

County of  
Muskegon,  
Michigan



Year Ended  
September 30,  
2017

Comprehensive  
Annual Financial  
Report





County of Muskegon, Michigan

Comprehensive Annual Financial Report  
For the Year Ended September 30, 2017

*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 14, 2018

### BOARD OF COMMISSIONERS

Benjamin E. Cross, Chair (District 2)  
Charles T. Nash, Vice Chair (District 6)  
Marvin R. Engle (District 5)  
Gary L. Foster (District 7)  
Susie Hughes (District 3)  
Kenneth D. Mahoney (District 9)  
Robert N. Scolnik (District 4)  
I. John Snider II (District 8)  
Rillastine R. Wilkins (District 1)

### JUDICIARY

#### *14th Circuit Court Judges*

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

\* Family Division Judge also

#### *60th District Court Judges*

Raymond L. Kostrzewa, Jr., Chief Judge  
Maria Ladas Hoopes, Pro Tem  
Harold F. Cloz 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

Benjamin E. Cross  
Chair, District 2

Charles Nash  
Vice-Chair, District 6

Rillastine R. Wilkins  
District 1

Susie Hughes  
District 3

Robert Scolnik  
District 4

Marvin Engle  
District 5

Gary Foster  
District 7

I. John Snider II  
District 8

Kenneth Mahoney  
District 9

March 14, 2018

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 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, 2017.

### Management Responsibility

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

### Independent Audit

The Muskegon County financial statements have been audited by Rehmann Robson, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Muskegon County for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Muskegon County financial statements for the fiscal year ended September 30, 2017, 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

Muskegon County, incorporated in 1859, is located in the western part of the State 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 170,000 residents within an area of 527 square miles. The County is governed by an elected Board of Commissioners consisting of a Chairman and eight other Members. Muskegon County is empowered to levy a property tax on both real and personal property located within the County.

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

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

#### Reporting Entity and Services

As required by generally accepted accounting principles, these financial statements present Muskegon County 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 Office of the Drain Commissioner and the Muskegon County Land Bank Authority are included in the reporting entity.

### FACTORS AFFECTING FINANCIAL CONDITION

#### Local Economy

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

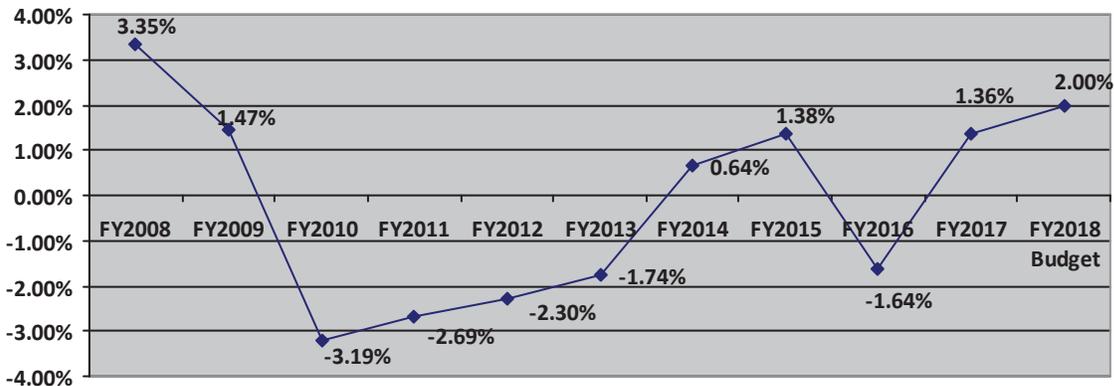
The prior year's decrease in taxable values again in 2016 was the result of the Personal Property Tax Reform passed by the State. This law caused a reduction in property tax revenues from those taxpayers that filed for personal property exemptions. Included in the reform was a component that the State would reimburse municipalities for those personal property tax losses. Although the estimated loss in revenue from the personal property exemptions was estimated to be \$499,000, the County received reimbursement from the State of \$1,070,000. The prior year decline was followed by a taxable value increase of 1.36% in 2017. Once again the State issued the County a personal property tax reimbursement of \$1,835,000, well in excess of the expected amount of \$496,000. The additional

# COUNTY OF MUSKEGON, MICHIGAN

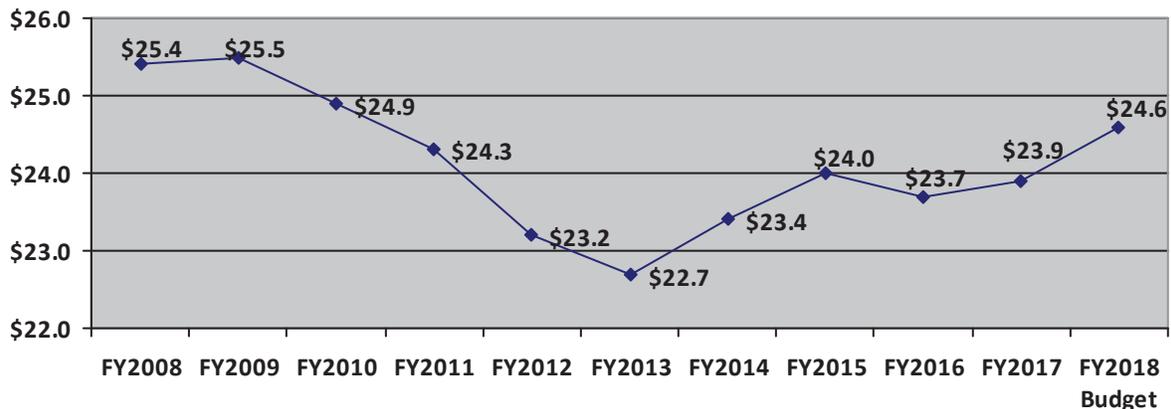
## Transmittal Letter

revenue received in each of the last two years was due to the State setting aside more money for these reimbursements than the actual losses incurred and therefore, the excess was distributed to municipalities. While this additional revenue was unexpected and a significant benefit to the General Fund, it should not be an expectation for future year budgets. As evidenced by the 2017 taxable value increase, residential building and home sales as well as some commercial and industrial expansion are showing positive signs throughout the county.

### Taxable Value Percent Change Trend



### General Fund Property Tax Revenue Trend (in millions)



Another sign that the local economy is improving is the general downward trend in unemployment since the beginning of the decade. Unemployment was as high as 15.9% in fiscal year 2010. Fiscal year 2017 began the year at 4.9% unemployment and ended the year at 5.3%. Many local industries have started to hire again and some are even expanding their operations.

# COUNTY OF MUSKEGON, MICHIGAN

## Transmittal Letter

The State of Michigan's financial condition also has a significant impact on the County's budget. Revenue sharing distributions to counties have not been a consistent revenue stream over the last several years. Since fiscal year 2011, revenue sharing revenues have declined from \$4.1 million down to \$2.9 million in 2014 and then increased to \$3.6 million in fiscal year 2015 and remained at that level for 2016 and 2017. In addition, for fiscal year 2017 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 address three general areas; Accountability & Transparency, Consolidation of Services, and Unfunded Accrued Liabilities. The County complied with all of these requirements and received its full allocation of revenue sharing in 2017.

### Long-term financial planning

For the 2017 budget process, a new team approach was introduced. While budget teams were utilized for the past 5 years, these teams were reorganized and renamed into the Revenue Enhancement Team, Expenditure Reduction Team and the Millage Options Team. Through the collaborative efforts of these teams, revenue enhancements and expenditure reductions totaling \$4.8 million were achieved in an effort toward balancing the budget and continuing to maintain service levels as much as possible. Elected officials, directors and staff from each department participated on one of these teams. The budget process begins with a projected General Fund budget deficit being developed by the County's budget staff based on various budget assumptions with regards to revenues and expenditures. Some highlights of the collaborative efforts of these teams that were implemented for fiscal year 2017 were as follows:

#### *Revenue Enhancements Team Highlights:*

- Increased revenues for Equalization assessing contract renewals and reappraisals
- Increased revenues in Equalization for offering educational classes to other municipalities
- Increased revenue projections in the Register of Deeds budget based on trends
- Utilization of tax forfeiture funds and additional delinquent tax funds for General Fund support
- Included new grant funding for a Medicaid Outreach program in the Public Health fund budget
- Included new grant funding for a Mental Health Court in District Court
- Increased various fees in the County Clerk's office

#### *Expenditure Reduction Team Highlights:*

- Decreased salary and fringe benefit expenditures in the Treasurer's office, Register of Deeds office, Drain Commissioner's office, Human Resources, Accounting, District Court, Administration, Facilities Management, Sheriff (Jail, Animal Control and Road Patrol) and Equalization through either transferring partial funding of positions to another funding source or leaving positions vacant.
- Decreased salary and fringe benefit expenditures in Administration, Airport, Juvenile Transition Center, Prosecutor's office and Sheriff (Animal Control and Marine Safety) through the elimination of positions.
- Decreased various operating expenditures in the Airport, County Clerk, Equalization, Facilities Management and Public Defender budgets.
- Moved MSU Extension into the Public Health department and utilized those services toward their local match requirements.
- Implemented a Health Savings Account (HSA) medical insurance plan option for employees to reduce overall health care costs.

# COUNTY OF MUSKEGON, MICHIGAN

## Transmittal Letter

### *Millage Options Team Highlights:*

- This team focused on researching various millage options that are available however no new millages were included in the 2017 budget.

The County is continuously looking for areas to consolidate operations, share services between departments and collaborate with other agencies and municipalities in an effort to generate new revenues and reduce expenditures. As a result of the additional funds reimbursed by the State to cover the County's personal property tax revenue losses as well as the entire budget saving measures implemented by the various departments, the County's General Fund ended fiscal year 2017 with an operating surplus of approximately \$279,000. The unassigned fund balance as a percentage of General Fund expenditures and transfers out has increased from the prior year to 19.9%, which is above the Board's financial policy target of 18%.

While fiscal 2017's results are encouraging, there continue to be fiscal challenges as we enter fiscal 2018 and beyond. For county governments the most significant expenditures are its personnel costs. Although the County has already taken steps to reduce retirement costs by closing its defined benefit pension plans to all new hires, 5 year projections provided by the Municipal Employees' Retirement System of Michigan (MERS) continue to show significant increases in these costs going forward. Measures have also been taken to reduce health care costs by offering the new HSA medical plan to our employees. While currently slightly over 50% of County employees have chosen this new plan, the County will be actively trying to achieve 100% participation in this plan over the next year.

In an effort toward improving the County's financial outlook, the County Board contracted with a consultant to prepare a 5 year financial forecast of the General Fund (FY2018-FY2022). The purpose of the 5 year forecast was to develop an improved financial model of the County's General Fund 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. They utilized regional economic data to project future property tax revenues and developed 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 that overall revenues are expected to remain fairly stagnant, increasing only about 0.4% per year. Expenditures however are expected to increase significantly due primarily to the Jail/JTC debt service obligations and pension contributions. The forecast revealed that the consistent disparity between revenues and expenditures will result in the depletion of the General Fund's reserves within the next 5 years if no action is taken.

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

- Reduce appropriations/subsidies to other funds by exploring special millage options
- Refinance the Jail/JTC bond issue
- Consider the option of issuing pension bonds to reduce the impact of significant projected increases in pension contributions
- Explore options for reducing the cost of retiree health insurance premiums
- Research new or increased revenue generating opportunities such as updating fees, selling assets and renting Jail bed space to federal and state prisoners
- Limit funding for capital improvements

# COUNTY OF MUSKEGON, MICHIGAN

## Transmittal Letter

County department heads, Elected Officials, Administrative staff and the County Board of Commissioners are aggressively pursuing these recommendations and are committed to improving the County's overall financial outlook while protecting the County's core services.

### MAJOR INITIATIVES

In the spring of 2017 the Board of Commissioners, Elected Officials, County Administrator and appointed department heads participated 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 describes their vision:

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

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

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

Economic development continues to be a priority of the County. Recently the State approved the transfer of ownership of the decommissioned coal-fired utility plant located on Muskegon Lake to a developer out of North Carolina. The new owner intends to make use of the existing pier and will develop the site as a deep water port for food processors that need a way to ship product west from Muskegon and avoid the delays around the crowded Chicago shipping lanes. In addition, a group of local investors and community leaders purchased the former local paper mill site that closed in 2009. Plans for this 120-acre property located on a mile of the Muskegon Lake shoreline incorporate mixed- used development including residential, commercial and community features. In 2018, partners will continue to promote shipping and development opportunities on the Harbor, and our port will see 12 ports of call from two different cruise lines this year.

Another continuing economic development as well as infrastructure maintenance and expansion focus is increasing the flow to the Wastewater Treatment Facility and the development of the Wastewater system property. Since the closure of the local paper mill, the County's Wastewater Treatment Facility has had excess capacity. Discussions with a municipality and manufacturer outside of our county to potentially provide them with the capacity they need for wastewater discharge and treatment have been ongoing for over two years. The property is also being promoted for wind and solar power development. A solar project is currently being marketed to utility companies and industrial users for a potential 100+ megawatts in energy output and is anticipated to be operational in 2020. This project

# COUNTY OF MUSKEGON, MICHIGAN

## Transmittal Letter

will provide both economic and environmental benefits to the region through the utilization of this renewable energy resource.

