334,998</u>	<u>303,345</u>	<u>(31,653)</u>	<u>220,304</u>	<u>198,792</u>	<u>(21,512)</u>
<u>3,130</u>	<u>2,438</u>	<u>(692)</u>	<u>(153,020)</u>	<u>(124,320)</u>	<u>28,700</u>	<u>(140,004)</u>	<u>(121,029)</u>	<u>18,975</u>
-	678	678	156,317	128,670	(27,647)	131,038	111,803	(19,235)
<u>(3,130)</u>	<u>(3,116)</u>	<u>(14)</u>	<u>(4,359)</u>	<u>(4,030)</u>	<u>(329)</u>	<u>(3,656)</u>	<u>(3,427)</u>	<u>(229)</u>
<u>(3,130)</u>	<u>(2,438)</u>	<u>664</u>	<u>151,958</u>	<u>124,640</u>	<u>(27,976)</u>	<u>127,382</u>	<u>108,376</u>	<u>(19,464)</u>
-	-	-	(1,062)	320	1,382	(12,622)	(12,653)	(31)
-	-	-	3,753	3,753	-	23,156	23,156	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,691</u>	<u>\$ 4,073</u>	<u>\$ 1,382</u>	<u>\$ 10,534</u>	<u>\$ 10,503</u>	<u>\$ (31)</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, 2019

	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	56,000	28,323	(27,677)	-	-	-
State	151,050	151,050	-	-	-	-
Local	-	-	-	195,043	193,239	(1,804)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>207,050</u>	<u>179,373</u>	<u>(27,677)</u>	<u>195,043</u>	<u>193,239</u>	<u>(1,804)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	327,560	295,334	(32,226)	378,821	376,136	(2,685)
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>327,560</u>	<u>295,334</u>	<u>(32,226)</u>	<u>378,821</u>	<u>376,136</u>	<u>(2,685)</u>
Revenues over (under) expenditures	<u>(120,510)</u>	<u>(115,961)</u>	<u>4,549</u>	<u>(183,778)</u>	<u>(182,897)</u>	<u>881</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	128,683	123,545	(5,138)	195,043	193,238	(1,805)
Transfers out	(8,173)	(7,584)	(589)	(11,265)	(10,341)	(924)
Total other financing sources (uses)	<u>120,510</u>	<u>115,961</u>	<u>(5,727)</u>	<u>183,778</u>	<u>182,897</u>	<u>(2,729)</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,185,353	3,486,917	(698,436)	5,850	2,680	(3,170)
-	-	-	196,069	195,881	(188)	-	-	-
-	-	-	-	-	-	-	-	-
810,000	829,153	19,153	398,225	386,989	(11,236)	-	-	-
-	-	-	-	-	-	-	-	-
4,000	7,390	3,390	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	44,573	42,327	(2,246)	-	-	-
<u>814,000</u>	<u>836,543</u>	<u>22,543</u>	<u>4,824,220</u>	<u>4,112,114</u>	<u>(712,106)</u>	<u>5,850</u>	<u>2,680</u>	<u>(3,170)</u>
-	-	-	-	-	-	-	-	-
-	-	-	5,862,589	5,594,394	(268,195)	5,850	2,680	(3,170)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
856,793	746,151	(110,642)	-	-	-	-	-	-
208,184	80,186	(127,998)	-	5,951	5,951	-	-	-
<u>1,064,977</u>	<u>826,337</u>	<u>(238,640)</u>	<u>5,862,589</u>	<u>5,600,345</u>	<u>(262,244)</u>	<u>5,850</u>	<u>2,680</u>	<u>(3,170)</u>
<u>(250,977)</u>	<u>10,206</u>	<u>261,183</u>	<u>(1,038,369)</u>	<u>(1,488,231)</u>	<u>(449,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	1,189,615	1,629,220	439,605	-	-	-
(33,632)	(33,912)	280	(151,246)	(140,989)	(10,257)	-	-	-
<u>(33,632)</u>	<u>(33,912)</u>	<u>280</u>	<u>1,038,369</u>	<u>1,488,231</u>	<u>429,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
(284,609)	(23,706)	260,903	-	-	-	-	-	-
541,077	541,077	-	-	-	-	-	-	-
<u>\$ 256,468</u>	<u>\$ 517,371</u>	<u>\$ 260,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019

	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	314,938	317,730	2,792	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>314,938</u>	<u>317,730</u>	<u>2,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	21,125	10,695	(10,430)
Public safety	319,658	314,288	(5,370)	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>319,658</u>	<u>314,288</u>	<u>(5,370)</u>	<u>21,125</u>	<u>10,695</u>	<u>(10,430)</u>
Revenues over (under) expenditures	<u>(4,720)</u>	<u>3,442</u>	<u>8,162</u>	<u>(21,125)</u>	<u>(10,695)</u>	<u>10,430</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,556	986	(5,570)	-	-	-
Transfers out	(1,836)	(2,313)	477	(225)	(121)	(104)
Total other financing sources (uses)	<u>4,720</u>	<u>(1,327)</u>	<u>(5,093)</u>	<u>(225)</u>	<u>(121)</u>	<u>(104)</u>
Net change in fund balances	-	2,115	2,115	(21,350)	(10,816)	10,534
Fund balances, beginning of year	-	-	-	21,350	21,350	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2,115</u>	<u>\$ 2,115</u>	<u>\$ -</u>	<u>\$ 10,534</u>	<u>\$ 10,534</u>

Health Department (2210)			Community Health Improvement (2217)			Lake Pollution Control (2240)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,743,822	1,870,705	126,883	-	-	-	-	-	-
1,966,581	1,721,254	(245,327)	-	-	-	5,000,000	5,000,000	-
45	47	2	-	-	-	-	-	-
634,028	638,709	4,681	750,000	362,888	(387,112)	-	-	-
-	-	-	-	-	-	-	-	-
380	415	35	750	338	(412)	31,000	32,334	1,334
-	-	-	-	-	-	-	-	-
107,575	74,494	(33,081)	-	-	-	-	-	-
<u>4,452,431</u>	<u>4,305,624</u>	<u>(146,807)</u>	<u>750,750</u>	<u>363,226</u>	<u>(387,524)</u>	<u>5,031,000</u>	<u>5,032,334</u>	<u>1,334</u>
-	-	-	750,814	363,290	(387,524)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,012,302	5,823,373	(188,929)	-	-	-	-	-	-
-	-	-	-	-	-	2,500,000	500,968	(1,999,032)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>6,012,302</u>	<u>5,823,373</u>	<u>(188,929)</u>	<u>750,814</u>	<u>363,290</u>	<u>(387,524)</u>	<u>2,500,000</u>	<u>500,968</u>	<u>(1,999,032)</u>
<u>(1,559,871)</u>	<u>(1,517,749)</u>	<u>42,122</u>	<u>(64)</u>	<u>(64)</u>	<u>-</u>	<u>2,531,000</u>	<u>4,531,366</u>	<u>2,000,366</u>
1,690,689	1,663,963	(26,726)	-	-	-	-	-	-
(130,818)	(132,705)	1,887	-	-	-	-	-	-
<u>1,559,871</u>	<u>1,531,258</u>	<u>(24,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	13,509	13,509	(64)	(64)	-	2,531,000	4,531,366	2,000,366
24,323	24,323	-	64	64	-	-	-	-
<u>\$ 24,323</u>	<u>\$ 37,832</u>	<u>\$ 13,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,531,000</u>	<u>\$ 4,531,366</u>	<u>\$ 2,000,366</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, 2019

	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	-	-	-	-	-	-
State	44,124	43,212	(912)	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>44,124</u>	<u>43,212</u>	<u>(912)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	44,124	43,212	(912)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>44,124</u>	<u>43,212</u>	<u>(912)</u>	<u>-</u>	<u>-</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	-	-	-	-	-	-
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>

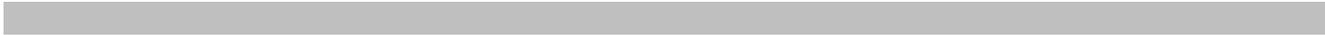
Accommodations Tax (2300)			Parks Development (2411)			CDBG Housing Grant (2470)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 1,798,780	\$ 1,762,635	\$ (36,145)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,000	1,000	-	-	-	-	-	-
58,000	62,898	4,898	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,800	4,269	469	-	-	-	250	1,319	1,069
3,000	3,510	510	-	-	-	-	-	-
18,500	13,085	(5,415)	-	-	-	16,000	27,450	11,450
<u>1,882,080</u>	<u>1,847,397</u>	<u>(34,683)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,250</u>	<u>28,769</u>	<u>12,519</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	16,060	246	(15,814)
-	-	-	227	227	-	-	-	-
1,179,245	1,012,677	(166,568)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,179,245</u>	<u>1,012,677</u>	<u>(166,568)</u>	<u>227</u>	<u>227</u>	<u>-</u>	<u>16,060</u>	<u>246</u>	<u>(15,814)</u>
<u>702,835</u>	<u>834,720</u>	<u>131,885</u>	<u>(227)</u>	<u>(227)</u>	<u>-</u>	<u>190</u>	<u>28,523</u>	<u>28,333</u>
-	-	-	227	227	-	-	-	-
(170,080)	(169,617)	(463)	-	-	-	-	-	-
<u>(170,080)</u>	<u>(169,617)</u>	<u>(463)</u>	<u>227</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
532,755	665,103	132,348	-	-	-	190	28,523	28,333
540,880	540,880	-	-	-	-	97,561	97,561	-
<u>\$ 1,073,635</u>	<u>\$ 1,205,983</u>	<u>\$ 132,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,751</u>	<u>\$ 126,084</u>	<u>\$ 28,333</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, 2019

	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	-	-	-	5,000	4,263	(737)
State	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	13,298	12,625	(673)	-	-	-
Total revenues	<u>13,298</u>	<u>12,625</u>	<u>(673)</u>	<u>5,000</u>	<u>4,263</u>	<u>(737)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	13,298	12,625	(673)	5,000	4,263	(737)
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>13,298</u>	<u>12,625</u>	<u>(673)</u>	<u>5,000</u>	<u>4,263</u>	<u>(737)</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	-	-	-	-	-	-
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	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Blight Elimination (2550)			Deed Automation (2560)			Indigent Defense (2600)		
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	805,774	(231,691)	-	-	-	918,009	917,735	(274)
-	-	-	-	-	-	250	250	-
-	-	-	170,000	162,450	(7,550)	103,300	119,603	16,303
-	-	-	-	-	-	-	-	-
-	-	-	4,000	7,408	3,408	6,250	8,374	2,124
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,037,465</u>	<u>805,774</u>	<u>(231,691)</u>	<u>174,000</u>	<u>169,858</u>	<u>(4,142)</u>	<u>1,027,809</u>	<u>1,045,962</u>	<u>18,153</u>
-	-	-	329,836	277,863	(51,973)	-	-	-
-	-	-	-	-	-	2,214,119	2,169,293	(44,826)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,037,465	805,774	(231,691)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	158,000	144	(157,856)	-	-	-
<u>1,037,465</u>	<u>805,774</u>	<u>(231,691)</u>	<u>487,836</u>	<u>278,007</u>	<u>(209,829)</u>	<u>2,214,119</u>	<u>2,169,293</u>	<u>(44,826)</u>
-	-	-	(313,836)	(108,149)	205,687	(1,186,310)	(1,123,331)	62,979
-	-	-	-	-	-	1,254,069	1,299,793	45,724
-	-	-	(2,863)	(2,588)	(275)	(67,759)	(64,137)	(3,622)
-	-	-	<u>(2,863)</u>	<u>(2,588)</u>	<u>(275)</u>	<u>1,186,310</u>	<u>1,235,656</u>	<u>42,102</u>
-	-	-	(316,699)	(110,737)	205,962	-	112,325	112,325
-	-	-	632,416	632,416	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,717</u>	<u>\$ 521,679</u>	<u>\$ 205,962</u>	<u>\$ -</u>	<u>\$ 112,325</u>	<u>\$ 112,325</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, 2019