Providing activities and services for senior citizens is also an important quality of life component for any community. In March 2016, the County Board of Commissioners approved a request for .5000 mills to be placed on the August 2, 2016 ballot for the purpose of providing funds for planning, coordinating and providing services to older persons in Muskegon County. The voters overwhelmingly approved the millage request. The millage will generate approximately \$2 million annually for eight years starting in fiscal 2017. A nine person Senior Activities Committee was created with the responsibility to review, recommend and report on activities and expenditures of the millage funds with the County Board of Commissioners having the ultimate approval and responsibility over the millage budget. While the first year of the millage was primarily an organizational year, millage funds are now being allocated to various agencies throughout the County to provide housing, nutrition, healthcare, transportation and recreational services to our seniors.

As an example of expanded intergovernmental and business coordination, the County is currently working with the City of Muskegon in the development of plans for a convention center. A previously conducted feasibility study assessed the practicality of a mid-sized convention center in Muskegon. The study showed that Muskegon is a viable location to support a convention center for smaller and mid-sized conventions and events.

Proposed plans are for the City of Muskegon to issue bonds to finance the construction of an approximate \$15 million facility. The convention center would be attached to one of the two downtown hotels. The hotel owner has already approved and begun self-assessing an additional hotel tax that generates new revenues dedicated to tourism for the County. The County would agree to transfer accommodations taxes collected on the two downtown hotels to the City to make the bond payments. Approvals by the County and the City have occurred to move forward with a design concept for the facility. An intergovernmental agreement between the City and the County regarding pledging of accommodations taxes for the bond payments is currently being developed. In addition, an agreement with the hotel owner regarding their commitment to the project is also in process.

### 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 Muskegon County for its comprehensive annual financial reporting for the fiscal year ended September 30, 2016. This was the 41th consecutive year the County has received the award. This Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this current report continues to conform to the Certificate of Achievement program requirements, and will be submitting it to GFOA to determine its eligibility for another certificate for the year ended September 30, 2017.

# COUNTY OF MUSKEGON, MICHIGAN

## Transmittal Letter

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,

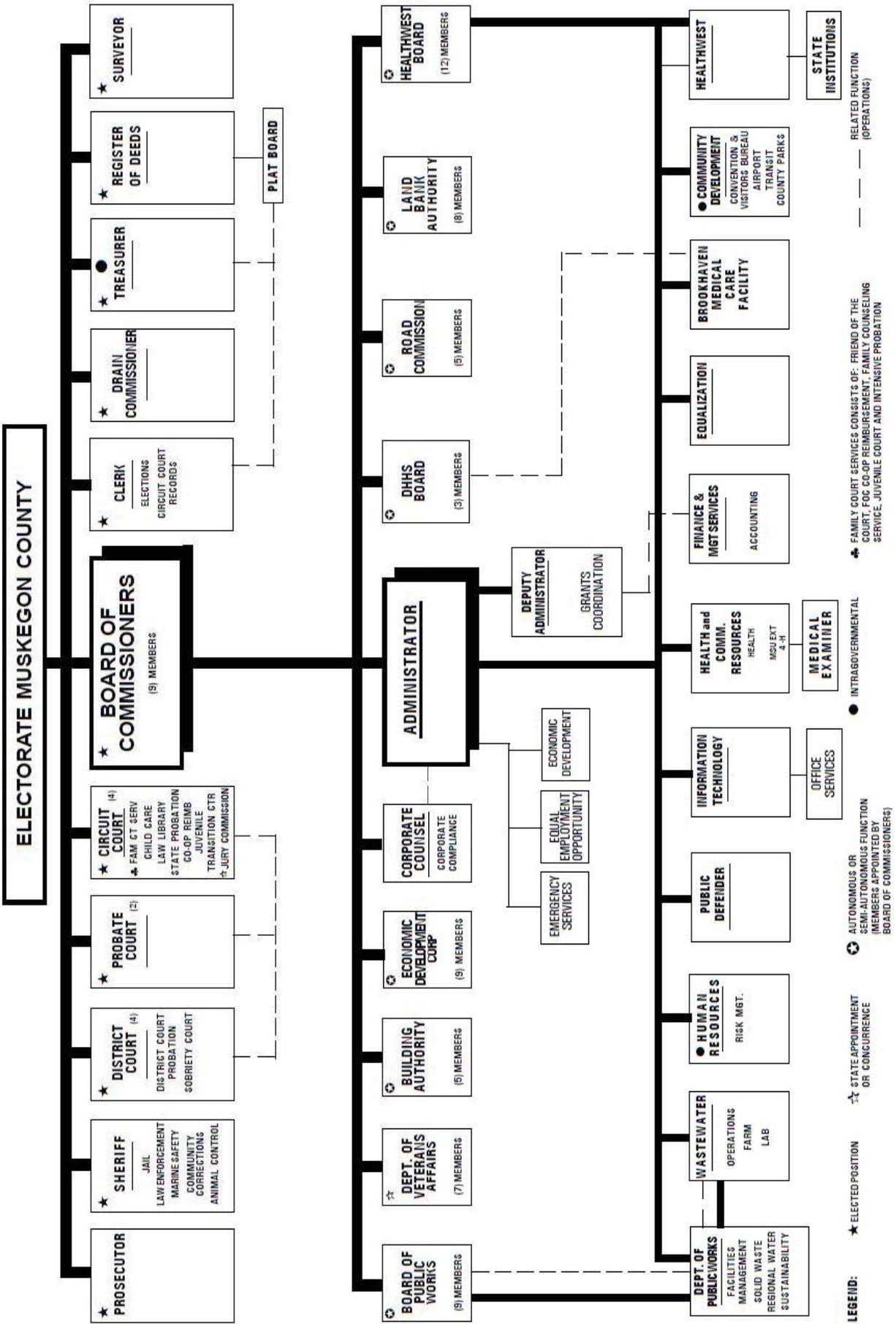


Beth M. Dick, CPA  
Director of Finance/Assistant County Administrator



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

# 2017 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, 2016**

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

March 14, 2018

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, 2017, 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 91 percent, 93 percent, and 91 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, 2017, 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 14, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in a separately issued single audit act compliance report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

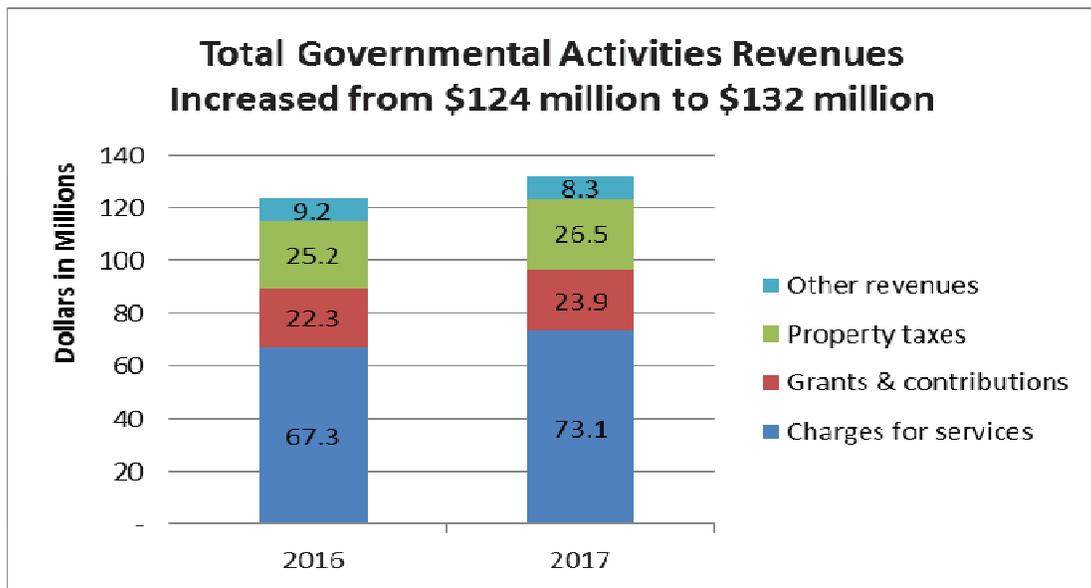
# COUNTY OF MUSKEGON, MICHIGAN

## 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, 2017. 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, 2017; the difference representing net position of \$70.2 million reported by the primary government. Of this amount, a negative \$56.3 million in *unrestricted (deficit) net position* results from the reporting requirements of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71 to record a net pension liability in the amount of \$101.5 million on the government-wide financial statements. *Restricted net position* of \$3.3 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 \$123.2 million.
- The Muskegon County primary government's net position decreased by \$14.3 million to \$70.2 million from \$84.5 million reported at the prior year end due primarily to an increase in the net pension liability and deferred pension amounts. Net position of governmental activities decreased by approximately \$11.6 million and net position of business-type activities decreased by approximately \$2.7 million compared to the prior year balances.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending *fund balances* of \$16.2 million, an increase of \$0.75 million from the prior year ending fund balance of \$15.5 million. Approximately \$9.5 million (58.2%) of the governmental funds total fund balance amount is *unassigned fund balance* in the General Fund.



# COUNTY OF MUSKEGON, MICHIGAN

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Reporting the County as a Whole

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

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

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate Muskegon County Road Commission, Drainage Districts 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 changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Brookhaven Medical Care, 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, 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 \$70.2 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	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 36.2	\$ 37.3	\$ 88.4	\$ 97.3	\$ 124.6	\$ 134.6
Capital assets, net	85.2	90.4	162.8	163.7	248.0	254.1
Total assets	<u>121.4</u>	<u>127.7</u>	<u>251.2</u>	<u>261.0</u>	<u>372.6</u>	<u>388.7</u>
Deferred outflows of resources	13.7	23.7	3.6	6.2	17.3	29.9
<b>Liabilities</b>						
Long-term debt outstanding	67.0	68.3	117.6	126.3	184.6	194.6
Other liabilities	107.9	112.6	25.6	26.9	133.5	139.5
Total liabilities	<u>174.9</u>	<u>180.9</u>	<u>143.2</u>	<u>153.2</u>	<u>318.1</u>	<u>334.1</u>
Deferred inflows of resources	1.3	-	0.3	-	1.6	-
<b>Net position</b>						
Net investment in capital assets	25.0	28.8	98.2	94.3	123.2	123.1
Restricted	3.3	2.9	-	-	3.3	2.9
Unrestricted (deficit)	(69.4)	(61.2)	13.1	19.7	(56.3)	(41.5)
Total net position	<u>\$ (41.1)</u>	<u>\$ (29.5)</u>	<u>\$ 111.3</u>	<u>\$ 114.0</u>	<u>\$ 70.2</u>	<u>\$ 84.5</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 \$56.3 million.

Statement of Activities. The County's total revenue for the fiscal year ended September 30, 2017, was approximately \$179.7 million while total cost of all programs and services was \$194.0 million. The fiscal year's operations result in a decrease in the primary government's net position of \$14.3 million. The *Changes in Net Position* table on page 25 presents a summary for the years ended September 30.

- **Governmental Activities.** Revenues for the County's governmental activities increased by 6.6% (\$8.2 million), while total expenses decreased by 0.75% (\$1.1 million). The decrease in net position for governmental activities was reduced to \$11.6 million in 2017. This compares to a \$20.3 million decrease in net position in 2016.

# COUNTY OF MUSKEGON, MICHIGAN

## Management's Discussion and Analysis

The \$8.2 million increase in revenues mentioned above resulted primarily from an 11.7% (\$6.8 million) increase in the HealthWest major special revenue fund's revenues from services with coverage through Medicaid and the State Healthy Michigan Plan, which provides expanded Medicaid coverage funded by federal dollars through the Affordable Care Act. HealthWest served over 5,800 individuals in 2017, a 20% increase over the prior year.

The cost of all governmental activities this year was \$144.7 million compared to \$145.8 million last year. The following table presents the current and prior year's cost of each of the County's five largest programs—general government, judicial, public safety, health, and welfare—showing the portion of the totals attributable to depreciation expense. Although the total cost of governmental activities programs and services was virtually unchanged (down less than 1 percent) there were significant *decreases in general government and welfare expenses offset by increases in the cost of health and public safety activities.*

	GOVERNMENTAL ACTIVITIES EXPENSES (dollars in millions)												
	Depreciation expense			Non-depreciation expenses				TOTAL COST OF SERVICES					
	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)	
General government	0.9	10.0	(9.1) -91%	15.8	16.5	(0.7) -4%	16.7	26.5 *	(9.8) -37%				
Judicial	-	-	- -	15.0	14.8	0.2 1%	15.0	14.8 *	0.2 1%				
Public safety	1.6	0.4	1.2 300%	19.0	18.2	0.8 4%	20.6	18.6	2.0 11%				
Health	0.6	0.6	- 0%	85.5	77.7	7.8 10%	86.1	78.3	7.8 10%				
Welfare	-	-	- -	1.7	3.1	(1.4) -45%	1.7	3.1	(1.4) -45%				
Other GA programs	2.6	2.2	0.4 18%	2.0	2.3	(0.3) -13%	4.6	4.5 *	0.1 2%				
Totals	5.7	13.2	(7.5) -57%	139.0	132.6	6.4 5%	144.7	145.8	(1.1) -0.75%				

\* To match the classifications used for current year presentation and analysis, prior year 2016 functional expenses are reclassified for discussion and analysis purposes from general government (-\$6.2 million), to judicial (+\$5.0 million) and to welfare (+\$1.2 million) based on review of the functional activities of the friend of the court and circuit court records as judicial activities and the furnace testing and tune-up program as a citizen welfare program.

The \$9.1 million decrease in general government depreciation expense resulted largely from the final \$8.0 million in prior year charges for certain assets determined to have no future life than had been originally estimated to last 29 additional years. The \$1.4 million decrease in welfare program expenses stems from reduced grant-funded activities by (a) the Hardest Hit blight elimination program (-\$1.0 million) funded by the Michigan State Housing Development Authority (MSHDA), and (b) DTE Energy's Test and Tune-Up grant program (-\$0.4 million), which provides natural gas furnace cleaning and evaluation to qualifying local homeowners.

The \$7.8 million increase to total cost of health programs was due primarily to the \$6.8 million in expenses paid for by the HealthWest revenue increase of the same amount described above. The \$2.0 million increase to public safety expenses results from the following changes (dollars in millions):

Changes in public safety expenses

\$1.2 First depreciation charges for new jail for first full year after completion

0.7 10.7% increase over prior year in new jail operating expenses

0.1 Other

\$2.0 Increase in public safety expenses

Inmate medical costs were up 37% accounting for \$358,000 of the jail operating cost increase.

- **Business-type Activities.** Business-type activities decreased the County's net position by approximately \$2.7 million during the year, which includes the effect of \$3.0 million in business-type activities pension expense.

# COUNTY OF MUSKEGON, MICHIGAN

## Management's Discussion and Analysis

As discussed in Note 20 to the financial statements, after the end of fiscal 2017 Brookhaven Medical Care Facility discharged its final resident on February 9, 2018, following a State-approved closure plan. Brookhaven had continued a significant decline in average daily census to an average of 102 patients in fiscal 2017, dropping each year since an average daily census of 177 patients in 2008. The facility experienced difficulty in hiring professional and non-professional staff to meet the clinical needs of the residents within the financial constraints of reimbursement rates paid by Medicaid and market rates received from commercial and private payors. Owing to its consistently negative operating margins, Brookhaven received \$7.8 million in transfer subsidies from the General Fund since 2007, including \$765,748 in fiscal 2017. Although Brookhaven received an additional \$1.7 million transfer from the Senior Millage Fund in 2017, the facility ended the year with a net position deficit of \$5.8 million.

	CHANGES IN NET POSITION (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 73.1	\$ 67.3	\$ 41.8	\$ 43.7	\$ 114.9	\$ 111.0
Operating grants	23.5	21.7	5.4	4.8	28.9	26.5
Capital grants	0.4	0.6	0.6	1.2	1.0	1.8
General revenues:						
Property taxes	26.5	25.2	-	-	26.5	25.2
Other taxes	2.0	2.0	-	-	2.0	2.0
State shared revenue	3.6	3.6	-	-	3.6	3.6
Other	2.8	3.3	-	-	2.8	3.3
Total revenues	131.9	123.7	47.8	49.7	179.7	173.4
Program expenses						
General government	16.7	32.7	-	-	16.7	32.7
Legislative	0.5	0.4	-	-	0.5	0.4
Judicial	15.0	9.8	-	-	15.0	9.8
Public safety	20.6	18.6	-	-	20.6	18.6
Health	86.1	78.3	-	-	86.1	78.3
Welfare	1.7	1.9	-	-	1.7	1.9
Culture and economic development	0.1	0.2	-	-	0.1	0.2
Recreation	1.1	0.9	-	-	1.1	0.9
Interest	2.9	3.0	-	-	2.9	3.0
Brookhaven	-	-	13.7	13.4	13.7	13.4
Delinquent tax revolving	-	-	1.0	0.9	1.0	0.9
Local govt public works financing	-	-	0.7	0.9	0.7	0.9
Solid waste	-	-	3.4	2.7	3.4	2.7
Airport operations	-	-	2.6	2.7	2.6	2.7
Regional water	-	-	3.1	3.6	3.1	3.6
Wastewater	-	-	18.3	17.2	18.3	17.2
Other enterprise funds	-	-	6.5	6.4	6.5	6.4
Total program expenses	144.7	145.8	49.3	47.8	194.0	193.6
Excess (deficiency) before transfers and special item	(12.8)	(22.1)	(1.5)	1.9	(14.3)	(20.2)
Transfers	1.2	1.8	(1.2)	(1.8)	-	-
Special item - landfill estimate change	-	-	-	2.3	-	2.3
<i>Increase (decrease) in net position</i>	<i>(11.6)</i>	<i>(20.3)</i>	<i>(2.7)</i>	<i>2.4</i>	<i>(14.3)</i>	<i>(17.9)</i>
Net position-beginning, as previously reported	(29.5)	(9.2)	114.0	110.5	84.5	101.3
Net position, beginning of year	(29.5)	(9.2)	114.0	111.6	84.5	102.4
Net position, end of year	\$ (41.1)	\$ (29.5)	\$ 111.3	\$ 114.0	\$ 70.2	\$ 84.5

# COUNTY OF MUSKEGON, MICHIGAN

## Management's Discussion and Analysis

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

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$16.2 million, an increase of \$.75 million from the prior year. Both the General Fund and HealthWest fund reported increases in fund balance totaling \$.4 million. In addition, the new Senior Millage Fund ended the fiscal year with \$.3 million in undistributed tax revenues that will be allocated in a future 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 \$9.5 million while total fund balance amounted to \$10.6 million. The general fund's total fund balance increased from the prior year by \$0.3 million. At September 30, 2017, general fund *unassigned fund balance* approximated 19.9% of reported general fund expenditures plus transfers out for the year then ended, which compares with approximately 17.1% at the end of the prior year.

The HealthWest special revenue fund had a current year increase in fund balance amounting to \$0.1 million, resulting in ending fund balance of \$1.2 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.

The Muskegon County enterprise funds provide service to most residents and businesses of the County and reported an decrease in net position of \$2.7 million. The local government public works financing fund operates on a breakeven basis. The composition of the net position of the County's enterprise funds as September 30, 2017, is shown in the below table.

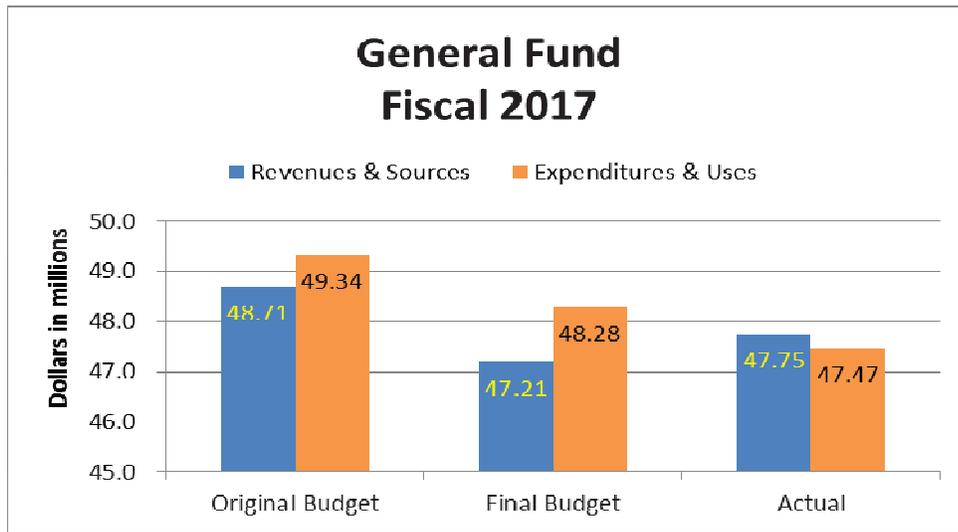
Enterprise Funds Net Position (dollars in 000s)	Net Investment in Capital Assets	Unrest- ricted Net Position	Total Net Position
Brookhaven Medical Care Facility	\$ 867	\$ (6,651)	\$ (5,784)
Delinquent tax revolving	-	2,696	2,696
Local government public works	-	701	701
Solid waste	4,443	2,274	6,717
Airport	28,450	(621)	27,829
Wastewater	52,852	12,730	65,582
Nonmajor enterprise funds	11,605	2,004	13,609
Total net position	<u>\$ 98,217</u>	<u>\$ 13,133</u>	<u>\$ 111,350</u>

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

# COUNTY OF MUSKEGON, MICHIGAN

## Management's Discussion and Analysis

**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, 2017, the Board approved several project-oriented budget amendments and revised the full General Fund budget twice. 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:

- Property tax revenues were amended upward \$0.405 million from the original budget due to anticipated additional revenue from a TIFA distribution from a local municipality.
- Charges for Services were amended upward by \$0.598 million due primarily to additional revenues being generated in the Register of Deeds office for transfer taxes and recordings fees.
- Local grants and contributions were amended downward by \$2.336 million due to a reduction in activity in the DTE Test & Tune-Up program which had anticipated additional revenues from a new weatherization program that never materialized. This was offset by a corresponding reduction in welfare program expenditures of \$2.034 million.
- Public safety expenditures were increased by \$0.364 million primarily due to higher wages and fringes. The original budget assumed that certain wages and fringes would be covered by grants which did not occur. In addition it was assumed that there would be savings in wages and benefits from vacancies throughout the year, however, the anticipated level of savings was not realized.
- Transfers out to the Child Care fund were increased by \$0.266 million primarily due to higher than anticipated expenditures related to the reorganization and staffing changes resulting from moving the Juvenile Transition Center under Family Court.
- Transfers out to Public Health fund were increased by \$0.123 million as the result of reductions in fee for service revenues as well as grant revenues that required an increase in appropriation from the general fund to cover costs.

# COUNTY OF MUSKEGON, MICHIGAN

## Management's Discussion and Analysis

### CAPITAL ASSET AND DEBT ADMINISTRATION

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

	CAPITAL ASSETS (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 4.7	\$ 4.8	\$ 20.2	\$ 20.2	\$ 24.9	\$ 25.0
Construction in progress	0.9	0.7	7.2	4.2	8.1	4.9
Depreciable capital assets	127.7	128.4	287.8	284.2	415.5	412.6
Accumulated depreciation	(48.1)	(43.5)	(152.4)	(144.9)	(200.5)	(188.4)
Total capital assets, net	<u>\$ 85.2</u>	<u>\$ 90.4</u>	<u>\$ 162.8</u>	<u>\$ 163.7</u>	<u>\$ 248.0</u>	<u>\$ 254.1</u>

As of September 30, 2017, net capital assets used in the primary government's governmental and business-type activities decreased by \$6.1 million, or 2.4%, over the prior year. This year-to-year change represents about \$10.5 million in capital additions less the \$1.7 million carrying value of disposals and \$14.9 million in depreciation expense.

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

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

	OUTSTANDING DEBT (in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Bonds	\$ 59.5	\$ 60.9	\$ 81.7	\$ 91.7	\$ 141.2	\$ 152.6
Delinquent tax notes	-	-	16.0	16.0	16.0	16.0
Other debt	0.7	0.7	-	-	0.7	0.7
Total installment debt	60.2	61.6	97.7	107.7	157.9	169.3
Deferred premium	0.2	0.2	2.3	2.6	2.5	2.8
Closure and sludge liability	-	-	16.3	14.7	16.3	14.7
Compensated absences	6.6	6.5	1.3	1.3	7.9	7.8
Totals	<u>\$ 67.0</u>	<u>\$ 68.3</u>	<u>\$ 117.6</u>	<u>\$ 126.3</u>	<u>\$ 184.6</u>	<u>\$ 194.6</u>

State statutes limit the amount of general obligation debt a local government may incur to 10 percent of its total assessed property valuation. The current debt limitation for the County is approximately \$514.0 million, which is significantly in excess of the County's approximately \$160.4 million of outstanding general obligation debt.

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

# COUNTY OF MUSKEGON, MICHIGAN

## Management's Discussion and Analysis

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following table shows a summary of the County General Fund changes in fund balance for the last two fiscal years along with a summary of the amended fiscal 2018 balanced budget as of November 27, 2017. The 2016 actual results have been restated to exclude the Family Court Fund (2150) which beginning in 2017 is shown as a separate special revenue fund.

General Fund Changes in Fund Balance Fiscal 2016 & 2017 with 2018 Budget (dollars in thousands)			
	<i>2018 Budget</i>	2017	2016
Revenues	\$ 44,910	\$ 44,208	\$ 43,012
Expenditures			
General government	12,998	11,629	11,319
Legislative	405	389	374
Judicial	7,895	8,154	8,236
Public safety	14,968	14,163	13,313
Welfare	1,120	831	1,164
Cultural	4	37	169
Total expenditures	37,390	35,203	34,575
Revenues over expenditures	7,520	9,005	8,437
Other financing sources/(uses)			
Transfers in	2,647	3,545	2,617
Transfers out	(10,167)	(12,271)	(10,275)
Other	-	-	6
Total other financing sources/(uses)	(7,520)	(8,726)	(7,652)
Change in fund balance	-	279	785
Fund balance, beginning	10,637	10,358	9,573
Fund balance, ending	\$ 10,637	\$ 10,637	\$ 10,358

The following economic factors were considered in preparing the County's budget for the 2018 fiscal year:

- After experiencing a decline of 1.64% in 2016 as a result of Personal Property Tax Reform, 2017 rebounded with a taxable value increase of 1.38%. For 2018, General Fund property tax revenues were budgeted assuming a 2% increase in taxable values based on projected inflationary increases, new housing construction, home sales and business expansions.
- State revenue sharing is budgeted to increase by 1% to \$3.672 million based on the state budget allocation.
- Revenues from the administrative cost allocation prepared by an outside consultant are anticipated to increase by \$230,000.
- A 3% increase in medical insurance costs has been incorporated into the budget resulting in an increase in General Fund expenditures of \$208,000. An increase in retirement costs was also budgeted resulting in an increase in expenditures of \$470,000.