	Concealed Pistol Licensing (2630)			Community Corrections (2640)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	181,333	173,277	(8,056)
Local	-	-	-	-	-	-
Charges for services	-	-	-	10,700	10,700	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	200	1,823	1,623	-	-	-
Rentals	-	-	-	-	-	-
Other	75,000	71,734	(3,266)	-	-	-
Total revenues	<u>75,200</u>	<u>73,557</u>	<u>(1,643)</u>	<u>192,033</u>	<u>183,977</u>	<u>(8,056)</u>
EXPENDITURES						
Current:						
General government	49,500	49,008	(492)	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	347,660	327,687	(19,973)
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>49,500</u>	<u>49,008</u>	<u>(492)</u>	<u>347,660</u>	<u>327,687</u>	<u>(19,973)</u>
Revenues over (under) expenditures	<u>25,700</u>	<u>24,549</u>	<u>(1,151)</u>	<u>(155,627)</u>	<u>(143,710)</u>	<u>11,917</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	166,548	153,054	(13,494)
Transfers out	(799)	(741)	(58)	(10,921)	(9,344)	(1,577)
Total other financing sources (uses)	<u>(799)</u>	<u>(741)</u>	<u>(58)</u>	<u>155,627</u>	<u>143,710</u>	<u>(15,071)</u>
Net change in fund balances	24,901	23,808	(1,093)	-	-	-
Fund balances, beginning of year	128,254	128,254	-	-	-	-
Fund balances, end of year	<u>\$ 153,155</u>	<u>\$ 152,062</u>	<u>\$ (1,093)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TNT Drug (2671)			Prosecutor Drug (2672)			Special Investigative Fund (2673)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	14,000	14,000	-
-	-	-	-	-	-	50,923	20,036	(30,887)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,320	9,478	158	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>9,320</u>	<u>9,478</u>	<u>158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,923</u>	<u>34,036</u>	<u>(30,887)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,320	289	(9,031)	36	36	-	64,923	35,776	(29,147)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>9,320</u>	<u>289</u>	<u>(9,031)</u>	<u>36</u>	<u>36</u>	<u>-</u>	<u>64,923</u>	<u>35,776</u>	<u>(29,147)</u>
-	9,189	9,189	(36)	(36)	-	-	(1,740)	(1,740)
-	-	-	-	-	-	-	2,637	2,637
-	-	-	-	-	-	-	(897)	897
-	-	-	-	-	-	-	1,740	3,534
-	9,189	9,189	(36)	(36)	-	-	-	-
4,967	4,967	-	1,478	1,478	-	-	-	-
<u>\$ 4,967</u>	<u>\$ 14,156</u>	<u>\$ 9,189</u>	<u>\$ 1,442</u>	<u>\$ 1,442</u>	<u>\$ -</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, 2019

	Crime Victims' Rights (2800)			Muskegon Area Stormwater Committee (2823)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	55,805	55,805	-	-	-	-
State	303,744	238,598	(65,146)	-	-	-
Local	400	400	-	50,000	50,000	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>359,949</u>	<u>294,803</u>	<u>(65,146)</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	50,000	49,160	(840)
Judicial	-	-	-	-	-	-
Public safety	370,617	304,005	(66,612)	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>370,617</u>	<u>304,005</u>	<u>(66,612)</u>	<u>50,000</u>	<u>49,160</u>	<u>(840)</u>
Revenues over (under) expenditures	<u>(10,668)</u>	<u>(9,202)</u>	<u>1,466</u>	<u>-</u>	<u>840</u>	<u>840</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	20,735	18,197	(2,538)	-	-	-
Transfers out	(10,067)	(9,033)	(1,034)	-	-	-
Total other financing sources (uses)	<u>10,668</u>	<u>9,164</u>	<u>(3,572)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(38)	(38)	-	840	840
Fund balances, beginning of year	927	927	-	43,854	43,854	-
Fund balances, end of year	<u>\$ 927</u>	<u>\$ 889</u>	<u>\$ (38)</u>	<u>\$ 43,854</u>	<u>\$ 44,694</u>	<u>\$ 840</u>

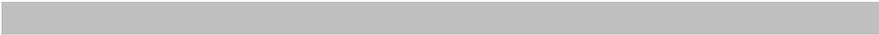
Remuneration Program (2890)			Social Welfare (2910)			Child Care Facility (2920)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	50,287	46,596	(3,691)
96,086	55,761	(40,325)	-	-	-	5,304,530	4,636,212	(668,318)
-	-	-	-	-	-	-	160	160
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	371,533	364,235	(7,298)
<u>96,086</u>	<u>55,761</u>	<u>(40,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,726,350</u>	<u>5,047,203</u>	<u>(679,147)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	9,829	5,935	(3,894)	10,243,015	8,909,593	(1,333,422)
-	-	-	-	-	-	-	-	-
96,101	55,776	(40,325)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>96,101</u>	<u>55,776</u>	<u>(40,325)</u>	<u>9,829</u>	<u>5,935</u>	<u>(3,894)</u>	<u>10,243,015</u>	<u>8,909,593</u>	<u>(1,333,422)</u>
<u>(15)</u>	<u>(15)</u>	<u>-</u>	<u>(9,829)</u>	<u>(5,935)</u>	<u>3,894</u>	<u>(4,516,665)</u>	<u>(3,862,390)</u>	<u>654,275</u>
15	15	-	9,829	5,935	(3,894)	4,639,223	3,972,043	(667,180)
-	-	-	-	-	-	(122,558)	(109,653)	(12,905)
<u>15</u>	<u>15</u>	<u>-</u>	<u>9,829</u>	<u>5,935</u>	<u>(3,894)</u>	<u>4,516,665</u>	<u>3,862,390</u>	<u>(680,085)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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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, 2019

	Veterans' Care (2930)			Mental Health Buildings (2970)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ 322,932	\$ 332,428	\$ 9,496	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	133,822	97,374	(36,448)	-	-	-
Local	21,000	28,660	7,660	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	1,700	3,153	1,453	400	482	82
Rentals	-	-	-	310,404	310,404	-
Other	-	-	-	-	-	-
Total revenues	<u>479,454</u>	<u>461,615</u>	<u>(17,839)</u>	<u>310,804</u>	<u>310,886</u>	<u>82</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	357,998	354,293	(3,705)
Welfare	443,338	418,182	(25,156)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>443,338</u>	<u>418,182</u>	<u>(25,156)</u>	<u>357,998</u>	<u>354,293</u>	<u>(3,705)</u>
Revenues over (under) expenditures	<u>36,116</u>	<u>43,433</u>	<u>7,317</u>	<u>(47,194)</u>	<u>(43,407)</u>	<u>3,787</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(4,402)	(3,872)	(530)	(540)	(451)	(89)
Total other financing sources (uses)	<u>(4,402)</u>	<u>(3,872)</u>	<u>(530)</u>	<u>(540)</u>	<u>(451)</u>	<u>(89)</u>
Net change in fund balances	31,714	39,561	7,847	(47,734)	(43,858)	3,876
Fund balances, beginning of year	150,212	150,212	-	49,137	49,137	-
Fund balances, end of year	<u>\$ 181,926</u>	<u>\$ 189,773</u>	<u>\$ 7,847</u>	<u>\$ 1,403</u>	<u>\$ 5,279</u>	<u>\$ 3,876</u>



Quality of Victim Restitution (2980)		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
1,100	1,673	573
-	-	-
200	-	(200)
-	-	-
-	-	-
<u>1,300</u>	<u>1,673</u>	<u>373</u>
-	-	-
8,000	-	(8,000)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
<u>(6,700)</u>	<u>1,673</u>	<u>8,373</u>
-	-	-
-	-	-
-	-	-
<u>(6,700)</u>	<u>1,673</u>	<u>8,373</u>
15,769	15,769	-
<u>\$ 9,069</u>	<u>\$ 17,442</u>	<u>\$ 8,373</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.

Brookhaven Medical Care Facility (5120)--accounts for the revenues from insurance providers, governmental agencies and patients (or other representatives) for the operation of a long-term healthcare facility for the elderly or disabled. The facility closed in February 2018.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 September 30, 2019

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Brookhaven Medical Care Facility (5120)	Total
ASSETS					
Current assets:					
Cash and investments	\$ 677,473	\$ -	\$ 54,472	\$ -	\$ 731,945
Receivables, net:					
Accounts	-	6,915	1,200	1,223,186	1,231,301
Due from other governments	-	999,655	-	-	999,655
Total current assets	677,473	1,006,570	55,672	1,223,186	2,962,901
Noncurrent assets:					
Restricted assets	128,795	-	-	-	128,795
Capital assets not being depreciated	-	354,753	-	-	354,753
Capital assets being depreciated, net	-	7,524,619	226,252	-	7,750,871
Net OPEB asset	-	845,713	-	-	845,713
Total noncurrent assets	128,795	8,725,085	226,252	-	9,080,132
Total assets	806,268	9,731,655	281,924	1,223,186	12,043,033
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension amounts	-	491,059	-	-	491,059
Deferred OPEB amounts	-	466,343	-	-	466,343
Total deferred outflows of resources	-	957,402	-	-	957,402
LIABILITIES					
Current liabilities:					
Negative equity in pooled cash	-	526,963	-	1,223,186	1,750,149
Payables:					
Accounts payable	354	151,868	-	-	152,222
Due to other governments	-	34,108	-	-	34,108
Accrued liabilities	-	106,599	259	-	106,858
Accrued interest	-	39,548	-	-	39,548
Unearned revenue	-	-	600	-	600
Current portion of accrued closure cost and sludge removal	21,119	-	-	-	21,119
Current portion of compensated absences	-	36,179	-	-	36,179
Current portion of long-term debt	-	38,212	-	-	38,212
Total current liabilities	21,473	933,477	859	1,223,186	2,178,995
Noncurrent liabilities, net of current portion:					
Accrued closure cost and sludge removal	278,773	-	-	-	278,773
Compensated absences	-	251,184	-	-	251,184
Long-term debt	-	1,190,379	-	-	1,190,379
Net pension liability	-	1,519,811	-	-	1,519,811
Total noncurrent liabilities	278,773	2,961,374	-	-	3,240,147
Total liabilities	300,246	3,894,851	859	1,223,186	5,419,142
DEFERRED INFLOWS OF RESOURCES					
Deferred pension amounts	-	21,957	-	-	21,957
Deferred OPEB amounts	-	3,661,962	-	-	3,661,962
Total deferred inflows of resources	-	3,683,919	-	-	3,683,919
NET POSITION					
Net investment in capital assets	-	7,879,372	226,252	-	8,105,624
Unrestricted (deficit)	506,022	(4,769,085)	54,813	-	(4,208,250)
Total net position	\$ 506,022	\$ 3,110,287	\$ 281,065	\$ -	\$ 3,897,374

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenses and Change in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2019

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Brookhaven Medical Care Facility (5120)	Total
Operating revenues:					
Charges for services	\$ -	\$ 438,303	\$ 69,673	\$ -	\$ 507,976
Other revenues	-	3,658	-	-	3,658
Total operating revenues	-	441,961	69,673	-	511,634
Operating expenses:					
Salaries and fringes	-	1,742,971	10,702	-	1,753,673
Supplies and other operating expenses	(14,684)	1,867,788	8,994	174,477	2,036,575
Depreciation	-	769,937	12,193	-	782,130
Total operating expenses	(14,684)	4,380,696	31,889	174,477	4,572,378
Operating income (loss)	14,684	(3,938,735)	37,784	(174,477)	(4,060,744)
Nonoperating revenues (expenses):					
Grants and contributions:					
Federal	-	2,280,522	-	-	2,280,522
State	-	1,591,564	-	-	1,591,564
Local	-	260,874	-	-	260,874
Investment income	9,321	140	1,133	-	10,594
Interest expense	-	(39,548)	-	-	(39,548)
Bond issuance expense	-	(8,910)	-	-	(8,910)
Gain on sale of capital assets	-	20,702	-	-	20,702
Total nonoperating revenues (expenses)	9,321	4,105,344	1,133	-	4,115,798
Income (loss) before capital contributions and transfers	24,005	166,609	38,917	(174,477)	55,054
Capital contributions - federal	-	365,279	-	-	365,279
Capital contributions - state	-	91,319	-	-	91,319
Transfers in	-	372,000	-	174,477	546,477
Change in net position	24,005	995,207	38,917	-	1,058,129
Net position, beginning of year	482,017	2,115,080	242,148	-	2,839,245
Net position, end of year	\$ 506,022	\$ 3,110,287	\$ 281,065	\$ -	\$ 3,897,374

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2019

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Brookhaven Medical Care Facility (5120)	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ -	\$ 443,347	\$ 69,840	\$ 191,892	\$ 705,079
Payments to vendors	(26,773)	(2,438,779)	(9,670)	(366,369)	(2,841,591)
Payments for personnel services	(783)	(4,212,391)	(11,262)	-	(4,224,436)
Net cash provided by (used in) operating activities	(27,556)	(6,207,823)	48,908	(174,477)	(6,360,948)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental receipts	-	372,000	-	174,477	546,477
Proceeds from issuance of pension bonds	-	1,232,960	-	-	1,232,960
Discount on issuance of pension bonds	-	(4,369)	-	-	(4,369)
Federal and/or state grants	-	4,583,128	-	-	4,583,128
Net cash provided by noncapital financing activities	-	6,183,719	-	174,477	6,358,196
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on long-term debt	-	(8,910)	-	-	(8,910)
Capital contributions received	-	456,598	-	-	456,598
Proceeds from sale of capital assets	-	32,874	-	-	32,874
Purchase of capital assets	-	(456,598)	(135,081)	-	(591,679)
Net cash provided by (used in) capital and related financing activities	-	23,964	(135,081)	-	(111,117)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	9,321	140	1,133	-	10,594
Net change in cash and investments	(18,235)	-	(85,040)	-	(103,275)
Cash and investments, beginning of year	695,708	-	139,512	-	835,220
Cash and investments, end of year	\$ 677,473	\$ -	\$ 54,472	\$ -	\$ 731,945
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 14,684	\$ (3,938,735)	\$ 37,784	\$ (174,477)	\$ (4,060,744)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	-	769,937	12,193	-	782,130
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable	-	1,386	(600)	191,892	192,678
Due from other governments	-	-	167	-	167
Restricted assets	160	-	-	-	160
Negative equity in pooled cash	-	(497,157)	-	(181,110)	(678,267)
Accounts payable	354	(107,942)	(676)	(10,782)	(119,046)
Due to other governments	-	34,108	-	-	34,108
Accrued liabilities	-	(18,229)	(560)	-	(18,789)
Unearned revenue	-	-	600	-	600
Accrued closure cost and sludge removal	(41,971)	-	-	-	(41,971)
Accrued compensated absences	(783)	(21,202)	-	-	(21,985)
Net pension liability	-	(1,081,691)	-	-	(1,081,691)
Deferred outflows - pension amounts	-	(268,164)	-	-	(268,164)
Deferred inflows - pension amounts	-	(188,359)	-	-	(188,359)
Net OPEB asset	-	(845,713)	-	-	(845,713)
Net OPEB liability	-	(3,708,524)	-	-	(3,708,524)
Deferred outflows - OPEB amounts	-	500	-	-	500
Deferred inflows - OPEB amounts	-	3,661,962	-	-	3,661,962
Net cash provided by (used in) operating activities	\$ (27,556)	\$ (6,207,823)	\$ 48,908	\$ (174,477)	\$ (6,360,948)

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, 2019

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
ASSETS			
Current assets:			
Cash and investments	\$ 44,366	\$ 39,150	\$ 8,672
Receivable, net:			
Accounts	7,553	-	-
Due from other governments	14,413	-	-
Accrued interest	-	-	-
Notes	-	-	-
Prepays	35,000	-	-
Total current assets	<u>101,332</u>	<u>39,150</u>	<u>8,672</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Deposits held with others	-	-	-
Capital assets not being depreciated	-	-	15,000
Capital assets being depreciated, net	-	-	50,905
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>65,905</u>
Total assets	<u>101,332</u>	<u>39,150</u>	<u>74,577</u>
LIABILITIES			
Current liabilities:			
Payables:			
Accounts payable	27,950	34,128	87
Due to other governments	-	-	-
Accrued liabilities	3,861	5,022	-
Accrued interest	-	-	-
Unearned revenue	7,553	-	-
Current portion of compensated absences	358	-	-
Current portion of long-term debt	-	-	-
Total current liabilities	<u>39,722</u>	<u>39,150</u>	<u>87</u>
Noncurrent liabilities, net of current portion:			
Advances from other funds	-	-	-
Compensated absences	2,482	-	-
Long-term debt	-	-	-
Total noncurrent liabilities	<u>2,482</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>42,204</u>	<u>39,150</u>	<u>87</u>
NET POSITION			
Net investment in capital assets	-	-	65,905
Unrestricted	59,128	-	8,585
Total net position (deficit)	<u>\$ 59,128</u>	<u>\$ -</u>	<u>\$ 74,490</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ 1,530,906	\$ 4,982,939	\$ 3,856,565	\$ 10,462,598
-	64,054	446,377	517,984
-	3,190	16,187	33,790
-	-	322,109	322,109
-	-	200,000	200,000
-	69,146	231,129	335,275
<u>1,530,906</u>	<u>5,119,329</u>	<u>5,072,367</u>	<u>11,871,756</u>
-	-	550,584	550,584
-	-	699,572	699,572
-	2,983,841	-	2,998,841
<u>3,552,609</u>	<u>7,174,643</u>	<u>-</u>	<u>10,778,157</u>
<u>3,552,609</u>	<u>10,158,484</u>	<u>1,250,156</u>	<u>15,027,154</u>
<u>5,083,515</u>	<u>15,277,813</u>	<u>6,322,523</u>	<u>26,898,910</u>
-	901,042	130,258	1,093,465
-	-	20,685	20,685
-	36,315	2,397,881	2,443,079
150,726	83,274	-	234,000
-	1,148	33,311	42,012
-	20,848	-	21,206
<u>300,000</u>	<u>1,250,946</u>	<u>-</u>	<u>1,550,946</u>
<u>450,726</u>	<u>2,293,573</u>	<u>2,582,135</u>	<u>5,405,393</u>
-	41,803	-	41,803
-	144,746	-	147,228
4,890,000	7,281,358	-	12,171,358
<u>4,890,000</u>	<u>7,467,907</u>	<u>-</u>	<u>12,360,389</u>
<u>5,340,726</u>	<u>9,761,480</u>	<u>2,582,135</u>	<u>17,765,782</u>
(1,637,391)	1,870,262	-	298,776
1,380,180	3,646,071	3,740,388	8,834,352
<u>\$ (257,211)</u>	<u>\$ 5,516,333</u>	<u>\$ 3,740,388</u>	<u>\$ 9,133,128</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, 2019

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Rentals	-	761,203	-
Other revenues	469,150	-	-
Total operating revenues	<u>469,150</u>	<u>761,203</u>	<u>-</u>
Operating expenses:			
Salaries and fringes	108,565	159,166	-
Supplies and other operating expenses	371,434	598,342	5,033
Insurance benefits and claims	-	-	-
Insurance premiums	-	-	-
Depreciation	-	-	7,430
Total operating expenses	<u>479,999</u>	<u>757,508</u>	<u>12,463</u>
Operating income (loss)	<u>(10,849)</u>	<u>3,695</u>	<u>(12,463)</u>
Nonoperating revenues (expense):			
Investment income	858	-	-
Interest expense	-	-	-
Gain on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>858</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	(9,991)	3,695	(12,463)
Capital contributions - federal	-	-	-
Transfers in	-	-	-
Transfers out	(3,841)	(3,695)	-
Change in net position	(13,832)	-	(12,463)
Net position, beginning of year	72,960	-	86,953
Net position (deficit), end of year	<u>\$ 59,128</u>	<u>\$ -</u>	<u>\$ 74,490</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ -	\$ 17,673,945	\$ 17,673,945
-	626,406	-	1,387,609
-	3,109,747	2,285,866	5,864,763
-	3,736,153	19,959,811	24,926,317
-	979,825	1,101,039	2,348,595
2,436	891,064	176,522	2,044,831
-	-	159,251	159,251
-	-	18,656,269	18,656,269
709,912	2,132,902	-	2,850,244
712,348	4,003,791	20,093,081	26,059,190
(712,348)	(267,638)	(133,270)	(1,132,873)
379,636	64,783	964,666	1,409,943
(363,485)	(237,981)	-	(601,466)
-	25,155	-	25,155
16,151	(148,043)	964,666	833,632
(696,197)	(415,681)	831,396	(299,241)
386,726	-	-	386,726
-	42,828	-	42,828
-	(36,772)	(30,854)	(75,162)
(309,471)	(409,625)	800,542	55,151
52,260	5,925,958	2,939,846	9,077,977
\$ (257,211)	\$ 5,516,333	\$ 3,740,388	\$ 9,133,128

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended September 30, 2019

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 464,716	\$ 761,203	\$ -
Payments to vendors	(379,666)	(599,897)	(5,444)
Payments for personnel services	(107,890)	(159,864)	-
Net cash provided by (used in) operating activities	<u>(22,840)</u>	<u>1,442</u>	<u>(5,444)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental receipts	-	-	-
Intergovernmental payments	(3,841)	(3,695)	-
Net cash provided by (used in) operating activities	<u>(3,841)</u>	<u>(3,695)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	-	-	-
Principal paid 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	858	-	-
Net change in cash and investments	(25,823)	(2,253)	(5,444)
Cash and investments, beginning of year	70,189	41,403	14,116
Cash and investments, end of year	<u>\$ 44,366</u>	<u>\$ 39,150</u>	<u>\$ 8,672</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (10,849)	\$ 3,695	\$ (12,463)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	-	7,430
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	(6,705)	-	-
Due from other governments	(5,282)	-	-
Accrued interest receivable	-	-	-
Prepays	-	-	-
Deposits held with others	-	-	-
Accounts payable	(8,232)	(1,555)	(411)
Due to other governments	-	-	-
Accrued liabilities	924	(698)	-
Unearned revenue	7,553	-	-
Compensated absences	(249)	-	-
Net cash provided by (used in) operating activities	<u>\$ (22,840)</u>	<u>\$ 1,442</u>	<u>\$ (5,444)</u>

Noncash transactions:

The Equipment Revolving fund financed the acquisition of capital assets with noncash capital leases of \$134,260 for the year ended September 30, 2019.