## COUNTY OF MUSKEGON, MICHIGAN

### Management's Discussion and Analysis

- A transfer of \$1.943 million from the Delinquent Tax Funds is budgeted for 2018 which is less than the 2017 transfer of \$3.470 million.
- A General Fund appropriation to the Jail/JTC Debt Service fund for \$.926 million was included in the budget to cover one interest payment for fiscal 2018 on this bond issue. These bonds are in the process of being restructured through the County's Building Authority which is anticipated to result in the elimination of one interest payment in 2018.

#### 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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 7,569,311	\$ 47,001,361	\$ 54,570,672	\$ 8,341,875
Receivables, net	25,251,163	40,262,941	65,514,104	4,899,827
Internal balances	1,611,168	(1,611,168)	-	-
Other assets	1,707,184	108,699	1,815,883	2,671,996
Restricted assets	-	2,430,964	2,430,964	-
Advances to component units	21,500	225,000	246,500	-
Capital assets not being depreciated	5,619,170	27,375,190	32,994,360	28,019,609
Capital assets being depreciated, net	79,665,946	135,404,245	215,070,191	48,916,187
Total assets	<u>121,445,442</u>	<u>251,197,232</u>	<u>372,642,674</u>	<u>92,849,494</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on bond refunding	77,000	412,997	489,997	-
Deferred pension amounts	13,615,981	3,208,650	16,824,631	2,693,273
Total deferred outflows of resources	<u>13,692,981</u>	<u>3,621,647</u>	<u>17,314,628</u>	<u>2,693,273</u>
<b>LIABILITIES</b>				
Payables	7,879,918	2,293,054	10,172,972	854,061
Accrued liabilities	5,249,863	1,822,038	7,071,901	646,823
Advances from primary government	-	-	-	246,500
Unearned revenue	102,587	12,939	115,526	502,820
Long-term debt:				
Due within one year	2,586,900	19,130,218	21,717,118	1,275,000
Due in more than one year	64,385,942	98,476,212	162,862,154	1,586,968
Net pension liability	83,824,333	17,632,381	101,456,714	7,356,098
Net other postemployment benefit obligation	10,913,113	3,823,182	14,736,295	-
Total liabilities	<u>174,942,656</u>	<u>143,190,024</u>	<u>318,132,680</u>	<u>12,468,270</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension amounts	1,303,718	278,594	1,582,312	29,951
<b>NET POSITION</b>				
Net investment in capital assets	24,984,168	98,216,321	123,200,489	74,468,796
Restricted for:				
Grant programs and other activities	3,235,963	-	3,235,963	-
Nonexpendable endowments	36,534	-	36,534	-
County roads	-	-	-	6,000,680
Unrestricted (deficit)	(69,364,616)	13,133,940	(56,230,676)	2,575,070
Total net position	<u>\$ (41,107,951)</u>	<u>\$ 111,350,261</u>	<u>\$ 70,242,310</u>	<u>\$ 83,044,546</u>

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, 2017

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 16,693,794	\$ 6,469,606	\$ 3,117,708	\$ 403,126
Legislative	451,648	-	-	-
Judicial	15,001,891	3,068,335	3,920,529	-
Public safety	20,589,489	2,285,682	1,479,121	-
Health	86,117,343	59,918,719	13,380,642	-
Welfare	1,706,332	-	1,468,004	-
Culture and economic development	132,790	24,191	125,200	-
Recreation	1,130,892	830,205	663	-
Interest on long-term debt	2,904,940	502,123	-	-
Total governmental activities	<u>144,729,119</u>	<u>73,098,861</u>	<u>23,491,867</u>	<u>403,126</u>
Business-type activities:				
Brookhaven Medical Care	13,660,254	10,515,759	-	-
Delinquent tax revolving	980,140	3,173,359	50,913	-
Local government public works financing	759,121	868,757	5,627	-
Solid waste	3,376,772	3,352,271	127,583	-
Airport operations	2,578,067	1,004,180	19,826	486,368
Regional water	3,146,460	2,960,578	92,264	-
Wastewater	18,260,825	19,319,809	328,882	-
Other enterprise funds	6,503,096	601,661	4,760,610	158,776
Total business-type activities	<u>49,264,735</u>	<u>41,796,374</u>	<u>5,385,705</u>	<u>645,144</u>
Total primary government	<u>\$ 193,993,854</u>	<u>\$ 114,895,235</u>	<u>\$ 28,877,572</u>	<u>\$ 1,048,270</u>
Component units				
Road Commission	\$ 16,404,973	\$ 2,918,523	\$ 12,772,915	\$ 3,866,655
Drainage Districts	68,860	817,707	-	241,596
Land Bank Authority	602,283	428,420	-	70,577
Total component units	<u>\$ 17,076,116</u>	<u>\$ 4,164,650</u>	<u>\$ 12,772,915</u>	<u>\$ 4,178,828</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	
\$ (6,703,354)	\$ -	\$ (6,703,354)	\$ -
(451,648)	-	(451,648)	-
(8,013,027)	-	(8,013,027)	-
(16,824,686)	-	(16,824,686)	-
(12,817,982)	-	(12,817,982)	-
(238,328)	-	(238,328)	-
16,601	-	16,601	-
(300,024)	-	(300,024)	-
(2,402,817)	-	(2,402,817)	-
<u>(47,735,265)</u>	<u>-</u>	<u>(47,735,265)</u>	<u>-</u>
-	(3,144,495)	(3,144,495)	-
-	2,244,132	2,244,132	-
-	115,263	115,263	-
-	103,082	103,082	-
-	(1,067,693)	(1,067,693)	-
-	(93,618)	(93,618)	-
-	1,387,866	1,387,866	-
-	(982,049)	(982,049)	-
<u>-</u>	<u>(1,437,512)</u>	<u>(1,437,512)</u>	<u>-</u>
<u>(47,735,265)</u>	<u>(1,437,512)</u>	<u>(49,172,777)</u>	<u>-</u>
-	-	-	3,153,120
-	-	-	990,443
-	-	-	(103,286)
-	-	-	<u>4,040,277</u>
<u>(47,735,265)</u>	<u>(1,437,512)</u>	<u>(49,172,777)</u>	<u>4,040,277</u>
26,541,079	-	26,541,079	-
767,231	-	767,231	-
1,225,667	-	1,225,667	-
3,636,237	-	3,636,237	-
249,694	-	249,694	58,698
-	-	-	28,613
2,465,104	-	2,465,104	226,935
1,195,967	(1,195,967)	-	-
<u>36,080,979</u>	<u>(1,195,967)</u>	<u>34,885,012</u>	<u>314,246</u>
(11,654,286)	(2,633,479)	(14,287,765)	4,354,523
(29,453,665)	113,983,740	84,530,075	78,690,023
<u>\$ (41,107,951)</u>	<u>\$ 111,350,261</u>	<u>\$ 70,242,310</u>	<u>\$ 83,044,546</u>

# COUNTY OF MUSKEGON, MICHIGAN

## Balance Sheet

Governmental Funds

September 30, 2017

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 1,959,061	\$ 2,700	\$ 3,676,729	\$ 5,638,490
Receivables, net:				
Accounts	103,070	2,512,958	233,755	2,849,783
Due from other governments	2,829,337	8,437,142	3,008,954	14,275,433
Property taxes	6,520,979	-	-	6,520,979
Long-term notes	-	-	800,000	800,000
Prepaid and other items	33,370	70,967	7,954	112,291
Inventories	-	-	12,950	12,950
Advances to other funds	1,021,339	-	-	1,021,339
Advances to component units	21,500	-	-	21,500
<b>Total assets</b>	<b>\$ 12,488,656</b>	<b>\$ 11,023,767</b>	<b>\$ 7,740,342</b>	<b>\$ 31,252,765</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Negative equity in pooled cash	\$ -	\$ 4,478,293	\$ 1,757,343	\$ 6,235,636
<b>Payables:</b>				
Accounts payable	623,973	5,213,253	952,068	6,789,294
Due to other governments	308,404	80,347	28,912	417,663
Accrued liabilities	918,632	-	575,542	1,494,174
Unearned revenue	200	50,000	29,241	79,441
<b>Total liabilities</b>	<b>1,851,209</b>	<b>9,821,893</b>	<b>3,343,106</b>	<b>15,016,208</b>
<b>Fund balances:</b>				
Nonspendable	1,076,209	70,967	857,438	2,004,614
Restricted	110,585	1,130,907	2,161,878	3,403,370
Committed	-	-	1,107,797	1,107,797
Assigned	-	-	270,123	270,123
Unassigned	9,450,653	-	-	9,450,653
<b>Total fund balances</b>	<b>10,637,447</b>	<b>1,201,874</b>	<b>4,397,236</b>	<b>16,236,557</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,488,656</b>	<b>\$ 11,023,767</b>	<b>\$ 7,740,342</b>	<b>\$ 31,252,765</b>

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, 2017

Fund balances - total governmental funds	\$ 16,236,557
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	4,842,963
Capital assets being depreciated, net	65,153,186
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	9,751,970
Certain pension-related amounts, such as the net pension liability 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	(83,824,333)
Deferred outflows related to the net pension liability	13,615,981
Deferred inflows related to the net pension liability	(1,303,718)
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	(47,212,150)
Unamortized deferred charge on bond refunding	77,000
Compensated absences	(6,446,830)
Accrued interest on long-term debt	(1,085,464)
Net other postemployment benefit obligation	(10,913,113)
Net position of governmental activities	<u>\$ (41,107,951)</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, 2017

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 24,922,582	\$ -	\$ 3,631,326	\$ 28,553,908
Grants and contributions:				
Federal	163,827	2,782,151	5,796,264	8,742,242
State	6,866,325	2,150,704	7,865,525	16,882,554
Local	944,974	288,633	323,951	1,557,558
Charges for services	9,978,776	59,289,792	2,798,472	72,067,040
Fines and forfeitures	497,267	-	76	497,343
Investment income	122,556	-	35,801	158,357
Rentals	103,387	-	793,778	897,165
Other	608,882	674,680	744,674	2,028,236
Total revenues	<u>44,208,576</u>	<u>65,185,960</u>	<u>21,989,867</u>	<u>131,384,403</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,628,773	-	2,200,823	13,829,596
Legislative	389,463	-	-	389,463
Judicial	8,153,764	-	5,817,297	13,971,061
Public safety	14,163,343	-	1,920,654	16,083,997
Health	-	66,122,500	15,762,225	81,884,725
Welfare	830,970	-	874,711	1,705,681
Cultural	37,021	-	46,468	83,489
Recreation	-	-	694,497	694,497
Debt service:				
Principal	-	-	695,000	695,000
Interest and fiscal charges	-	-	2,265,506	2,265,506
Capital outlay	-	-	337,848	337,848
Total expenditures	<u>35,203,334</u>	<u>66,122,500</u>	<u>30,615,029</u>	<u>131,940,863</u>
Revenues over (under) expenditures	<u>9,005,242</u>	<u>(936,540)</u>	<u>(8,625,162)</u>	<u>(556,460)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,544,809	1,068,899	10,756,185	15,369,893
Transfers out	(12,270,801)	-	(1,945,953)	(14,216,754)
Proceeds from sale of capital assets	-	-	156,142	156,142
Total other financing sources (uses)	<u>(8,725,992)</u>	<u>1,068,899</u>	<u>8,966,374</u>	<u>1,309,281</u>
Net change in fund balances	279,250	132,359	341,212	752,821
Fund balances, beginning of year	10,358,197	1,069,515	4,056,024	15,483,736
Fund balances, end of year	<u>\$ 10,637,447</u>	<u>\$ 1,201,874</u>	<u>\$ 4,397,236</u>	<u>\$ 16,236,557</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, 2017

Net change in fund balances - total governmental funds \$ 752,821

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	478,690
Depreciation expense	(3,498,259)
Proceeds on the sale of capital assets	(156,142)
Loss on sale of capital assets	(105,301)

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.