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ 3,680,437	\$ 20,113,669	\$ 25,020,025
(2,436)	(46,437)	(19,100,410)	(20,134,290)
-	(971,649)	(1,425,904)	(2,665,307)
<u>(2,436)</u>	<u>2,662,351</u>	<u>(412,645)</u>	<u>2,220,428</u>
-	-	19,146	19,146
-	(3,573)	-	(11,109)
-	(3,573)	19,146	8,037
-	2,753,539	-	2,753,539
(300,000)	(1,211,826)	-	(1,511,826)
(372,198)	(265,815)	-	(638,013)
386,726	-	-	386,726
-	25,155	-	25,155
-	(2,412,958)	-	(2,412,958)
<u>(285,472)</u>	<u>(1,111,905)</u>	<u>-</u>	<u>(1,397,377)</u>
379,636	64,783	964,666	1,409,943
91,728	1,611,656	571,167	2,241,031
1,439,178	3,371,283	3,285,398	8,221,567
<u>\$ 1,530,906</u>	<u>\$ 4,982,939</u>	<u>\$ 3,856,565</u>	<u>\$ 10,462,598</u>
\$ (712,348)	\$ (267,638)	\$ (133,270)	\$ (1,132,873)
709,912	2,132,902	-	2,850,244
-	(62,906)	241,739	172,128
-	6,042	68	828
-	-	(101,394)	(101,394)
-	(8,998)	1,960	(7,038)
-	-	(6,106)	(6,106)
-	853,625	(104,222)	739,205
-	-	(183,004)	(183,004)
-	3,788	(141,861)	(137,847)
-	1,148	13,445	22,146
-	4,388	-	4,139
<u>\$ (2,436)</u>	<u>\$ 2,662,351</u>	<u>\$ (412,645)</u>	<u>\$ 2,220,428</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, 2019

	Trust And Agency (7010)	Library Penal Fines Fund (7210)	Section 125 Flexible Spending Account (7380)	HealthWest Client Funds (7930)	Total
ASSETS					
Cash and investments	\$ 12,671,053	\$ 95,491	\$ 20,526	\$ 330,947	\$ 13,118,017
Accounts receivable	-	-	-	177	177
Total assets	<u>\$ 12,671,053</u>	<u>\$ 95,491</u>	<u>\$ 20,526</u>	<u>\$ 331,124</u>	<u>\$ 13,118,194</u>
LIABILITIES					
Accounts payable	\$ 14,354	\$ -	\$ -	\$ -	\$ 14,354
Due to other governments	1,907,078	95,491	-	-	2,002,569
Undistributed current and delinquent taxes	10,190,047	-	-	-	10,190,047
Trust deposits	348,283	-	20,526	331,124	699,933
Unallocated receipts	211,291	-	-	-	211,291
Total liabilities	<u>\$ 12,671,053</u>	<u>\$ 95,491</u>	<u>\$ 20,526</u>	<u>\$ 331,124</u>	<u>\$ 13,118,194</u>

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2019

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Trust and Agency Fund (7010)				
ASSETS				
Cash and investments	\$ 10,338,515	\$ 169,952,246	\$ (167,619,708)	\$ 12,671,053
Accounts receivable	1,686	145,623	(147,309)	-
Total assets	<u>\$ 10,340,201</u>	<u>\$ 170,097,869</u>	<u>\$ (167,767,017)</u>	<u>\$ 12,671,053</u>
LIABILITIES				
Accounts payable	\$ 9,491	\$ 63,326,194	\$ (63,321,331)	\$ 14,354
Due to other governments	730,090	29,532,546	(28,355,558)	1,907,078
Undistributed current and delinquent taxes	8,838,160	62,864,531	(61,512,644)	10,190,047
Trust deposits	488,692	1,138,299	(1,278,708)	348,283
Unallocated receipts	273,768	13,236,299	(13,298,776)	211,291
Total liabilities	<u>\$ 10,340,201</u>	<u>\$ 170,097,869</u>	<u>\$ (167,767,017)</u>	<u>\$ 12,671,053</u>
Library Penal Fines (7210)				
ASSETS				
Cash and investments	<u>\$ 82,789</u>	<u>\$ 359,306</u>	<u>\$ (346,604)</u>	<u>\$ 95,491</u>
LIABILITIES				
Due to other governments	<u>\$ 82,789</u>	<u>\$ 359,306</u>	<u>\$ (346,604)</u>	<u>\$ 95,491</u>
Section 125 Flexible Spending Account (7380)				
ASSETS				
Cash and investments	<u>\$ 18,701</u>	<u>\$ 75,680</u>	<u>\$ (73,855)</u>	<u>\$ 20,526</u>
LIABILITIES				
Trust deposits	<u>\$ 18,701</u>	<u>\$ 75,680</u>	<u>\$ (73,855)</u>	<u>\$ 20,526</u>
HealthWest Client Funds (7930)				
ASSETS				
Cash and investments	\$ 386,940	\$ 8,929,434	\$ (8,985,427)	\$ 330,947
Accounts receivable	-	529	(352)	177
Total assets	<u>\$ 386,940</u>	<u>\$ 8,929,963</u>	<u>\$ (8,985,779)</u>	<u>\$ 331,124</u>
LIABILITIES				
Trust deposits	<u>\$ 386,940</u>	<u>\$ 8,929,963</u>	<u>\$ (8,985,779)</u>	<u>\$ 331,124</u>
Total All Agency Funds				
ASSETS				
Cash and investments	\$ 10,826,945	\$ 179,316,666	\$ (177,025,594)	\$ 13,118,017
Accounts receivable	1,686	146,152	(147,661)	177
Total assets	<u>\$ 10,828,631</u>	<u>\$ 179,462,818</u>	<u>\$ (177,173,255)</u>	<u>\$ 13,118,194</u>
LIABILITIES				
Accounts payable	\$ 9,491	\$ 63,326,194	\$ (63,321,331)	14,354
Due to other governments	812,879	29,891,852	(28,702,162)	2,002,569
Undistributed current and delinquent taxes	8,838,160	62,864,531	(61,512,644)	10,190,047
Trust deposits	894,333	10,143,942	(10,338,342)	699,933
Unallocated receipts	273,768	13,236,299	(13,298,776)	211,291
Total liabilities	<u>\$ 10,828,631</u>	<u>\$ 179,462,818</u>	<u>\$ (177,173,255)</u>	<u>\$ 13,118,194</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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<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
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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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 40,525	\$ 42,982	\$ 48,399	\$ 53,894	\$ 51,938	\$ 38,123	\$ 28,841	\$ 24,984	\$ 21,820	\$ 18,160
Restricted	5,900	3,594	4,031	3,540	3,075	2,635	2,902	3,273	3,703	8,916
Unrestricted (deficit)	19,453	22,159	14,922	9,333	481	(50,027)	(61,197)	(69,365)	(128,221)	(109,214)
Total Governmental Activities Net Position	\$ 65,878	\$ 68,735	\$ 67,352	\$ 66,767	\$ 55,494	\$ (9,269)	\$ (29,454)	\$ (41,108)	\$ (102,698)	\$ (82,138)
Business-type Activities										
Net investment in capital assets	\$ 105,750	\$ 101,923	\$ 100,796	\$ 98,852	\$ 96,621	\$ 94,764	\$ 94,269	\$ 98,216	\$ 99,225	\$ 106,669
Restricted	2,898	-	-	-	-	-	-	-	-	-
Unrestricted	22,415	25,546	26,164	22,839	26,893	16,881	19,715	13,134	9,555	15,015
Total Business-type Activities Net Position	\$ 131,063	\$ 127,469	\$ 126,960	\$ 121,691	\$ 123,514	\$ 111,645	\$ 113,984	\$ 111,350	\$ 108,780	\$ 121,684
Primary Government										
Net investment in capital assets	\$ 146,275	\$ 144,905	\$ 149,195	\$ 152,746	\$ 148,559	\$ 132,887	\$ 123,110	\$ 123,200	\$ 121,045	\$ 124,829
Restricted	8,798	3,594	4,031	3,540	3,075	2,635	2,902	3,273	3,703	8,916
Unrestricted (deficit)	41,868	47,705	41,086	32,172	27,374	(33,146)	(41,482)	(56,231)	(118,666)	(94,199)
Total Primary Government Net Position	\$ 196,941	\$ 196,204	\$ 194,312	\$ 188,458	\$ 179,008	\$ 102,376	\$ 84,530	\$ 70,242	\$ 6,082	\$ 39,546

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
Governmental activities:										
General county government	\$ 16,706	\$ 16,871	\$ 15,746	\$ 17,148	\$ 20,492	\$ 30,567	\$ 32,686	\$ 16,694	\$ 17,286	\$ 14,045
Judicial	8,649	8,443	8,299	8,390	9,042	8,517	9,784	15,002	16,138	11,351
Public safety	13,359	13,759	15,180	18,348	17,491	16,461	18,679	20,590	20,627	14,042
Health	102,097	105,761	104,068	106,364	83,550	78,245	78,303	86,117	89,109	78,391
Welfare	14,248	11,582	9,353	8,175	7,746	6,392	1,943	1,706	3,487	6,438
Legislative, cultural and recreation	1,849	3,249	3,980	1,697	1,631	1,581	1,613	1,715	2,721	2,372
Interest	692	721	684	1,133	2,904	3,096	2,984	2,905	3,001	4,354
Total governmental activities expense	<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>	<u>130,993</u>
Business-type activities:										
Brookhaven	15,333	17,253	15,441	15,155	13,113	13,776	13,413	13,660	5,120	174
Local government public works financing	1,097	1,465	1,370	1,321	1,285	1,252	935	759	1,421	638
Solid Waste	4,319	3,428	2,308	2,737	2,653	6,042	2,675	3,377	3,806	3,666
Airport Operations	2,494	2,822	2,569	3,039	2,874	2,803	2,690	2,578	2,456	2,655
Regional Water System	3,133	3,036	2,961	3,166	3,135	3,515	3,592	3,147	3,200	2,975
Muskegon Area Transit System	4,034	4,156	4,260	4,809	4,976	5,566	5,993	6,294	6,396	4,381
Wastewater Management System	15,097	17,373	16,442	16,638	17,326	16,514	17,152	18,261	17,174	15,917
Other proprietary funds	1,435	904	2,355	901	835	1,099	1,235	1,189	1,094	1,170
Total business-type activities expenses	<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>	<u>31,576</u>
Total primary government expenses	<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>	<u>\$ 162,569</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 5,347	\$ 5,293	\$ 4,722	\$ 5,577	\$ 5,390	\$ 6,061	\$ 6,208	\$ 6,470	\$ 6,076	\$ 6,186
Judicial	2,596	3,714	2,604	2,886	2,898	2,750	2,764	3,068	3,185	3,444
Public safety	534	877	858	1,606	1,749	965	1,700	2,286	1,927	2,303
Health	72,700	77,925	74,810	77,094	57,142	55,576	55,296	59,919	61,316	62,969
Other activities	1,265	1,103	2,456	1,170	1,188	1,263	1,341	1,356	1,298	1,312
Operating grants and contributions	37,929	35,764	31,528	29,703	26,797	26,538	21,739	23,492	25,463	34,401
Capital grants and contributions	-	-	383	693	673	940	555	403	387	401
Total governmental activities program revenues	<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>	<u>111,016</u>

continued...

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Wastewater	\$ 12,043	\$ 13,816	\$ 16,466	\$ 18,247	\$ 18,091	\$ 18,077	\$ 19,088	\$ 19,320	\$ 19,559	\$ 22,190
Brookhaven	14,847	15,513	13,492	14,046	12,446	12,380	11,810	10,515	3,797	-
Other	11,898	13,136	11,870	12,206	12,432	12,511	12,742	11,961	12,023	13,954
Operating grants and contributions	1,809	3,622	1,305	2,037	2,102	4,672	4,734	5,386	5,056	4,841
Capital grants and contributions	1,227	1,065	5,377	3,379	4,622	4,303	1,138	645	521	4,876
Total business-type activities program revenues	<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>	<u>45,861</u>
Total primary government program revenues	<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>	<u>\$ 156,877</u>
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (35,710)	\$ (39,939)	\$ (39,939)	\$ (42,526)	\$ (47,019)	\$ (50,766)	\$ (56,389)	\$ (47,735)	\$ (52,717)	\$ (19,977)
Business-type activities	(8,613)	(554)	804	2,149	3,496	1,376	1,827	(1,438)	289	14,285
Total primary government net expense	<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>	<u>\$ (5,692)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property/Liquor/Lodging taxes	\$ 28,600	\$ 27,914	\$ 26,599	\$ 26,812	\$ 27,717	\$ 28,290	\$ 27,233	\$ 28,534	\$ 30,547	\$ 31,089
State shared revenue	192	3,601	2,728	2,748	2,882	3,595	3,601	3,637	3,673	3,690
Investment earnings (loss)	282	222	256	(742)	1,627	1,204	743	250	80	1,622
Other revenue and transfers	6,954	6,830	8,973	13,162	7,024	4,265	4,627	3,660	5,132	4,135
Special item	-	-	-	-	(3,504)	-	-	-	(10,701)	-
Total governmental activities	<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>	<u>40,536</u>
Business-type activities:										
Investment earnings	283	359	349	-	-	-	-	-	-	-
Other revenue and transfers	(882)	(668)	(2,835)	(7,219)	(1,673)	(1,599)	(1,765)	(1,196)	(2,238)	(1,380)
Special item	-	-	-	-	-	-	2,277	-	10,701	-
Total business-type activities	<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>	<u>(1,380)</u>
Total primary government	<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>	<u>\$ 39,156</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 318	\$ (1,372)	\$ (1,383)	\$ (546)	\$ (11,273)	\$ (13,412)	\$ (20,185)	\$ (11,654)	\$ (23,986)	\$ 20,559
Business-type activities	(9,212)	(863)	(1,682)	(5,070)	1,823	(223)	2,339	(2,634)	8,752	12,905
Total primary government	<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>	<u>\$ 33,464</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 2010 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,597	-	-	-	-	-	-	-	-	-
Nonspendable	-	2,914	2,738	2,528	3,838	1,577	1,320	1,076	58	108
Restricted	-	158	114	45	59	70	101	110	97	102
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	40	-	-	-	628	-	73	68
Unassigned	-	8,253	7,839	7,217	5,808	7,926	8,310	9,451	8,838	9,668
Total general fund	<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>	<u>\$ 9,946</u>
All Other Governmental Funds:										
Reserved	\$ 1,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	5,761	-	-	-	-	-	-	-	-	-
Debt Service Funds	986	-	-	-	-	-	-	-	-	-
Capital Projects Funds	5,402	-	-	-	-	-	-	-	-	-
Permanent Funds	47	-	-	-	-	-	-	-	-	-
Nonspendable	-	1,193	1,134	1,072	1,084	1,005	989	929	104	101
Restricted	-	3,846	4,005	3,514	24,706	5,681	2,861	3,293	3,497	8,587
Committed	-	351	335	279	214	1,690	986	1,108	1,945	3,730
Assigned	-	2,962	1,512	5,210	379	51	291	270	100	74
Unassigned (deficit)	-	-	-	-	-	-	(2)	-	-	(11,995)
Total all other governmental funds	<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>	<u>\$ 497</u>
Total Fund Balance for Governmental Funds	<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>	<u>\$ 10,443</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 28,892	\$ 25,242	\$ 27,033	\$ 27,327	\$ 28,295	\$ 28,309	\$ 27,253	\$ 28,554	\$ 30,574	\$ 31,399
Operating grants and contributions	35,831	38,465	33,313	31,894	29,187	30,660	25,615	27,182	28,839	38,066
Charges for services	95,624	88,627	84,981	87,758	67,555	65,530	66,228	72,067	72,842	66,802
Other	8,947	9,441	7,248	7,040	6,653	3,898	3,956	3,581	3,623	3,799
Total revenues	169,294	161,775	152,575	154,019	131,690	128,397	123,052	131,384	135,878	140,066
Expenditures										
General government	17,491	17,487	15,155	16,267	17,271	20,276	20,090	13,829	13,287	12,189
Judicial	8,636	8,578	8,075	7,938	8,287	8,384	8,615	13,971	14,511	15,048
Public safety	13,323	13,620	12,652	14,800	15,079	14,878	15,273	16,084	16,799	16,382
Health	114,349	105,454	102,830	105,231	81,715	76,579	74,199	81,885	85,236	85,539
Welfare	14,246	11,598	9,177	8,101	7,349	6,692	1,934	1,706	3,468	6,494
Other	2,142	2,941	4,063	1,251	1,296	1,285	1,243	1,167	2,561	43,017
Capital outlay	2,753	1,488	2,079	3,306	21,817	16,893	3,188	338	503	409
Debt service:										
Principal	4,160	1,470	1,375	1,690	1,745	1,800	1,840	695	720	1,685
Interest	691	739	669	625	1,490	2,386	2,330	2,265	1,178	2,004
Bond issuance costs	-	-	-	-	-	-	-	-	330	292
Total expenditures	177,791	163,375	156,075	159,209	156,049	149,173	128,712	131,940	138,593	183,059
Excess of revenues under expenditures	(8,497)	(1,600)	(3,500)	(5,190)	(24,359)	(20,776)	(5,660)	(556)	(2,715)	(42,993)
Other Financing Sources (Uses)										
Issuance of long-term debt	4,315	-	-	-	38,870	981	-	-	-	41,179
Issuance of refunding debt	-	4,780	-	-	-	-	-	-	48,220	-
Premium on issuance of refunding	-	-	-	-	-	-	-	-	150	-
Payments to escrow agents	(4,356)	(4,638)	-	-	-	-	-	-	(48,031)	-
Discount on issuance of bonds	-	-	-	-	-	-	-	-	-	(146)
Transfers in	16,388	13,774	13,092	17,640	15,374	10,713	12,026	15,370	56,401	18,352
Transfers out	(15,967)	(14,415)	(11,567)	(10,302)	(13,701)	(9,174)	(8,888)	(14,217)	(54,182)	(16,803)
Proceeds from sale of capital assets	23	7	15	-	39	168	6	156	306	27
Total other financing sources (uses)	403	(492)	1,540	7,338	40,582	2,688	3,144	1,309	2,864	42,609
Special item	-	-	-	-	-	-	-	-	(1,673)	-
Net change in fund balances	\$ (8,094)	\$ (2,092)	\$ (1,960)	\$ 2,148	\$ 16,223	\$ (18,088)	\$ (2,516)	\$ 753	\$ (1,524)	\$ (384)
Debt service as a percentage of noncapital expenditures	2.98%	1.36%	1.33%	1.48%	3.13%	3.15%	3.33%	2.25%	1.38%	2.02%

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
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
2019	28,791	1,473	826	31,090
Change 2010-2019	5.9%	74.9%	-4.9%	7.6%

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		
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
2019	5,275	326	5,601	4,299	326	4,625	6.8957	82.57

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	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 104,252	1	2.25 %	\$ 139,863	1	3.06 %
DTE Energy	53,699	2	1.16	28,489	3	0.62
Michigan Electric Transmission Co	18,478	3	0.40	—	—	—
Alcoa Howmet	15,953	4	0.34	57,799	2	1.27
Lakes Mall realty LLC	15,865	5	0.34	—	—	—
THF Fruitport Development LP	15,405	6	0.33	17,641	8	0.39
Meijer Inc	13,687	7	0.30	20,141	5	0.44
MIMG	12,121	8	0.26	—	—	—
Walmart	11,341	9	0.25	—	—	—
Comcast of Muskegon	10,848	10	0.23	—	—	—
Sun Chemical of Michigan LLC	—	—	—	23,105	4	0.51
L3 Communications Corp	—	—	—	18,985	6	0.42
Bayer Cropscience	—	—	—	18,400	7	0.40
Diversified Machine Montague Inc	—	—	—	15,790	9	0.35
Johnson Technology Inc	—	—	—	7,316	10	0.16
Total	<u>\$ 271,649</u>		<u>5.86 %</u>	<u>\$ 347,529</u>		<u>7.62 %</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	0.2600	0.2400	—	—	—	—
Senior Services	—	—	—	—	—	—	0.5000	0.5000	0.5000	0.5000
Total Direct Rate	6.6957	6.6957	6.6957	6.6957	6.6557	6.6357	6.8957	6.8957	6.8957	6.8957
OVERLAPPING RATES ^b										
Muskegon Community College	2.2037	2.2037	2.2037	2.2037	2.5437	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	3.0-13	3.50-13	3.50-13	2.65-13	1.3-13
Non-Homestead	21.0-30.5	21.0-30.5	21.0-30.5	21.0-30.5	21.0-30.5	21.0-31	21.31-31	21.15-31	20.65-31	19.3-31
City Rates:										
Montague	14.7500	14.7500	14.7500	16.7500	16.7500	16.7500	16.7500	16.7500	16.7500	16.5000
Muskegon	12.0680	12.0749	12.0789	12.0865	13.0875	13.0869	13.0905	13.0908	13.0899	13.0865
Muskegon Heights	18.8500	18.8500	18.8500	18.8500	18.8500	18.8500	18.8500	18.8500	22.8396	22.8396
North Muskegon	12.1849	12.1849	12.1849	12.1849	12.1849	12.1849	12.1379	12.8850	12.0883	12.0511
Norton Shores	9.2000	9.9500	9.9500	10.5500	10.5500	10.9500	10.9500	10.9500	10.9500	10.9500
Roosevelt Park	11.6000	11.6000	11.6000	11.6000	16.6000	16.6000	16.6000	16.6000	16.6000	16.6000
Whitehall	12.7764	12.7764	12.7764	12.7764	15.7700	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	7.0000
Lakewood Club	8.1908	8.1908	8.1908	8.1908	8.1908	8.1539	8.0984	8.0773	8.0142	7.8787
Ravenna	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764	8.2764
Township Rates										
	0.81-7.76	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	0.76-9.26
Libraries:										
Fruitport Public Library	—	—	—	—	—	—	—	—	—	0.7500
Hackley Public Library	2.4000	2.4000	2.4000	2.4000	2.4000	2.9611	2.8962	2.8999	2.8866	2.8522
Muskegon Area District Library	0.7490	0.7490	0.7490	0.7490	0.7490	0.7490	1.2490	1.2490	1.2490	1.2490
White Lake Community Library	0.9377	0.9500	0.9627	0.9572	0.9516	0.9387	0.9597	0.7023	0.8888	0.8713
Fire/Ambulance:										
Montague Fire District	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.8985	1.8934	1.8934	1.8794
White Lake Ambulance Authority	0.5500	0.5500	0.5500	0.5500	0.5500	1.0000	1.9000	1.9000	1.8988	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 2019 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
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	24,923,252	24,056,306	96.52	1,043,751	24,923,252	100.0
2019	25,886,808	24,921,616	96.27	N/A	24,921,616	96.3

Source: Muskegon County Treasurer's Office
 2019 Tax Levy is an estimate and subject to adjustment
 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			
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
2019	52,876	2,709	48,735	51,442	5,330	16,897	16,000	193,989	2.86	1,117.53

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	Local Govt Public Works Bonds	Total		
2010	\$ 13,910	\$ 10,870	\$ 31,020	\$ 55,800	0.53 %	\$ 143.44
2011	12,875	10,685	30,035	53,595	0.52	136.92
2012	11,510	10,415	28,965	50,890	0.51	127.99
2013	10,200	9,860	27,845	47,905	0.47	117.30
2014	53,847	9,285	26,700	89,832	1.47	366.31
2015	54,847	8,685	26,078	89,610	1.46	368.63
2016	53,052	8,065	24,689	85,806	1.43	353.71
2017	52,286	7,415	19,325	79,026	1.38	344.28
2018	12,636	50,395	18,131	81,162	1.41	362.89
2019	58,206	48,735	16,897	123,838	2.77	713.40

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, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt:			
School Districts (K-12)	\$ 586,277,526	67.252%	\$ 394,283,105
Cities, Villages, and Townships	81,451,352	100.000%	81,451,352
Muskegon Community College	33,835,000	100.000%	33,835,000
Hackley Public Library	2,305,000	100.000%	2,305,000
White Lake Community Library	120,000	100.000%	120,000
Ottawa Area Intermediate School District	1,250,000	1.170%	14,625
Newaygo Area Intermediate School District	730,000	3.330%	24,309
Subtotal, overlapping debt			<u>512,033,391</u>
County direct debt, governmental activities			<u>104,320,463</u>
Total direct and overlapping debt			<u><u>\$ 616,255,738</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 2019