Principal payments on long-term liabilities	695,000
---------------------------------------------	---------

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	9,974
Amortization of deferred charge on refunding	(15,400)
Amortization of bond premiums	4,209
Change in the accrual for compensated absences	(52,603)
Change in net pension liability and related deferred amounts	(8,492,919)
Change in net other postemployment benefit obligation	(1,984,920)

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

Interest income from internal service funds	91,337
Interest expense from internal service funds	(638,217)
Loss on sale of capital assets from internal service funds	(60,901)
Operating income from governmental activities in internal service funds	872,391
Capital contributions to internal service funds	403,126
Net transfers from internal service funds	42,828

Change in net position of governmental activities \$ (11,654,286)

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>				
Taxes	\$ 24,859,781	\$ 25,264,766	\$ 24,922,582	\$ (342,184)
Grants and contributions:				
Federal	203,300	143,254	163,827	20,573
State	5,581,897	5,566,599	6,866,325	1,299,726
Local	3,287,500	951,524	944,974	(6,550)
Charges for services	9,380,408	9,978,708	9,978,776	68
Fines and forfeitures	555,500	496,800	497,267	467
Investment income	93,106	108,606	122,556	13,950
Rentals	106,671	108,361	103,387	(4,974)
Other	606,937	609,287	608,882	(405)
Total revenues	<u>44,675,100</u>	<u>43,227,905</u>	<u>44,208,576</u>	<u>980,671</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,800,420	12,099,952	11,628,773	(471,179)
Legislative	389,682	393,697	389,463	(4,234)
Judicial	8,488,692	8,423,256	8,153,764	(269,492)
Public safety	14,290,405	14,654,832	14,163,343	(491,489)
Welfare	2,864,849	831,278	830,970	(308)
Cultural	4,065	53,782	37,021	(16,761)
Total expenditures	<u>37,838,113</u>	<u>36,456,797</u>	<u>35,203,334</u>	<u>(1,253,463)</u>
Revenues over expenditures	<u>6,836,987</u>	<u>6,771,108</u>	<u>9,005,242</u>	<u>2,234,134</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Delinquent tax fund	3,919,809	3,919,809	3,519,809	(400,000)
Other funds	63,780	25,000	25,000	-
Total transfers in	<u>3,983,589</u>	<u>3,944,809</u>	<u>3,544,809</u>	<u>(400,000)</u>
Transfers out:				
Child care fund	(4,510,647)	(4,777,114)	(4,274,071)	(503,043)
Public health fund	(1,552,904)	(1,676,295)	(1,771,886)	95,591
Other funds	(5,434,651)	(5,371,999)	(6,224,844)	852,845
Total transfers out	<u>(11,498,202)</u>	<u>(11,825,408)</u>	<u>(12,270,801)</u>	<u>445,393</u>
Proceeds from sale of capital assets	50,000	33,300	-	(33,300)
Total other financing sources (uses)	<u>(7,464,613)</u>	<u>(7,847,299)</u>	<u>(8,725,992)</u>	<u>878,693</u>
Net change in fund balances	(627,626)	(1,076,191)	279,250	1,355,441
Fund balances, beginning of year	10,358,197	10,358,197	10,358,197	-
Fund balances, end of year	<u>\$ 9,730,571</u>	<u>\$ 9,282,006</u>	<u>\$ 10,637,447</u>	<u>\$ 1,355,441</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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>				
Grants and contributions:				
Federal	\$ 1,812,923	\$ 2,869,518	\$ 2,782,151	\$ (87,367)
State	1,945,100	2,113,325	2,150,704	37,379
Local	127,100	128,400	288,633	160,233
Charges for services:				
Medicaid fee for service and capitation	55,749,314	56,094,134	57,024,569	930,435
Other insurance	2,033,000	2,033,000	2,265,223	232,223
Other	490,179	493,877	674,680	180,803
Total revenues	<u>62,157,616</u>	<u>63,732,254</u>	<u>65,185,960</u>	<u>1,453,706</u>
<b>EXPENDITURES</b>				
Current - Health	<u>62,894,548</u>	<u>64,801,150</u>	<u>66,122,500</u>	<u>1,321,350</u>
Revenues under expenditures	(736,932)	(1,068,896)	(936,540)	132,356
<b>OTHER FINANCING SOURCES</b>				
Transfers in - General Fund	<u>736,932</u>	<u>1,068,896</u>	<u>1,068,899</u>	<u>3</u>
Net change in fund balances	-	-	132,359	132,359
Fund balances, beginning of year	<u>1,069,515</u>	<u>1,069,515</u>	<u>1,069,515</u>	-
Fund balances, end of year	<u>\$ 1,069,515</u>	<u>\$ 1,069,515</u>	<u>\$ 1,201,874</u>	<u>\$ 132,359</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, 2017

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	\$ 6,554,707	\$ 691,739	\$ 14,487,252
Receivables, net:				
Accounts	1,669,328	55,323	6,469	483,912
Due from other governments	-	-	-	10,929
Accrued interest	-	-	-	-
Taxes	-	11,976,140	-	-
Notes	-	-	-	-
Leases	-	-	1,457,420	-
Special assessments	-	-	-	-
Prepays	-	-	-	-
Inventories	25,417	-	-	7,491
Total current assets	<u>1,694,745</u>	<u>18,586,170</u>	<u>2,155,628</u>	<u>14,989,584</u>
Noncurrent assets:				
Advances to other funds	-	-	-	60,755
Advances to component units	-	225,000	-	-
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	2,301,775
Notes receivable	-	-	-	-
Leases receivable	-	-	17,848,726	-
Special assessments receivable	-	-	-	-
Capital assets not being depreciated	-	-	-	918,697
Capital assets being depreciated, net	866,504	-	-	3,524,325
Total noncurrent assets	<u>866,504</u>	<u>225,000</u>	<u>17,848,726</u>	<u>6,805,552</u>
Total assets	<u>2,561,249</u>	<u>18,811,170</u>	<u>20,004,354</u>	<u>21,795,136</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on bond refunding	-	-	297,765	-
Deferred pension amounts	1,055,412	-	-	304,393
Total deferred outflows of resources	<u>1,055,412</u>	<u>-</u>	<u>297,765</u>	<u>304,393</u>

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,002,105	\$ 20,958,723	\$ 4,880,677	\$ 48,575,203	\$ 8,166,457
79,073	1,065,726	958,383	4,318,214	360,371
13,758	1,809,821	1,213,959	3,048,467	18,716
-	-	-	-	225,881
-	-	-	11,976,140	-
-	32,879	6,375	39,254	-
-	-	-	1,457,420	-
-	-	134,641	134,641	-
10,295	-	231	10,526	1,296,085
-	65,265	-	98,173	-
<u>1,105,231</u>	<u>23,932,414</u>	<u>7,194,266</u>	<u>69,658,038</u>	<u>10,067,510</u>
-	-	-	60,755	650,584
-	-	-	225,000	-
-	-	-	-	285,858
-	-	129,189	2,430,964	-
-	830,642	24,035	854,677	200,000
-	-	-	17,848,726	-
-	-	585,402	585,402	-
12,854,176	13,238,564	363,753	27,375,190	776,207
<u>15,595,640</u>	<u>91,531,968</u>	<u>23,885,808</u>	<u>135,404,245</u>	<u>14,512,760</u>
<u>28,449,816</u>	<u>105,601,174</u>	<u>24,988,187</u>	<u>184,784,959</u>	<u>16,425,409</u>
<u>29,555,047</u>	<u>129,533,588</u>	<u>32,182,453</u>	<u>254,442,997</u>	<u>26,492,919</u>
-	-	115,232	412,997	-
150,517	1,077,903	620,425	3,208,650	-
<u>150,517</u>	<u>1,077,903</u>	<u>735,657</u>	<u>3,621,647</u>	<u>-</u>

continued...

# COUNTY OF MUSKEGON, MICHIGAN

## Statement of Net Position Proprietary Funds September 30, 2017

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
<b>LIABILITIES</b>				
Current liabilities:				
Negative equity in pooled cash	\$ 810,581	\$ -	\$ -	\$ -
Payables:				
Accounts payable	521,248	509	-	64,286
Due to other governments	100,851	-	-	-
Accrued liabilities	202,308	14,386	-	168,519
Accrued interest	-	100,126	276,315	-
Unearned revenue	-	-	-	-
Current portion of accrued closure cost and sludge removal	-	-	-	175,213
Current portion of compensated absences	31,251	-	-	14,906
Current portion of long-term debt	-	12,000,000	1,194,029	-
Total current liabilities	<u>1,666,239</u>	<u>12,115,021</u>	<u>1,470,344</u>	<u>422,924</u>
Noncurrent liabilities, net of current portion:				
Advances from other funds	1,021,339	-	-	-
Accrued closure cost and sludge removal	-	-	-	12,543,058
Compensated absences	194,713	-	-	92,871
Long-term debt	-	4,000,000	18,131,221	-
Net pension liability	4,572,365	-	-	2,056,806
Net other postemployment benefit obligation	1,875,922	-	-	244,968
Total noncurrent liabilities	<u>7,664,339</u>	<u>4,000,000</u>	<u>18,131,221</u>	<u>14,937,703</u>
Total liabilities	<u>9,330,578</u>	<u>16,115,021</u>	<u>19,601,565</u>	<u>15,360,627</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension amounts	70,219	-	-	21,528
<b>NET POSITION</b>				
Net investment in capital assets	866,504	-	-	4,443,022
Unrestricted (deficit)	(6,650,640)	2,696,149	700,554	2,274,352
Total net position	<u>\$ (5,784,136)</u>	<u>\$ 2,696,149</u>	<u>\$ 700,554</u>	<u>\$ 6,717,374</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
\$ -	\$ -	\$ 763,261	\$ 1,573,842	\$ -
80,328	676,141	212,378	1,554,890	651,423
38,225	-	599,088	738,164	21,538
26,376	148,715	140,566	700,870	2,418,038
-	539,736	204,991	1,121,168	252,187
12,939	-	-	12,939	23,146
-	625,466	22,889	823,568	-
11,947	76,077	42,058	176,239	20,477
-	4,296,424	639,958	18,130,411	951,133
<u>169,815</u>	<u>6,362,559</u>	<u>2,625,189</u>	<u>24,832,091</u>	<u>4,337,942</u>
650,584	-	-	1,671,923	60,755
-	2,592,884	368,998	15,504,940	-
74,441	474,013	262,049	1,098,087	127,587
-	47,622,323	12,119,641	81,873,185	12,214,665
841,296	6,973,027	3,188,887	17,632,381	-
128,105	891,467	682,720	3,823,182	-
<u>1,694,426</u>	<u>58,553,714</u>	<u>16,622,295</u>	<u>121,603,698</u>	<u>12,403,007</u>
<u>1,864,241</u>	<u>64,916,273</u>	<u>19,247,484</u>	<u>146,435,789</u>	<u>16,740,949</u>
12,334	113,096	61,417	278,594	-
28,449,816	52,851,785	11,605,194	98,216,321	2,123,169
(620,827)	12,730,337	2,004,015	13,133,940	7,628,801
<u>\$ 27,828,989</u>	<u>\$ 65,582,122</u>	<u>\$ 13,609,209</u>	<u>\$ 111,350,261</u>	<u>\$ 9,751,970</u>

concluded

# COUNTY OF MUSKEGON, MICHIGAN

## Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
Operating revenues:				
Charges for services	\$ 10,503,807	\$ 903,774	\$ 110,971	\$ 3,331,635
Farm sales	-	-	-	-
Interest and penalties	-	2,268,912	-	-
Rentals	4,093	-	-	-
Lease interest revenue	-	-	755,112	-
Other revenues	7,859	673	2,674	20,636
Total operating revenues	<u>10,515,759</u>	<u>3,173,359</u>	<u>868,757</u>	<u>3,352,271</u>
Operating expenses:				
Salaries and fringes	7,062,019	339,865	-	1,241,441
Supplies and other operating expenses	6,539,885	458,522	7,871	1,688,113
Insurance benefits and claims	-	-	-	-
Insurance premiums	-	-	-	-
Depreciation	60,645	-	-	552,218
Total operating expenses	<u>13,662,549</u>	<u>798,387</u>	<u>7,871</u>	<u>3,481,772</u>
Operating income (loss)	<u>(3,146,790)</u>	<u>2,374,972</u>	<u>860,886</u>	<u>(129,501)</u>
Nonoperating revenues (expenses):				
Grants and contributions:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Investment income	-	50,913	5,627	127,583
Interest expense	-	(181,753)	(751,250)	-
Gain (loss) on sale of capital assets	2,295	-	-	105,000
Total nonoperating revenues (expenses)	<u>2,295</u>	<u>(130,840)</u>	<u>(745,623)</u>	<u>232,583</u>
Income (loss) before capital contributions and transfers	<u>(3,144,495)</u>	<u>2,244,132</u>	<u>115,263</u>	<u>103,082</u>
Capital contributions - federal	-	-	-	-
Capital contributions - state	-	-	-	-
Transfers in	2,465,748	8,961	-	-
Transfers out	-	(3,733,096)	-	-
Change in net position	<u>(678,747)</u>	<u>(1,480,003)</u>	<u>115,263</u>	<u>103,082</u>
Net position, beginning of year	<u>(5,105,389)</u>	<u>4,176,152</u>	<u>585,291</u>	<u>6,614,292</u>
Net position, end of year	<u>\$ (5,784,136)</u>	<u>\$ 2,696,149</u>	<u>\$ 700,554</u>	<u>\$ 6,717,374</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
\$ 909,206	\$ 16,631,378	\$ 3,471,252	\$ 35,862,023	\$ 20,674,240
-	2,646,724	-	2,646,724	-
-	-	-	2,268,912	-
77,985	-	79,781	161,859	1,397,748
-	-	-	755,112	-
16,989	41,707	11,206	101,744	6,750,895
<u>1,004,180</u>	<u>19,319,809</u>	<u>3,562,239</u>	<u>41,796,374</u>	<u>28,822,883</u>
844,218	4,656,980	4,169,234	18,313,757	2,076,182
729,953	5,886,681	3,097,139	18,408,164	2,095,084
-	-	-	-	760,794
-	-	-	-	20,751,614
1,055,680	6,099,573	1,370,998	9,139,114	2,266,818
<u>2,629,851</u>	<u>16,643,234</u>	<u>8,637,371</u>	<u>45,861,035</u>	<u>27,950,492</u>
<u>(1,625,671)</u>	<u>2,676,575</u>	<u>(5,075,132)</u>	<u>(4,064,661)</u>	<u>872,391</u>
-	-	2,570,921	2,570,921	-
9,583	454,975	1,543,717	2,008,275	-
-	105,000	183,598	288,598	-
10,243	223,882	99,663	517,911	91,337
-	(1,294,074)	(499,811)	(2,726,888)	(638,217)
51,784	(835,891)	-	(676,812)	(60,901)
<u>71,610</u>	<u>(1,346,108)</u>	<u>3,898,088</u>	<u>1,982,005</u>	<u>(607,781)</u>
(1,554,061)	1,330,467	(1,177,044)	(2,082,656)	264,610
471,948	-	126,513	598,461	403,126
14,420	-	32,263	46,683	-
62,420	-	-	2,537,129	42,828
-	-	-	(3,733,096)	-
<u>(1,005,273)</u>	<u>1,330,467</u>	<u>(1,018,268)</u>	<u>(2,633,479)</u>	<u>710,564</u>
<u>28,834,262</u>	<u>64,251,655</u>	<u>14,627,477</u>	<u>113,983,740</u>	<u>9,041,406</u>
<u>\$ 27,828,989</u>	<u>\$ 65,582,122</u>	<u>\$ 13,609,209</u>	<u>\$ 111,350,261</u>	<u>\$ 9,751,970</u>