Assessed value (000s)	\$5,600,873
Debt limit percentage	10%
Debt limit (10% of SEV)	<u>\$ 560,087</u>
Debt applicable to limit:	
General obligation bonds (1)	58,206
Other debt	2,709
Building authority bonds (2)	48,735
Revenue bonds	51,442
Local Govt Public Works Finance	16,897
Delinquent tax notes	<u>16,000</u>
Total net debt applicable to limit	<u>193,989</u>
Legal debt margin	<u>\$ 366,098</u>

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	(a)	\$ 522,120	\$ 494,300	\$ 474,649	\$ 461,026	\$ 470,692	\$ 486,642	\$ 492,865	\$ 513,973	\$ 527,792	\$ 560,087
Total net debt applicable to limit	(b)	<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>	<u>193,989</u>
Legal debt margin available	(a-b)	<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>	<u>\$ 366,098</u>
Total net debt applicable to limit as a percentage of debt limit	(b/a)	26.91%	31.61%	31.96%	31.17%	38.54%	37.10%	34.91%	31.20%	29.85%	34.64%
County net debt limit as a percentage of total State Equalized Value (1)		2.69%	3.16%	3.20%	3.12%	3.85%	3.71%	3.49%	3.12%	2.98%	3.46%

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"			Principal	Interest	
						(1)	(2)	(3)			
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
2019	19,671	2,486	32	241	-	22,431	8,703	13,729	4,290	1,197	250

(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	2019			2010		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Mercy Health Partners	4,674	1	6.3 %	3,575	1	4.4 %
Alcoa Howmet	2,400	2	3.2	1,900	2	2.4
County of Muskegon	990	3	1.3	1,300	3	1.6
ADAC Automotive	911	4	1.2	400	7	0.5
Meijer	900	5	1.2	380	9	0.5
GE Aviation	850	6	1.1	—		—
Chassix (Diversified Machine, Inc.)	620	7	0.8	270	10	0.3
Wesco	557	8	0.7	500	5	0.6
Structural Concepts	500	9	0.7	—		—
Walmart	500	10	0.7	—		—
L3 Communications	—		—	600	4	0.7
Johnson Technology Inc	—		—	474	6	0.6
Eagle Group	—		—	395	8	0.5
Total	12,902		17.2 %	9,794		12.1 %

(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 2010 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)
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
2018	173,588	6,782,353	39,072	39.1	27,797	4.5

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Legislative										
Board of Commissioners	11	11	11	11	9	9	9	9	9	9
General Government										
Administration	9	4	6	7	8	9	7	7	4	4
Economic Development	-	-	-	-	-	-	-	1	1	-
County Clerk/Circuit Court Records	15	14	14	14	14	17	15	15	17	16
Prosecutor's Office	32	31	32	27	27	28	28	27	28	30
Treasurer's Office	10	9	9	9	9	10	9	13	12	12
Equalization	24	23	20	20	19	21	20	20	21	20
Register of Deeds	9	8	8	8	9	9	8	8	8	8
Drain Commissioner	4	4	6	11	11	11	9	7	7	7
Accounting/Budget	9	10	7	8	9	9	8	8	9	9
Human Resources	6	3	3	3	2	3	3	2	2	3
Purchasing	3	3	3	2	-	-	-	-	-	-
Office Services	3	3	2	2	2	2	2	2	2	2
Information Systems	8	8	7	5	5	5	6	8	10	11
Risk Management	9	8	8	10	9	10	10	10	10	10
Facilities Management	16	15	15	13	13	13	13	12	13	14
Judicial										
Circuit Court	22	22	23	23	24	23	24	25	36	38
District Court	64	65	64	63	63	65	64	61	61	60
Family Court	81	69	66	66	69	77	74	76	76	74
Probate Court	7	7	7	7	7	7	7	7	7	7
Public Defender	-	-	-	-	16	16	16	16	16	22
Public safety										
Sheriff	135	134	125	122	119	122	117	118	127	127
Animal Licensing	-	-	-	4	4	4	3	2	1	1
Courtroom Security	8	8	8	9	9	9	10	10	10	10
Community Corrections	8	5	6	4	4	4	4	4	4	4
Emergency Services	2	2	2	1	2	2	2	1	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health										
Public Health	87	81	83	72	75	65	59	58	60	62
Mental Health	346	342	350	370	402	400	359	409	446	465
Brookhaven Medical Care	268	269	269	270	207	170	174	194	-	-
Water system	2	3	3	3	3	3	3	3	3	3
Wastewater	57	54	52	54	55	53	46	46	48	47
Solid Waste	13	14	14	15	15	15	15	16	15	15
Welfare										
Veterans' Affairs	-	-	-	-	-	-	-	-	2	2
Child Haven	16	16	16	16	16	16	16	-	-	-
Juvenile Detention Center	27	29	36	37	37	37	35	40	40	43
Workforce Development	24	12	14	14	70	65	-	-	-	-
Cultural										
MSU Cooperative Extension	1	1	1	1	1	1	-	-	-	-
Parks and Recreation										
County Parks	22	22	22	22	22	23	22	22	31	31
Convention/Visitor's Bureau	8	6	6	6	7	8	6	7	6	6
Airport	13	12	13	12	12	11	11	10	8	7
Transit	46	54	55	58	65	73	73	73	73	71
Total	1,425	1,382	1,386	1,399	1,450	1,425	1,287	1,347	1,224	1,251

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety Police										
Bookings	8,743	8,436	8,654	8,149	7,981	7,889	9,038	8,213	8,580	8,180
Traffic Stops	1,964	2,147	3,160	3,512	2,543	2,677	3,278	2,030	1,921	3,044
Verbal Warnings	2,130	2,419	2,788	2,823	1,874	1,997	2,393	1,477	1,207	1,545
Citations	1,721	1,377	1,299	1,693	1,336	1,069	1,137	1,056	1,072	1,499
Public Safety-Corrections										
Average Daily Jail Population	403	401	407	405	403	407	453	532	513	498
Avg Population as Pct of Capacity	109%	108%	110%	109%	109%	110%	81%	98%	95%	92%
Sanitation										
Refuse collected (tons)	128,850	137,467	102,729	109,580	115,089	142,467	174,385	148,295	152,909	191,921
Recyclables collected (tons)	79	65	63	44	76	101	95	99	82	106
Water										
New connections	194	61	60	48	46	57	61	45	56	50
Average daily consumption (thousands of gallons)	520	1,195	1,216	1,159	1,112	1,122	1,111	1,117	1,124	1,075
Wastewater										
Average daily sewer treatment (million gallons)	13	12	12	12	12	12	12	12	12	12
District Court										
Cases filed	39,993	34,796	36,868	36,656	37,588	36,304	33,017	32,583	35,193	34,845
Cases disposed	40,937	39,045	40,789	39,152	38,399	42,049	38,422	37,621	39,794	41,055
Cases pending	13,915	4,609	5,210	4,717	4,532	6,147	4,758	4,729	5,235	4,452
Airport										
Total landings / take-offs	47,373	37,017	34,599	31,383	32,675	31,518	25,659	27,050	23,647	24,699
Passengers	27,362	27,711	37,724	36,634	35,641	36,484	39,512	38,528	39,240	43,816
Transit										
Total Vehicle Miles	595,223	695,211	790,430	784,796	786,389	919,108	934,391	957,154	789,068	766,422
Total Revenue Miles	595,217	676,887	713,705	707,842	731,656	849,739	867,714	853,670	784,396	730,711
Total Passengers	641,416	739,283	719,908	731,633	708,461	652,037	581,742	557,281	488,167	480,253

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety-Sheriff Patrol Units	25	30	27	29	29	29	29	29	29	29
Public Safety-Corrections Jail Capacity	370	370	370	370	370	558	558	542	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)	63	70	73	73	73	71	70	67	71	72
Transit Number of Buses	17	21	24	37	37	37	36	36	36	34
Solid Waste Total Capacity (thousand cubic yards)	3,778	3,778	3,778	3,778	3,819	3,819	4,685	4,685	4,685	4,685
Remaining Capacity (thousand cubic yards)	1,695	1,596	1,517	1,388	1,231	1,114	1,114	802	659	439
Remaining Capacity (percent of total)	44.9%	42.2%	40.2%	36.7%	32.2%	29.2%	23.8%	17.1%	14.1%	9.4%

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

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 1

Local Revenue Report

For the Year Ended September 30, 2019

	Urban		Nonurban	
	Linehaul	Demand Response	Linehaul	Total
Passenger fares	\$ 321,244	\$ 45,455	\$ 7,095	\$ 373,794
Concessions	2,779	-	-	2,779
Advertising	37,575	-	-	37,575
Greyhound commissions	14,140	-	-	14,140
Gain on sale of capital assets	20,702	-	-	20,702
Building rental	2,000	-	-	2,000
Alternative fuel reimbursement	11,673	-	-	11,673
Local operating assistance	606,879	-	25,995	632,874
Interest income	140	-	-	140
Total	<u>\$ 1,017,132</u>	<u>\$ 45,455</u>	<u>\$ 33,090</u>	<u>\$ 1,095,677</u>
Financial statement revenue				
Total operating revenues				\$ 441,961
Nonoperating revenue				
Local grants				260,874
Investment income				140
Gain on sale of capital asset				20,702
Transfers in				372,000
Total				<u>\$ 1,095,677</u>

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, 2019

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 / CMAQ - Section 5307	20.507	MI-2016-027-00	\$ 2,233,702	\$ 35,383	\$ 35,383	\$ -	\$ -	\$ 2,198,319	\$ -
Capital Assistance / CMAQ - Section 5307	20.507	MI-2017-022-00	2,139,547	37,312	37,312	-	-	1,551,963	550,272
Capital Assistance - Section 5307	20.507	MI-2018-025-01-00	1,640,000	210,537	210,537	-	-	1,429,463	-
Capital Assistance - Section 5307	20.507	MI-2019-028-00	1,731,034	1,649,463	1,649,463	-	-	-	81,571
Capital Assistance / CMAQ - Section 5307	20.507	MI-95-X094-02	1,035,379	247,549	247,549	-	-	787,830	-
Capital Assistance - Section 5339 - Support Equipment Section 5339 Bus and Bus Facilities Formula	20.526	MI-2018-025-02-00	40,000	5,655	5,655	-	-	34,139	206
Passed through Michigan Department of Transportation:									
Section 5310 - New Freedom - Bus Stop Improvements	20.513	2012-0138/P13R2	80,000	45,650	45,650	-	-	34,350	-
Section 5310 - New Freedom - Two <30 ft Buses with Lifts	20.513	2017-0104/P04	138,380	124,309	124,309	-	-	-	14,071
Section 5304 - Statewide and Nonmetropolitan Planning - Facility Study	20.505	2012-0138/P16	80,000	-	-	-	-	79,218	782
Section 5304 - Statewide and Nonmetropolitan Planning - Technology Study	20.505	2012-0138/P17-R1	40,000	40,000	40,000	-	-	-	-
Section 5304 - Statewide and Nonmetropolitan Planning - Operational Study	20.505	2017-0104/P07	156,000	97,557	97,557	-	-	-	58,444
Section 5317 - New Freedom - Bus Stop Improvements	20.521	2012-0138/P20-R2	200,000	30,857	30,857	-	-	120,000	49,143
Section 5317 - New Freedom - Enhanced Mobility	20.521	2017-0104/P11	140,000	107,972	107,972	-	-	-	32,028
Section 5311 - Operating Formula Grant for Rural Areas (18% of expense)	20.509	2017-0104/P12	13,557	13,557	13,557	-	-	-	-
Total U.S. Department of Transportation				2,645,801	2,645,801	-	-	6,235,282	786,517
Michigan Department of Transportation									
Operating Assistance - formula funding	N/A	FY19	1,385,914	1,385,914	-	1,385,914	-	-	-
Operating Assistance - prior years	N/A	Prior to 2019	38,409	38,409	-	38,409	-	-	-
CMAQ Marketing/acquire replacement bus	N/A	12-0138/P009 R2	168,845	61,887	-	61,887	-	106,958	-
Section 5310 Enhanced Mobility Match	N/A	12-0138/P013 R1	20,000	11,413	-	11,413	-	8,587	-
Section 5339 Match - Equipment	N/A	17-0104/P09	10,000	1,414	-	1,414	-	8,535	51
Section 5304 Match - Operational study	N/A	17-0104/P07	39,000	24,389	-	24,389	-	-	14,611
Specialized Services	N/A	17-0104/P06	65,499	16,380	-	16,380	-	49,119	-
Specialized Services	N/A	17-0104/P10	65,499	49,119	-	49,119	-	-	16,380
Section 5307 Match	N/A	17-0104/P03	306,896	9,328	-	9,328	-	160,000	137,568
Section 5304 Match - Facility Study	N/A	12-0138/P16	20,000	-	-	-	-	19,804	196
Section 5304 Match - Technology study	N/A	12-0138/P17	10,000	10,000	-	10,000	-	-	-
Section 5310 New Freedom Match - Two <30 ft Buses with Lifts	N/A	17-0104/P04	34,595	31,077	-	31,077	-	-	3,518
Section 5310 New Freedom Match - Bus Stop Improvements	N/A	12-0138/P20/R1	50,000	7,714	-	7,714	-	30,000	12,286
Section 5310 New Freedom Match - Bus Stop Improvements	N/A	17-0104/P11	35,000	26,993	-	26,993	-	-	8,007
Section 5307 Match	N/A	12-0138/P22	120,235	8,846	-	8,846	-	111,389	-
Total Michigan Department of Transportation				1,682,883	-	1,682,883	-	494,392	192,617
Total Expenditures of Federal and State Awards				\$ 4,328,684	\$ 2,645,801	\$ 1,682,883	\$ -	\$ 6,729,674	\$ 979,134

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 3
 Operating and Contract Expense Report
 For the Year Ended September 30, 2019

	Urban	Nonurban	Capital Grants Not Capitalized	Specialized Services	Total System
Operating expenses					
Labor					
Salaries and wages - operators	\$ 1,587,828	\$ 42,690	\$ -	\$ -	\$ 1,630,518
Salaries and wages - other	398,939	-	-	-	398,939
Fringe benefits	575,975	15,039	-	-	591,014
OPEB - defined benefit	(762,747)	(22,121)	-	-	(784,868)
OPEB - defined contribution	11,084	70	-	-	11,154
Pension - defined benefit	(100,759)	(3,813)	-	-	(104,572)
Pension - defined contribution	11,292	71	-	-	11,363
Services					
Advertising	78,726	-	-	-	78,726
Audit	12,507	-	-	-	12,507
Other services	34,147	-	-	-	34,147
Materials and supplies					
Fuel	291,141	9,926	-	-	301,067
Tires and tubes	50,499	-	-	-	50,499
Other materials and supplies	750,229	621	-	-	750,850
Casualty and liability costs					
Liability insurance	190,609	-	-	-	190,609
Other insurance	15,208	-	-	-	15,208
Utilities					
	107,164	-	-	-	107,164
Miscellaneous					
Travel, meetings and training	6,693	-	-	-	6,693
Association dues and subscriptions	16,661	-	-	-	16,661
Equipment leases					
	3,112	-	-	-	3,112
Depreciation					
	769,937	-	-	-	769,937
Total operating expenses before expenses excluded	4,048,245	42,483	-	-	4,090,728

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 3
 Operating and Contract Expense Report
 For the Year Ended September 30, 2019

	Urban	Nonurban	Capital Grants Not Capitalized	Specialized Services	Total System
Expenses excluded from OAR					
State grant funds					
2017-0104-P06 / Specialized Services	\$ -	\$ -	\$ -	\$ 16,380	\$ 16,380
2017-0104-P10 / Specialized Services	-	-	-	49,119	49,119
2012-0138/P13	-	-	6,721	-	6,721
2012-0138/P09	-	-	61,887	-	61,887
2012-0138/P09 Capitalized	-	-	(61,346)	-	(61,346)
2017-0104/P09	-	-	576	-	576
2017-0104/P07	-	-	22,400	-	22,400
2012-0138/P13	-	-	4,692	-	4,692
2012-0138/P17	-	-	10,000	-	10,000
2012-0138/P20	-	-	7,714	-	7,714
2017-0104/P04	-	-	31,077	-	31,077
2017-0104/P04 Capitalized	-	-	(29,973)	-	(29,973)
2017-0104-P09	-	-	838	-	838
Federal grant funded					
2012-0138/P013	-	-	26,883	-	26,883
MI-95-X094	-	-	247,549	-	247,549
MI-95-X094 Capitalized	-	-	(245,386)	-	(245,386)
MI-2018-025-00	-	-	2,303	-	2,303
2012-0138/P13	-	-	18,767	-	18,767
2012-0138/P17	-	-	40,000	-	40,000
2012-0138/P20	-	-	30,857	-	30,857
2017-0104/P04	-	-	124,309	-	124,309
2017-0104/P04 Capitalized	-	-	(119,893)	-	(119,893)
2017-0104/P07	-	-	89,600	-	89,600
MI-2018-025-00	-	-	3,352	-	3,352
Total expenses excluded from OAR	-	-	272,927	65,499	338,426
Total operating expenses	\$ 4,048,245	\$ 42,483	\$ 272,927	\$ 65,499	\$ 4,429,154

concluded

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund Schedule 4E Urban Regular Service Expense Report For the Year Ended September 30, 2019

	Operations	Maintenance	General Administration	Total System
Operating expenses				
Labor				
Salaries and wages - operators	\$ 1,542,613	\$ -	\$ 45,215	\$ 1,587,828
Salaries and wages - other	-	147,812	251,127	398,939
Fringe benefits	425,389	50,909	99,677	575,975
OPEB - defined benefit	(574,805)	(62,882)	(125,060)	(762,747)
OPEB - defined contribution	8,562	396	2,126	11,084
Pension - defined benefit	(66,159)	(11,639)	(22,961)	(100,759)
Pension - defined contribution	8,721	404	2,167	11,292
Services				
Advertising	50,000	-	28,726	78,726
Audit	-	-	12,507	12,507
Other services	-	10,622	23,525	34,147
Materials and supplies				
Fuel	291,141	-	-	291,141
Tires and tubes	50,499	-	-	50,499
Other materials and supplies	6,783	416,625	326,821	750,229
Casualty and liability costs				
Liability insurance	190,609	-	-	190,609
Other insurance	-	-	15,208	15,208
Utilities	-	-	107,164	107,164
Miscellaneous				
Travel, meetings and training	-	-	6,693	6,693
Association dues and subscriptions	-	-	16,661	16,661
Equipment leases	-	-	3,112	3,112
Depreciation	769,877	-	60	769,937
Total operating expenses	2,703,230	552,247	792,768	4,048,245

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4E
 Urban Regular Service Expense Report
 For the Year Ended September 30, 2019

	Operations	Maintenance	General Administration	Total System
Ineligible expenses				
Ineligible depreciation	\$ 769,877	\$ -	\$ -	\$ 769,877
Ineligible portion of association dues	-	-	1,467	1,467
Ineligible pension - DB actually paid	(234,476)	(22,977)	(53,782)	(311,235)
Ineligible OPEB - DB actually paid	(655,986)	(72,318)	(137,934)	(866,238)
Ineligible increase in compensated absences	-	-	(21,202)	(21,202)
Ineligible expense with advertising	-	-	3,397	3,397
Expenses paid by capital contracts				
State grant funded				
2017-0104/P07	-	-	1,989	1,989
2017-0104/P03	-	-	9,328	9,328
2017-0104/P11	10,000	-	16,993	26,993
2012-0138/P22	-	-	8,846	8,846
Federal grant Funded				
MI-2016-027-00	-	-	35,383	35,383
MI-2017-022-00	-	-	37,312	37,312
2017-0104/P07	-	-	7,956	7,956
2017-0104/P11	40,000	-	67,972	107,972
Total ineligible expenses	(70,585)	(95,295)	(22,275)	(188,155)
Total eligible expenses				\$ 4,236,400

concluded

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4E
 Nonurban Regular Service Expense Report
 For the Year Ended September 30, 2019

	Operations	Maintenance	General Administration	Total System
Operating expenses				
Labor				
Salaries and wages - operators	\$ 42,690	\$ -	\$ -	\$ 42,690
Salaries and wages - other	-	-	-	-
Fringe benefits	15,039	-	-	15,039
OPEB - defined benefit	(22,121)	-	-	(22,121)
OPEB - defined contribution	70	-	-	70
Pension - defined benefit	(3,813)	-	-	(3,813)
Pension - defined contribution	71	-	-	71
Services				
Advertising	-	-	-	-
Audit	-	-	-	-
Other services	-	-	-	-
Materials and supplies				
Fuel	9,926	-	-	9,926
Tires and tubes	-	-	-	-
Other materials and supplies	621	-	-	621
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	42,483	-	-	42,483

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4E
 Nonurban Regular Service Expense Report
 For the Year Ended September 30, 2019

	Operations	Maintenance	General Administration	Total System
Ineligible expenses				
Ineligible depreciation	\$ -	\$ -	\$ -	\$ -
Ineligible portion of association dues	-	-	-	-
Ineligible pension - DB not paid	(7,298)	-	-	(7,298)
Ineligible OPEB - DB not paid	(25,537)	-	-	(25,537)
Ineligible increase in compensated absences	-	-	-	-
Ineligible expense with advertising	-	-	-	-
Expenses paid by capital contracts	-	-	-	-
Total ineligible expenses	<u>(32,835)</u>	<u>-</u>	<u>-</u>	<u>(32,835)</u>
Total eligible expenses				<u>\$ 75,318</u>

concluded

Muskegon Area Transit System Fund
 Schedule 4N
 Urban Regular Service Nonfinancial Report
 For the Year Ended September 30, 2019

	Miles	Hours
Linehaul		
First Quarter	146,172	10,340
Second Quarter	142,875	10,239
Third Quarter	139,587	10,048
Fourth Quarter	135,420	9,789
	<u>564,054</u>	<u>40,416</u>
Demand response		
First Quarter	33,286	2,268
Second Quarter	30,107	2,125
Third Quarter	30,263	1,970
Fourth Quarter	26,227	1,894
	<u>119,883</u>	<u>8,257</u>
Total operations	<u><u>683,937</u></u>	<u><u>48,673</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, 2019

	Miles	Hours
Linehaul		
First Quarter	10,837	470
Second Quarter	11,690	428
Third Quarter	13,854	508
Fourth Quarter	13,855	508
	<u>50,236</u>	<u>1,914</u>
Demand response		
First Quarter	-	-
Second Quarter	-	-
Third Quarter	-	-
Fourth Quarter	-	-
	<u>-</u>	<u>-</u>
Total operations	<u><u>50,236</u></u>	<u><u>1,914</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, 2019

	Linehaul	Demand Response	Total
Passenger fares	\$ 321,244	\$ 45,455	\$ 366,699
Concessions	2,779	-	2,779
Advertising	37,575	-	37,575
Greyhound commissions	14,140	-	14,140
Gain on sale of capital assets	20,702	-	20,702
Building rental	2,000	-	2,000
Alternative fuel reimbursement	11,673	-	11,673
Local operating assistance	606,879	-	606,879
Urban Regular Service Local Revenues - OAR Revenues	1,016,992	45,455	1,062,447
State Cash Grants/Reimbursements - OAR Revenues			
FY2019 Formula Funding	1,204,758	152,485	1,357,243
2017-0104/P07	1,989	-	1,989
2017-0104/P03	9,328	-	9,328
2017-0104/P11	26,993	-	26,993
2012-0138/P22	8,846	-	8,846
State Cash Grants/Reimbursements - OAR Revenues	1,251,914	152,485	1,404,399
Plus OAR Excluded State Revenues (excluded Prior Year/Capital/Sp Svcs)			
Prior years formula funding	38,409	-	38,409
2017-0104-P06 / Specialized Services	16,380	-	16,380
2017-0104-P10 / Specialized Services	49,119	-	49,119
2012-0138/P13	6,721	-	6,721
2012-0138/P09	61,887	-	61,887
2017-0104/P09	576	-	576
2017-0104/P07	22,400	-	22,400
2012-0138/P13	4,692	-	4,692
2012-0138/P17	10,000	-	10,000
2012-0138/P20	7,714	-	7,714
2017-0104/P04	31,077	-	31,077
2017-0104-P09	838	-	838
State Revenue	1,501,727	152,485	1,654,212

continued...