COUNTY OF MUSKEGON, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 10,324,345	\$ 16,514,202	\$ 2,080,012	\$ 3,236,003
Payments to vendors	(6,370,103)	(478,107)	(8,876)	(959,885)
Payments for personnel services	(6,157,792)	(337,416)	-	(982,376)
Delinquent taxes purchased	-	(12,489,086)	-	-
Net cash provided by (used in) operating activities	<u>(2,203,550)</u>	<u>3,209,593</u>	<u>2,071,136</u>	<u>1,293,742</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental receipts	2,230,468	-	-	9,024
Intergovernmental payments	-	(3,724,135)	-	-
Federal and/or state grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>2,230,468</u>	<u>(3,724,135)</u>	<u>-</u>	<u>9,024</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from issuance of long-term debt	-	12,000,000	-	-
Principal paid on long-term debt	-	(12,000,000)	(970,000)	-
Interest paid on long-term debt	-	(208,693)	(992,146)	-
Capital contributions received	-	-	-	-
Proceeds from sale of capital assets	2,295	-	-	105,000
Purchase of capital assets	(29,213)	-	-	(680,334)
Net cash provided by (used in) capital and related financing activities	<u>(26,918)</u>	<u>(208,693)</u>	<u>(1,962,146)</u>	<u>(575,334)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on investments	-	50,913	5,627	127,583
Net increase (decrease) in cash and investments	-	(672,322)	114,617	855,015
Cash and investments, beginning of year	-	7,227,029	577,122	13,632,237
Cash and investments, end of year	<u>\$ -</u>	<u>\$ 6,554,707</u>	<u>\$ 691,739</u>	<u>\$ 14,487,252</u>

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 995,062	\$ 18,764,176	\$ 3,614,944	\$ 55,528,744	\$ 29,026,581
(795,250)	(5,385,163)	(3,651,392)	(17,648,776)	(23,291,860)
(739,790)	(3,753,571)	(3,629,882)	(15,600,827)	(2,280,015)
-	-	-	(12,489,086)	-
(539,978)	9,625,442	(3,666,330)	9,790,055	3,454,706
12,420	-	-	2,251,912	33,804
-	-	-	(3,724,135)	(26,972)
27,062	559,975	4,504,966	5,092,003	-
39,482	559,975	4,504,966	3,619,780	6,832
-	-	-	12,000,000	-
-	(4,180,000)	(615,000)	(17,765,000)	(943,750)
-	(1,385,665)	(505,858)	(3,092,362)	(693,968)
-	-	158,776	158,776	403,126
56,758	389,962	-	554,015	150,463
(17,619)	(7,969,419)	(292,124)	(8,988,709)	(288,420)
39,139	(13,145,122)	(1,254,206)	(17,133,280)	(1,372,549)
10,243	223,882	99,663	517,911	533,035
(451,114)	(2,735,823)	(315,907)	(3,205,534)	2,622,024
1,453,219	23,694,546	5,196,584	51,780,737	5,544,433
\$ 1,002,105	\$ 20,958,723	\$ 4,880,677	\$ 48,575,203	\$ 8,166,457

continued...

# COUNTY OF MUSKEGON, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,146,790)	\$ 2,374,972	\$ 860,886	\$ (129,501)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	60,645	-	-	552,218
Changes in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(191,414)	555,813	(4,170)	(132,666)
Due from other governments	-	-	-	16,398
Accrued interest receivable	-	-	-	-
Taxes receivable	-	295,944	-	-
Notes receivable	-	-	-	-
Leases receivable	-	-	1,215,425	-
Special assessments receivable	-	-	-	-
Prepays	-	-	-	-
Inventories	53,374	-	-	(7,006)
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	(76,995)
Negative equity in pooled cash	486,184	-	-	-
Accounts payable	(100,398)	(19,585)	(1,005)	(3,007)
Due to other governments	(269,378)	-	-	-
Accrued liabilities	(7,583)	2,449	-	100,372
Unearned revenue	-	-	-	-
Accrued closure cost and sludge removal	-	-	-	815,236
Accrued compensated absences	11,558	-	-	(32,052)
Net pension liability and deferred pension amounts	457,435	-	-	140,244
Net other postemployment benefit obligation	442,817	-	-	50,501
Net cash provided by (used in) operating activities	<u>\$ (2,203,550)</u>	<u>\$ 3,209,593</u>	<u>\$ 2,071,136</u>	<u>\$ 1,293,742</u>

### Noncash transactions:

The Airport fund received noncash capital contributions of \$486,368 for the year ended September 30, 2017.

The Local Government Public Works Financing Fund had a noncash transaction of \$4,235,000 between lease receivable and long-term debt for a pay off of an outstanding leases receivable.

The Equipment Revolving internal service fund financed the acquisition of capital assets with noncash capital leases of \$296,990 for the year ended September 30, 2017.

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
\$ (1,625,671)	\$ 2,676,575	\$ (5,075,132)	\$ (4,064,661)	\$ 872,391
1,055,680	6,099,573	1,370,998	9,139,114	2,266,818
(8,815)	(520,718)	96,656	(205,314)	217,713
-	(159,033)	(204,426)	(347,061)	2,078
-	-	-	-	(17,097)
-	-	-	295,944	-
-	124,118	6,016	130,134	-
-	-	-	1,215,425	-
-	-	154,459	154,459	-
(8,779)	-	(224)	(9,003)	(54,130)
-	(22,633)	-	23,735	-
-	-	-	-	(16,342)
-	-	331	(76,664)	-
-	-	(162,920)	323,264	-
(56,518)	(633,333)	26,220	(787,626)	386,104
-	-	(31,091)	(300,469)	(72,742)
(162)	7,018	8,769	110,863	(127,414)
(303)	-	-	(303)	1,004
-	1,157,484	(386,569)	1,586,151	-
(3,079)	(22,183)	4,849	(40,907)	(3,677)
80,348	736,747	400,094	1,814,868	-
27,321	181,827	125,640	828,106	-
<u>\$ (539,978)</u>	<u>\$ 9,625,442</u>	<u>\$ (3,666,330)</u>	<u>\$ 9,790,055</u>	<u>\$ 3,454,706</u>

concluded

# COUNTY OF MUSKEGON, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds  
September 30, 2017

	Agency Funds	Private-Purpose Trust Fund	Other Post- Employment Benefits Trust
		Epic Heir Trust (7650)	(7360)
<b>ASSETS</b>			
Cash and investments	\$ 8,664,848	\$ 64,262	\$ -
Mutual funds on deposit with MERS	-	-	52,828,605
Accounts receivable	195	-	-
Prepays	-	-	365,245
Total assets	<u>\$ 8,665,043</u>	<u>64,262</u>	<u>53,193,850</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,962	-	-
Due to other governments	670,199	-	-
Undistributed current and delinquent taxes	7,095,211	-	-
Trust deposits	239,887	-	-
Unallocated receipts	657,784	-	-
Total liabilities	<u>\$ 8,665,043</u>	<u>-</u>	<u>-</u>
<b>NET POSITION RESTRICTED FOR:</b>			
Epic children		64,262	-
Other postemployment benefits		-	53,193,850
Total net position		<u>\$ 64,262</u>	<u>\$ 53,193,850</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, 2017

	Private-Purpose Trust Fund	Other Post- employment
	Epic Heir Trust (7650)	Benefits Trust (7360)
<b>ADDITIONS</b>		
Employer contributions	\$ -	\$ 1,967,737
Retiree contributions	-	568,512
Investment earnings	550	5,716,799
Total additions	<u>550</u>	<u>8,253,048</u>
<b>DEDUCTIONS</b>		
Benefit payments	-	4,215,210
Administrative expenses	-	163,989
Total deductions	<u>-</u>	<u>4,379,199</u>
Change in net position	550	3,873,849
Net position, beginning of year	63,712	49,320,001
Net position, end of year	<u>\$ 64,262</u>	<u>\$ 53,193,850</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, 2017

	Road Commission	Drainage Districts	Land Bank Authority	Total
<b>ASSETS</b>				
Cash and investments	\$ 7,593,053	\$ -	\$ 887,791	\$ 8,480,844
Receivables:				
Accounts	-	-	761,736	761,736
Assessments	-	1,029,019	-	1,029,019
Due from other governments	2,559,656	-	-	2,559,656
Other	549,416	-	-	549,416
Prepays and other assets	133,959	-	-	133,959
Inventories	2,064,938	-	-	2,064,938
Assets held for resale	-	-	473,099	473,099
Capital assets not being depreciated	27,267,742	751,867	-	28,019,609
Capital assets being depreciated, net	44,167,973	4,748,214	-	48,916,187
Total assets	<u>84,336,737</u>	<u>6,529,100</u>	<u>2,122,626</u>	<u>92,988,463</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension amounts	<u>2,693,273</u>	<u>-</u>	<u>-</u>	<u>2,693,273</u>
<b>LIABILITIES</b>				
Negative equity in pooled cash	-	138,969	-	138,969
Accounts payable	730,281	108,162	15,618	854,061
Accrued liabilities	598,814	-	21,925	620,739
Accrued interest	-	26,084	-	26,084
Advances from primary government	-	21,500	225,000	246,500
Unearned revenue	483,503	-	19,317	502,820
Long-term debt:				
Due within one year	251,000	1,024,000	-	1,275,000
Due in more than one year	143,968	1,443,000	-	1,586,968
Net pension liability	7,356,098	-	-	7,356,098
Total liabilities	<u>9,563,664</u>	<u>2,761,715</u>	<u>281,860</u>	<u>12,607,239</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension amounts	<u>29,951</u>	<u>-</u>	<u>-</u>	<u>29,951</u>
<b>NET POSITION</b>				
Net investment in capital assets	71,435,715	3,033,081	-	74,468,796
Restricted for county roads	6,000,680	-	-	6,000,680
Unrestricted	-	734,304	1,840,766	2,575,070
Total net position	<u>\$ 77,436,395</u>	<u>\$ 3,767,385</u>	<u>\$ 1,840,766</u>	<u>\$ 83,044,546</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, 2017

	Road Commission	Drainage Districts	Land Bank Authority	Total
<b>EXPENSES</b>				
Road Commission	\$ 16,404,973	\$ -	\$ -	\$ 16,404,973
Drainage Districts	-	68,860	-	68,860
Land Bank Authority	-	-	602,283	602,283
Total expenses	<u>16,404,973</u>	<u>68,860</u>	<u>602,283</u>	<u>17,076,116</u>
<b>REVENUES</b>				
Program revenues:				
Charges for services	2,918,523	817,707	428,420	4,164,650
Operating grants and contributions	12,772,915	-	-	12,772,915
Capital grants and contributions	3,866,655	241,596	70,577	4,178,828
General revenues:				
Unrestricted investment earnings	13,764	1,917	43,017	58,698
Gain on sale of capital assets	28,613	-	-	28,613
Other revenue	-	-	226,935	226,935
Total revenues	<u>19,600,470</u>	<u>1,061,220</u>	<u>768,949</u>	<u>21,430,639</u>
Change in net position	3,195,497	992,360	166,666	4,354,523
Net position, beginning of year	74,240,898	2,775,025	1,674,100	78,690,023
Net position, end of year	<u>\$ 77,436,395</u>	<u>\$ 3,767,385</u>	<u>\$ 1,840,766</u>	<u>\$ 83,044,546</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 170,000 residents in many areas, including law enforcement, administration of justice, transportation, waste disposal, road maintenance, community enrichment and development and human services.

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

#### Reporting Entity

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

#### *Blended Component Units*

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

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### *Discretely Presented Component Units*

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

Drainage Districts - The Drainage Districts consist of individual 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 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 financial activity of the Drainage Districts is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from the Muskegon County Drain Commissioner.

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

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

### *Government-wide and Fund Financial Statements*

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

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

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

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

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

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

Additionally, the County reports the following fund types:

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

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

*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:

Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

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.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

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.

#### *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".

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

Advances between funds are offset by nonspendable fund balance in applicable governmental funds 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, employee benefits, and bond interest costs during the construction period. Capital assets are defined as assets with an estimated useful life of more than one year and with a unit cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued and recorded at estimated acquisition cost at the date of donation. Capital assets are reported in the respective governmental or business-type activities columns in the government-wide financial statements.

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs incurred by proprietary funds during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year. 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 plan. A portion of these costs also represent contributions to the 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, (3) multiplied by 100% for certain employee classifications at Brookhaven, or (4) 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 Drainage Districts discretely presented component unit reports unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the County reports deferred inflows of resources for changes in expected and actual experience in its pension plan.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### *Pensions*

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

### *Other Postemployment Benefit Costs*

The County offers retiree health care benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the County reports the full accrual cost equal to the current year ARC, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

### *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 formally established a budget stabilization policy whose goal is to keep a reserve equal to at least 5 percent of the General Fund operating budget. If the Budget Stabilization balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. As of September 30, 2017, the balance in the stabilization arrangement was \$2,300,000, which is reported in the General Fund within unassigned fund balance.