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4R
 Urban Regular Service Revenue Report
 For the Year Ended September 30, 2019

	Linehaul	Demand Response	Total
Federal Cash Grants/Reimbursements - OAR Revenues			
MI-2018-025-01-00	\$ 210,537	\$ -	\$ 210,537
MI-2019-028-00	1,434,212	215,251	1,649,463
MI-2016-027-00	35,383	-	35,383
MI-2017-022-00	37,312	-	37,312
2017-0104/P07	7,956	-	7,957
2017-0104/P11	107,972	-	107,972
Federal Cash Grants/Reimbursements - OAR Revenues	<u>1,833,372</u>	<u>215,251</u>	<u>2,048,624</u>
Plus OAR Excluded Federal Revenues (excluded Capital)			
Ineligible preventive maintenance			
2012-0138/P013	26,883	-	26,883
MI-95-X094	247,549	-	247,549
MI-2018-025-00	2,303	-	2,303
2012-0138/P13	18,767	-	18,767
2012-0138/P17	40,000	-	40,000
2012-0138/P20	30,857	-	30,857
2017-0104/P04	124,309	-	124,309
2017-0104/P07	89,600	-	89,600
MI-2018-025-00	3,352	-	3,352
Federal Revenue	<u>2,416,992</u>	<u>215,251</u>	<u>2,632,244</u>
Other revenue - OAR Revenues			
Interest income - OAR Revenues	<u>140</u>	<u>-</u>	<u>140</u>
Total revenues - OAR Revenues and OAR Excluded Revenues	<u>\$ 4,935,851</u>	<u>\$ 413,191</u>	<u>\$ 5,349,043</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund
 Schedule 4R
 Nonurban Regular Service Revenue Report
 For the Year Ended September 30, 2019

	Linehaul	Demand Response	Total
Passenger fares	\$ 7,095	\$ -	\$ 7,095
Concessions	-	-	-
Advertising	-	-	-
Greyhound commissions	-	-	-
Gain on sale of capital assets	-	-	-
Building rental	-	-	-
Alternative fuel reimbursement	-	-	-
Local operating assistance	25,995	-	25,995
Nonurban Regular Service Local Revenues - OAR Revenues	<u>33,090</u>	<u>-</u>	<u>33,090</u>
State Cash Grants/Reimbursements - OAR Revenues FY2019 Formula Funding	<u>28,671</u>	<u>-</u>	<u>28,671</u>
Federal Cash Grants/Reimbursements - OAR Revenues 2017-0104/P12 Assistance - Section 5311 - Formula 18%	<u>13,557</u>	<u>-</u>	<u>13,557</u>
Other revenue - OAR Revenues Interest income - OAR Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues - OAR Revenues and OAR Excluded Revenues	<u>\$ 75,318</u>	<u>\$ -</u>	75,318
Schedule 4R Urban revenue			<u>5,349,043</u>
Total revenue			<u>\$ 5,424,361</u>
Local revenue per Schedule 1			\$ 1,095,677
State revenue per Schedule 2			1,682,883
Federal revenue per Schedule 2			2,645,801
Total revenue			<u>\$ 5,424,361</u>

COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 5

Urban Operating Assistance Calculation

For the Year Ended September 30, 2019

State eligible expenses		
Labor	\$	1,986,767
Fringe benefits		575,975
Other postemployment benefits		(751,663)
Pension		(89,467)
Advertising and other service		112,873
Audit		12,507
Materials and supplies		1,091,869
Casualty and liability costs		190,609
Other insurance		15,208
Utilities		107,164
Miscellaneous		23,354
Equipment leases		3,112
Depreciation		769,937 ⁽²⁾
Total expenses		<u>4,048,245</u>
Less ineligible expenses		
Ineligible depreciation		769,877 ⁽²⁾
Ineligible portion of association dues		1,467
Ineligible pension - DB not paid		(311,235) ⁽¹⁾
Ineligible OPEB - DB not paid		(866,238) ⁽¹⁾
Ineligible increase in compensated absences		(21,202)
Ineligible expense with advertising		3,397 ⁽⁴⁾
Other expense paid by capital contract (detail at Schedule 4E Urban)		235,779 ⁽³⁾
Total ineligible expenses		<u>(188,155)</u>
State eligible expenses	\$	<u>4,236,400</u>
State operating assistance - 32.0376%	\$	<u>1,357,243</u>

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

2019 Central Service Cost Allocation Plan

2019 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 paid to MERS or the County-wide OPEB trust fund are included as eligible 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 \$235,779 were subtracted out as ineligible / 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 \$3,397 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, 2019

State eligible expenses	
Labor	\$ 42,690
Fringe benefits	15,039
Other postemployment benefits	(22,051)
Pension	(3,742)
Advertising and other service	-
Audit	-
Materials and supplies	10,547
Casualty and liability costs	-
Other insurance	-
Utilities	-
Miscellaneous	-
Equipment leases	-
Depreciation	-
Total expenses	<u>42,483</u>
Less ineligible expenses	
Ineligible depreciation	-
Ineligible portion of association dues	-
Ineligible pension - DB not paid	(7,298) ⁽¹⁾
Ineligible OPEB - DB not paid	(25,537) ⁽¹⁾
Ineligible increase in compensated absences	-
Ineligible expense with advertising	-
Other expense paid by capital contract	-
Total ineligible expenses	<u>(32,835)</u>
State eligible expenses	<u>\$ 75,318</u>
State operating assistance - 38.0667%	<u>\$ 28,671</u>

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

2019 Central Service Cost Allocation Plan

2019 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 paid to MERS or the County-wide OPEB trust fund are included 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, 2019

	2010	2011	2012	2013
Annual required contribution	\$ 180,155	\$ 218,387	\$ 163,222	\$ 167,997
Interest on the prior year's net OPEB obligation	-	-	-	-
Adjustment to annual required contribution	-	-	-	-
Annual OPEB cost	<u>180,155</u>	<u>218,387</u>	<u>163,222</u>	<u>167,997</u>
Amount contributed:				
Payment of current premiums	180,155	218,387	163,222	167,997
Payment of prior year expenses	-	-	-	-
Payment of future expenses	-	-	-	-
Total amount contributed	<u>180,155</u>	<u>218,387</u>	<u>163,222</u>	<u>167,997</u>
Increase in OPEB obligation	-	-	-	-
OPEB obligation, beginning of year	-	-	-	-
Restatement	-	-	-	-
OPEB obligation, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



2014	2015	2016	2017
\$ 169,920	\$ 215,781	\$ 291,469	\$ 238,123
-	-	25,179	41,040
-	-	(29,093)	(53,486)
<u>169,920</u>	<u>215,781</u>	<u>287,555</u>	<u>225,677</u>
169,920	90,507	89,291	111,539
-	-	-	-
-	-	-	-
<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>\$ 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 (Asset) and Deferred Items

For the Year Ended September 30, 2019

	2018	2019
Annual financial statement OPEB expense	\$ 364,355	\$ (784,461)
Change in net OPEB liability (asset)	(726,515)	4,554,237
Change in deferred inflow	-	(3,661,962)
Change in deferred outflow	466,843	(500)
OPEB payments	<u>\$ 104,683</u>	<u>\$ 107,314</u>
Net OPEB asset (liability), beginning of year	\$ (627,134)	\$ (3,708,524)
Restatement	(2,354,875)	-
Change in net OPEB liability	(726,515)	4,554,237
Net OPEB asset (liability), end of year	<u>\$ (3,708,524)</u>	<u>\$ 845,713</u>
Beginning deferred inflows	\$ -	\$ -
Change in deferred inflows	-	(3,661,962)
Ending deferred inflows	<u>\$ -</u>	<u>\$ (3,661,962)</u>
Beginning deferred outflows	\$ -	\$ 466,843
Change in deferred outflows	466,843	(500)
Ending deferred outflows	<u>\$ 466,843</u>	<u>\$ 466,343</u>
Change in net OPEB (asset) liability	\$ (726,515)	\$ 4,554,237
Change in deferred inflow	-	(3,661,962)
Change in deferred outflow	466,843	(500)
Net OPEB expense paid (not paid)	<u>\$ (259,672)</u>	<u>\$ 891,775</u>

The updated net OPEB liability (asset) 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, 2019

	2014	2015	2016	2017	2018	2019
Annual financial statement pension expense	\$ 172,812	\$ 262,966	\$ 551,813	\$ 606,622	\$ 540,516	\$ (152,463)
Change in net pension liability	-	(285,237)	(1,128,968)	133,222	239,234	1,081,691
Change in pension funding bonds payable	-	-	-	-	-	(1,232,960)
Change in discount on pension fund bonds	-	-	-	-	-	4,369
Change in deferred inflow	-	-	-	(55,600)	(154,716)	188,359
Change in deferred outflow	-	210,972	781,308	(439,820)	(329,565)	268,164
Pension payments	\$ 172,812	\$ 188,701	\$ 204,153	\$ 244,424	\$ 295,469	\$ 157,160
Net pension liability, beginning of year	\$ -	\$ -	\$ (1,844,990)	\$ (2,973,958)	\$ (2,840,736)	\$ (2,601,502)
Restatement	-	(1,559,753)	-	-	-	-
Change in net pension liability	-	(285,237)	(1,128,968)	133,222	239,234	1,081,691
Net pension liability, end of year	\$ -	\$ (1,844,990)	\$ (2,973,958)	\$ (2,840,736)	\$ (2,601,502)	\$ (1,519,811)
Beginning pension funding bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in pension funding bonds payable	-	-	-	-	-	(1,232,960)
Ending pension funding bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,232,960)
Beginning discount on pension funding bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in discount on pension funding bonds	-	-	-	-	-	4,369
Ending discount on pension funding bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,369
Beginning deferred inflows	\$ -	\$ -	\$ -	\$ -	\$ (55,600)	\$ (210,316)
Change in deferred inflows	-	-	-	(55,600)	(154,716)	188,359
Ending deferred inflows	\$ -	\$ -	\$ -	\$ (55,600)	\$ (210,316)	\$ (21,957)
Beginning deferred outflows	\$ -	\$ -	\$ 210,972	\$ 992,280	\$ 552,460	\$ 222,895
Change in deferred outflows	-	210,972	781,308	(439,820)	(329,565)	268,164
Ending deferred outflows	\$ -	\$ 210,972	\$ 992,280	\$ 552,460	\$ 222,895	\$ 491,059
Change in net pension liability	\$ -	\$ (285,237)	\$ (1,128,968)	\$ 133,222	\$ 239,234	\$ 1,081,691
Change in pension funding bonds payable	-	-	-	-	-	(1,232,960)
Change on discount on pension funding bonds	-	-	-	-	-	4,369
Bond issuance costs	-	-	-	-	-	8,910
Change in deferred inflow	-	-	-	(55,600)	(154,716)	188,359
Change in deferred outflow	-	210,972	781,308	(439,820)	(329,565)	268,164
Net pension expense paid (not paid)	\$ -	\$ (74,265)	\$ (347,660)	\$ (362,198)	\$ (245,047)	\$ 318,533

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