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 18 percent of the current year expenditures. 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.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

### *Interfund Transactions*

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

### *Capital Contributions*

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

### *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.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

### *Grants and Third Party Cost Reimbursement Settlements*

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

### *Property Taxes*

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

# 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, 2017, 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:			
Treasurer	\$ 487,734	\$ 498,754	\$ 11,020
Transfers out	11,825,408	12,270,801	445,393
HealthWest special revenue fund	64,801,150	66,122,500	1,321,350

### 3. DEFICIT FUND EQUITY

At September 30, 2017, the following enterprise funds reported deficit unrestricted net position balances as shown in the following table:

Enterprise Fund	Unrestricted Net Position (Deficit)	Total Net Position	Working Capital	Total of Net Pension Liability & Net OPEB Obligation
Brookhaven	\$ (6,650,640)	\$ (5,784,136)	\$ 28,506	\$ 6,448,287
Airport	(620,827)	27,828,989	935,416	969,401
Muskegon Area Transit System	(3,187,779)	5,719,071	23,285	3,467,870

All of these funds maintained positive working capital, which represents the excess of current assets over current liabilities. All except Brookhaven reported positive total net position as of September 30, 2017. Net Pension Liability and Net OPEB Obligation balances contributed to the deficit unrestricted net position balances reported.

# 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, 2017:

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and investments	\$ 54,570,672	\$ 8,341,875	\$ 62,912,547
Restricted assets	2,430,964	-	2,430,964
	<u>57,001,636</u>	<u>8,341,875</u>	<u>65,343,511</u>
<b>Statement of Fiduciary Net Position</b>			
Agency funds:			
Cash and investments	8,664,848	-	8,664,848
Private purpose trust fund:			
Cash and investments	64,262	-	64,262
Other postemployment benefit trust fund:			
Mutual funds on deposit with MERS	52,828,605	-	52,828,605
	<u>61,557,715</u>	<u>-</u>	<u>61,557,715</u>
<b>Total</b>	<u>\$ 118,559,351</u>	<u>\$ 8,341,875</u>	<u>\$ 126,901,226</u>
<b>Deposits and investments</b>			
Bank deposits:			
Checking and savings accounts			\$ 42,178,647
Certificates of deposits, due within one year			5,020,000
Total bank deposits			<u>47,198,647</u>
Investments:			
Mutual funds on deposit with MERS			52,828,605
Money market accounts			2,430,964
Municipal bonds			12,045,605
Government securities			12,243,449
Non-cash commodity			42,413
Total investments			<u>79,591,036</u>
Cash on hand			<u>111,543</u>
<b>Total</b>			<u>\$ 126,901,226</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, \$54,106,344 of the County's bank balance of \$55,765,385 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, 2017, 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	\$ 10,283,849
Moody AA3	581,508
Moody AA2	1,147,268
Moody AA1	5,098,400
S&P AA+	1,959,600
S&P AA-	5,218,429
Unrated	<u>55,301,982</u>
<b>Total</b>	<b><u>\$ 79,591,036</u></b>

*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	\$ 3,006,180
Due in 1-5 years	10,376,312
Due in 6-10 years	8,018,522
Due in 16-20 years	2,888,040
No maturity	<u>55,301,982</u>
<b>Total</b>	<b><u>\$ 79,591,036</u></b>

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

### *Fair Value Measurement*

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

The County has the following recurring fair value measurements as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
Mutual funds on deposit with MERS	\$ 23,772,872	\$ 13,207,151	\$ 8,980,863	\$ 45,960,886
Money market accounts	2,430,964	-	-	2,430,964
Municipal bonds	-	12,045,605	-	12,045,605
Government securities	-	12,243,449	-	12,243,449
Non-cash commodity	42,413	-	-	42,413
	<u>\$ 26,246,249</u>	<u>\$ 37,496,205</u>	<u>\$ 8,980,863</u>	<u>72,723,317</u>
Investments carried at net asset value - mutual funds on deposit with MERS				<u>6,867,719</u>
				<u>\$ 79,591,036</u>

*Net Asset Value Investments.* Certain investments (mutual funds held on deposit with MERS) noted above are carried at net asset value as these are not actively traded. The fair value is estimated based on the dollar value per share as of September 30, 2017. These investments are able to be liquidated as needed, to the extent there is a willing buyer in the market. There are not any restrictions related to the sale of these investments, and the County does not have any outstanding commitments related to these investments. The investments at net asset value do not contain required redemption periods.

# 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	\$ 3,366,905	\$ 5,078,292	\$ 761,736
Less: allowance for uncollectibles	(156,751)	(760,078)	-
Due from other governments	14,298,168	3,498,567	2,559,656
Less: allowance for uncollectibles	(4,019)	(450,100)	-
Accrued interest	225,881	-	-
Taxes (current)	6,520,979	-	-
Taxes (delinquent)	-	11,976,140	-
Long-term notes	1,000,000	893,931	-
Leases	-	19,306,146	-
Special assessments	-	720,043	1,029,019
Other	-	-	549,416
	<u>\$ 25,251,163</u>	<u>\$ 40,262,941</u>	<u>\$ 4,899,827</u>

Of the amounts reported for receivables above, long-term notes receivables in the amount of \$1,854,677, special assessments receivable in the amount of \$1,326,576, leases receivable in the amount of \$17,848,726, and accounts receivable of \$404,702 are not expected to be collected within one year.

The County has a long-term 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 is included in the accompanying financial statements at its original face amount. The note is collateralized by a certain tax increment financing plan and by the assignment of the related leases, which are believed to provide adequate assurance for the realization of the note.

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

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the Drainage Districts component unit showed unavailable revenue of \$741,174 related to special assessments receivables.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### 6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 7,440,717	\$ 1,554,890	\$ 854,061
Due to other governments	439,201	738,164	-
	<u>\$ 7,879,918</u>	<u>\$ 2,293,054</u>	<u>\$ 854,061</u>

### 7. OTHER ASSETS

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

	Governmental Activities	Business-type Activities	Component Units
Prepays	\$ 1,408,376	\$ 10,526	\$ 133,959
Inventories	12,950	98,173	2,064,938
Deposits held with others	285,858	-	-
Assets held for resale	-	-	473,099
	<u>\$ 1,707,184</u>	<u>\$ 108,699</u>	<u>\$ 2,671,996</u>

### 8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2017, was as follows:

Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 1,021,339	\$ -
Brookhaven Medical Care Facility	-	1,021,339
Solid Waste	60,755	-
Airport	-	650,584
Internal Service Funds	650,584	60,755
	<u>\$ 1,732,678</u>	<u>\$ 1,732,678</u>

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Advances to and from component units

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

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

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

For the year ended September 30, 2017, interfund transfers consisted of the following:

Transfers Out	Transfers In							Totals
	General Fund	HealthWest	Nonmajor Governmental Funds	Brookhaven Medical Care Facility	Delinquent Tax Revolving	Airport	Internal Service Funds	
General Fund	\$ -	\$ 1,068,899	\$10,330,906	\$ 765,748	\$ -	\$ 62,420	\$ 42,828	\$12,270,801
Nonmajor Governmental Funds	25,000	-	211,992	1,700,000	8,961	-	-	1,945,953
Delinquent Tax Revolving	3,519,809	-	213,287	-	-	-	-	3,733,096
<b>Totals</b>	<b>\$ 3,544,809</b>	<b>\$ 1,068,899</b>	<b>\$10,756,185</b>	<b>\$ 2,465,748</b>	<b>\$ 8,961</b>	<b>\$ 62,420</b>	<b>\$ 42,828</b>	<b>\$17,949,850</b>

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, 2017 was as follows:

#### Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 4,826,205	\$ -	\$ (166,993)	\$ -	\$ 4,659,212
Construction-in-progress	659,708	318,500	-	(18,250)	959,958
	<u>5,485,913</u>	<u>318,500</u>	<u>(166,993)</u>	<u>(18,250)</u>	<u>5,619,170</u>
Capital assets being depreciated:					
Land improvements	7,295,196	78,570	-	-	7,373,766
Buildings and improvements	93,693,968	140,689	(710,057)	18,250	93,142,850
Machinery and equipment	27,455,098	526,341	(753,204)	-	27,228,235
	<u>128,444,262</u>	<u>745,600</u>	<u>(1,463,261)</u>	<u>18,250</u>	<u>127,744,851</u>
Less accumulated depreciation for:					
Land improvements	(3,633,081)	(289,188)	-	-	(3,922,269)
Building and improvements	(25,699,797)	(3,274,619)	417,068	-	(28,557,348)
Machinery and equipment	(14,138,397)	(2,201,270)	740,379	-	(15,599,288)
	<u>(43,471,275)</u>	<u>(5,765,077)</u>	<u>1,157,447</u>	<u>-</u>	<u>(48,078,905)</u>
Total capital assets being depreciated, net	<u>84,972,987</u>	<u>(5,019,477)</u>	<u>(305,814)</u>	<u>18,250</u>	<u>79,665,946</u>
Governmental activities-capital assets, net	<u>\$ 90,458,900</u>	<u>\$ (4,700,977)</u>	<u>\$ (472,807)</u>	<u>\$ -</u>	<u>\$ 85,285,116</u>

Of the amount reported in capital assets, \$1,078,383 of machinery and equipment was purchased through capital lease purchase agreements. Related accumulated depreciation at year-end amounted to \$440,564.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 20,241,396	\$ 1,062	\$ (4,974)	\$ -	\$ 20,237,484
Construction-in-progress	4,116,431	5,986,263	-	(2,964,988)	7,137,706
	<u>24,357,827</u>	<u>5,987,325</u>	<u>(4,974)</u>	<u>(2,964,988)</u>	<u>27,375,190</u>
Capital assets being depreciated:					
Land improvements	28,807,001	-	-	2,032,667	30,839,668
Buildings and improvements	33,148,868	41,240	(200,869)	-	32,989,239
Machinery and equipment	37,717,775	2,203,863	(1,186,266)	4,800	38,740,172
Lagoons	9,495,715	-	-	-	9,495,715
W/W collection and distribution	166,112,443	1,242,649	(1,501,797)	927,521	166,780,816
Capitalized interest and engineering	8,936,046	-	-	-	8,936,046
	<u>284,217,848</u>	<u>3,487,752</u>	<u>(2,888,932)</u>	<u>2,964,988</u>	<u>287,781,656</u>
Less accumulated depreciation for:					
Land improvements	(17,430,842)	(607,506)	-	-	(18,038,348)
Building and improvements	(20,632,441)	(781,165)	177,536	-	(21,236,070)
Machinery and equipment	(20,417,163)	(2,204,180)	808,101	-	(21,813,242)
Lagoons	(4,102,838)	(91,900)	-	-	(4,194,738)
W/W collection and distribution	(75,244,788)	(5,298,822)	677,442	-	(79,866,168)
Capitalized interest and engineering	(7,073,304)	(155,541)	-	-	(7,228,845)
	<u>(144,901,376)</u>	<u>(9,139,114)</u>	<u>1,663,079</u>	<u>-</u>	<u>(152,377,411)</u>
Total capital assets being depreciated, net	<u>139,316,472</u>	<u>(5,651,362)</u>	<u>(1,225,853)</u>	<u>2,964,988</u>	<u>135,404,245</u>
Business-type activities capital assets, net	<u>\$ 163,674,299</u>	<u>\$ 335,963</u>	<u>\$ (1,230,827)</u>	<u>\$ -</u>	<u>\$ 162,779,435</u>

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

Depreciation of governmental activities by function	
General government	\$ 901,744
Judicial	20,481
Public safety	1,604,648
Health	642,034
Welfare	1,700
Recreation	327,652
Internal service funds	<u>2,266,818</u>
Total depreciation expense - governmental activities	<u>\$ 5,765,077</u>

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Depreciation of business-type activities by function

Brookhaven Medical Care Facility	\$ 60,645
Solid Waste	552,218
Airport	1,055,680
Wastewater	6,099,573
Nonmajor enterprise funds	<u>1,370,998</u>
Total depreciation expense - business-type activities	<u><u>\$ 9,139,114</u></u>

### Discretely presented component units

Capital assets activity for the Drainage Districts component unit for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component Unit - Drainage Districts					
Capital assets, not being depreciated:					
Land	\$ 95,247	\$ -	\$ -	\$ -	\$ 95,247
Construction-in-progress	-	656,620	-	-	656,620
	<u>95,247</u>	<u>656,620</u>	<u>-</u>	<u>-</u>	<u>751,867</u>
Capital assets being depreciated:					
Infrastructure and improvements	4,352,897	1,552,120	-	-	5,905,017
Less accumulated depreciation for:					
Infrastructure and improvements	(1,038,703)	(118,100)	-	-	(1,156,803)
Total capital assets being depreciated, net	<u>3,314,194</u>	<u>1,434,020</u>	<u>-</u>	<u>-</u>	<u>4,748,214</u>
Component Unit - Drainage Districts capital assets, net	<u><u>\$ 3,409,441</u></u>	<u><u>\$ 2,090,640</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,500,081</u></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, 2017:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 60,915,000	\$ -	\$ (1,365,000)	\$ 59,550,000	\$ 1,415,000
Capital leases	653,297	296,990	(273,750)	676,537	219,233
Total installment debt	61,568,297	296,990	(1,638,750)	60,226,537	1,634,233
Premium on bonds payable	201,711	-	(50,300)	151,411	40,593
Compensated absences	6,545,968	2,863,692	(2,814,766)	6,594,894	912,074
<b>Total governmental activities</b>	<b>\$ 68,315,976</b>	<b>\$ 3,160,682</b>	<b>\$ (4,503,816)</b>	<b>\$ 66,972,842</b>	<b>\$ 2,586,900</b>
<b>Business-type activities</b>					
General obligation bonds	\$ 26,680,000	\$ -	\$ (5,360,000)	\$ 21,320,000	\$ 1,195,000
Revenue bonds	64,998,365	-	(4,640,000)	60,358,365	4,720,000
Notes payable	16,000,000	12,000,000	(12,000,000)	16,000,000	12,000,000
Total installment debt	107,678,365	12,000,000	(22,000,000)	97,678,365	17,915,000
Premium on bonds payable	2,600,239	-	(275,008)	2,325,231	215,411
Closure and sludge cost	14,742,357	1,972,720	(386,569)	16,328,508	823,568
Compensated absences	1,315,233	524,643	(565,550)	1,274,326	176,239
<b>Total business-type activities</b>	<b>\$ 126,336,194</b>	<b>\$ 14,497,363</b>	<b>\$ (23,227,127)</b>	<b>\$ 117,606,430</b>	<b>\$ 19,130,218</b>
<b>Drainage Districts Component Unit</b>					
Notes payable	\$ 1,703,000	\$ 1,682,000	\$ (918,000)	\$ 2,467,000	\$ 1,024,000

#### Governmental Activities

##### General obligation bonds

\$6,150,000 2008 Building Authority (Limited Tax) Bonds, Mental Health Building, due in annual installments of \$150,000 to \$430,000 plus interest ranging from 5.25% to 6.25%, payable semi-annually, through November 1, 2033.

\$ 4,925,000

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

2,490,000

\$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.

5,780,000

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Governmental Activities (Concluded)

#### General obligation bonds (concluded)

\$38,870,000 2013 General Obligation Limited Tax Bonds, Jail and Juvenile Transition Center, due in annual installments of \$1,005,000 to \$5,025,000 plus interest at 4.75%, payable semi-annually, through October 1, 2032. \$ 38,870,000

\$5,915,000 2014 Capital Improvement Bonds, due in annual installments of \$315,000 to \$510,000 plus interest ranging from 3.45% to 4.00%, payable semi-annually, through November 1, 2029. 5,285,000

\$2,325,000 2015 Capital Improvement Bonds, due in annual installments of \$130,000 to \$175,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2034. 2,200,000

#### Capital leases

Various capital leases, due in various monthly installments plus interest maturing at various dates through July 28, 2019. 676,537

Total governmental activities installment debt \$ 60,226,537

### Business-type Activities

#### General obligation bonds

\$4,315,000 Muskegon County Water Supply System - No. 1 Series II (Fruitport - Norton Shores) Refunding Bonds, Series 2010 (Refunding of Muskegon County Water Supply System No. 1, Series II Bonds, Series 2000), due in annual installments of \$325,000 to \$520,000 plus interest ranging from 2.00% to 3.00%, payable semi-annually, through May 1, 2019. \$ 1,515,000

\$16,185,000 Muskegon County Wastewater Management System (Muskegon, Egelston & Dalton Township Section) Refunding Bonds, Series 2015 (General Obligation Limited Tax), due in an annual installments of \$445,000 to \$1,220,000 plus interest ranging from 4.201% to 5.00%, payable semi-annually, through November 1, 2036. 15,740,000

\$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. 420,000

\$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. 3,645,000

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Business-type Activities (Continued)

#### Revenue bonds

\$6,550,000 2015 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$225,000 to \$450,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2036.	\$ 6,325,000
\$9,215,000 2008 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$300,000 to \$645,000 plus interest ranging from 3.25% to 4.625%, payable semi-annually, through November 1, 2028.	6,150,000
\$12,380,000 2011 Wastewater Revenue Refunding Bond, payable to MFA in annual installments of \$775,000 to \$900,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through July 1, 2026.	7,160,000
**\$17,386,586 2005 Wastewater Revenue Bond, payable to MFA in annual installments of \$745,000 to \$991,560 plus interest at 1.625%, payable semi-annually, through April 1, 2027.	9,391,560
**\$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.	8,260,000
**\$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.	975,000
**\$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.	543,316
**\$15,154,830 2008B Wastewater Revenue Bond, payable to MFA in annual installments of \$620,000 to \$939,830 plus interest at 2.50%, payable semi-annually, through April 1, 2029.	9,894,830
**\$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.	10,507,676
**\$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.	1,150,983

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Business-type Activities (Concluded)

#### Notes payable

\$12,000,000 2015 General Obligation Tax Note, due in installments of \$4,000,000 plus interest at 1.27%, payable semi-annually, through December 1, 2017.	\$ 4,000,000
\$12,000,000 2016 General Obligation Tax Note, due in installments of \$4,000,000 plus interest at 1.99%, payable semi-annually, through December 1, 2018.	<u>12,000,000</u>
Total business-type activities installment debt	<u>\$ 97,678,365</u>

### *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 \$46,255,040. For the current year, principal and interest paid was \$4,099,607 and net revenues were \$9,455,005.

### Drainage Districts Component Unit

#### Notes payable

\$185,000 2016 Round Marsh Drain Note, due in annual installments of \$37,000, plus interest at 2.04%, payable through June 1, 2022.	\$ 185,000
\$300,000 2016 Kent Drain Note, due in annual installments of \$30,000, plus interest at 2.12%, payable through May 1, 2027.	300,000
\$300,000 2016 Laurene Taylor Drain Note, due in annual installments of \$30,000, plus interest at 2.12%, payable through May 1, 2027.	300,000
\$100,000 2016 Saxe Drain Note, due in one installment on December 1, 2017, plus interest at 1.32% due at maturity.	100,000
\$270,000 2017 Mason Drain Note, due in annual installments of \$38,000 to \$39,000, plus interest at 2.92%, payable through May 1, 2024.	270,000
\$198,000 2017 Kuis Drain Note, due in one installment on February 15, 2018, plus interest at 1.15% due at maturity.	198,000
\$290,000 2017 Pierson (Mrs Lee) Drain Note, due in one installment on May 1, 2018, plus interest at 1.20% due at maturity.	290,000

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Drainage Districts Component Unit (concluded)

#### Notes payable (concluded)

\$300,000 2017 Pierson (HCB) Drain Note, due in one installment on May 1, 2018, plus interest at 1.25% due at maturity.	\$ 300,000
\$524,000 2017 Steward Drain Note, due in annual installments of \$52,000 to \$53,000, plus interest at 2.91%, payable through May 1, 2028.	<u>524,000</u>
Total drainage districts component unit	<u>\$ 2,467,000</u>

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

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 1,634,233	\$ 2,897,602	\$ 17,915,000	\$ 2,610,140
2019	2,641,552	2,802,858	10,035,000	2,426,371
2020	2,725,072	2,682,605	6,170,000	2,256,225
2021	2,743,930	2,559,993	5,750,000	2,082,270
2022	2,781,750	2,436,311	5,880,000	1,910,253
2023-2027	22,025,000	9,618,416	30,311,560	6,814,729
2028-2032	23,840,000	2,829,676	13,306,805	3,024,085
2033-2037	1,835,000	64,989	8,310,000	1,022,335
	<u>\$ 60,226,537</u>	<u>\$ 25,892,450</u>	<u>\$ 97,678,365</u>	<u>\$ 22,146,408</u>

Year Ended September 30,	Drainage Districts Component Unit	
	Principal	Interest
2018	\$ 1,024,000	\$ 49,636
2019	189,000	60,197
2020	189,000	36,462
2021	189,000	31,226
2022	188,000	25,988
2023-2027	636,000	63,073
2028	52,000	2,033
	<u>\$ 2,467,000</u>	<u>\$ 268,615</u>

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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 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 issued \$38.87 million of General Obligation Limited Tax Bonds to pay the costs of a project to acquire, construct, renovate, furnish and equip a jail and a juvenile transition facility. The cost of various capital improvements in the County were funded in September 2014 by \$5.915 million of Limited Tax General Obligation Capital Improvement Bonds. Debt service on these bonds is payable from the general funds of the County or from property taxes levied within constitutional and statutory tax rate limitations, if necessary.

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.

## 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.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

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

Changes in the balances of claims liabilities are as follows:

Year	Beginning of the year liability	Current year claims and change in estimates	Claim Payments	End of the year liability
2016	\$ 2,453,045	\$ 1,502,102	\$ (1,476,171)	\$ 2,478,976
2017	2,478,976	1,124,686	(1,258,236)	2,345,426

## 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.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### 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](http://www.mersofmich.com).

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

*Employees Covered by Benefit Terms.* At December 31, 2016, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1,041
Inactive employees entitled to but not yet receiving benefits	199
Active employees	<u>531</u>
Total membership	<u><u>1,771</u></u>

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

Employer monthly contribution amounts and employee contribution rates, by division/bargaining unit, were as follows as of September 30, 2017:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - Public Works	\$ 29,257	4.51%
04 - MCF Union	-	8.57%
10 - Gnrl Local214	83,722	3.84%
11 - Gnrl NonUnion	197,215	5.41%
12 - District Court	15,231	1.50%
13 - Health Dpt Nrses	7,066	4.05%
14 - Mntl Hlth Wrks	11,077	3.86%
15 - Judges	4,458	4.13%
17 - Comm/E.O./Adm Dir	79,561	5.20%
19 - Mental Hlth Workers af 9/1/10	1,169	5.86%
20 - Corrections	26,163	2.69%
22 - Shrf Dpty Lcl214	47,791	5.00%
23 - Shrf Cmnd Unit	40,518	7.33%
24 - Correction Ofr hired af 9/1/10	1,927	5.69%
25 - Sheriff Deputy after 10/01/10	2,546	6.50%
26 - Shrf Cmd Unit after 1/1/2011	2,845	8.75%
41 - AFSCME#570	16,559	5.58%
42 - MCF Union hired after 3/1/10	1,064	4.00%
90 - Public Works after 02/01/11	1,521	6.50%
91 - Gnrl Local 214 after 11/1/10	6,790	6.00%
	<u>\$ 576,480</u>	

*Net Pension Liability.* The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

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

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2016 was 8.0% (down from 8.25% in 2015). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### *Changes in Net Pension Liability*

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 266,679,770	\$ 161,409,920	\$ 105,269,850
Changes for the year:			
Service cost	3,083,783	-	3,083,783
Interest	20,748,385	-	20,748,385
Differences between expected and actual experience	(2,373,469)	-	(2,373,469)
Changes of assumptions	-	-	-
Employer contributions	-	6,260,290	(6,260,290)
Employee contributions	-	1,436,839	(1,436,839)
Net investment income	-	17,929,109	(17,929,109)
Benefit payments, including refunds of employee contributions	(17,733,692)	(17,733,692)	-
Administrative expense	-	(354,403)	354,403
Other changes	-	-	-
Net changes	<u>3,725,007</u>	<u>7,538,143</u>	<u>(3,813,136)</u>
Balances at December 31, 2016	<u>\$ 270,404,777</u>	<u>\$ 168,948,063</u>	<u>\$ 101,456,714</u>

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

1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
\$ 129,757,800	\$ 101,456,714	\$ 77,277,800

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

For the year ended September 30, 2017, the County recognized pension expense of \$17,191,628. 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	\$ 670,436	\$ 1,582,312	\$ (911,876)
Changes in assumptions	4,242,260	-	4,242,260
Net difference between projected and actual earnings on pension plan investments	6,749,017	-	6,749,017
	<u>11,661,713</u>	<u>1,582,312</u>	<u>10,079,401</u>
Contributions subsequent to the measurement date	5,162,918	-	5,162,918
	<u>5,162,918</u>	<u>-</u>	<u>5,162,918</u>
Total	<u>\$ 16,824,631</u>	<u>\$ 1,582,312</u>	<u>\$ 15,242,319</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, 2018. 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
2018	\$ 6,939,053
2019	2,026,357
2020	2,200,380
2021	<u>(1,086,389)</u>
Total	<u>\$ 10,079,401</u>

*Payable to the Pension Plan.* At September 30, 2017, the County had no outstanding contribution amounts payable to the plan for the year ended September 30, 2017.

### Defined Contribution Pension Plan

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes from 2.0-3.0% of each participant's base salary to the plan. Employees are required to contribute a minimum of 3.0-4.5% of base pay to the plan. Participating employees are immediately 100% vested in the participant's accumulated balance. Employees become vested in the employer contributions over a six year period. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The employer and employee contributions were \$620,137 and \$934,395 respectively for the current year.

### 14. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### GASB 74 PLAN INFORMATION DISCLOSURE

##### Plan Description

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

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

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

Inactive plan members or beneficiaries currently receiving benefit payments	623
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	534
Total	<u>1,157</u>

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

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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

### *Investments*

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

*Concentrations.* At September 30, 2017, 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, 2017 was comprised of 100% total market portfolio funds.

*Rate of Return.* For the year ended September 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 11.83 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Net OPEB Liability of the County*

The components of the net OPEB liability of the County at September 30, 2017, were as follows:

Total OPEB liability	\$ 113,525,923
Plan fiduciary net position	(53,193,850)
County's net pension liability	<u>\$ 60,332,073</u>
Plan fiduciary net position as a percentage of the total OPEB liability	46.9%

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

Inflation	2.5%
Salary Increases	2.0%
Investment rate of return	7.75%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	Trend starting at 6.9% and gradually decreasing to an ultimate trend rate of 4.8%

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

Retirement age for active employees	Assumed rates are based on rates used for the Municipal Employees' Retirement System of Michigan pension valuation. Retirement rates project the probability of eligible employees who will retire during the next year.
Marital status	Marital status of members at the valuation date was assumed to continue throughout retirement. Twenty percent (20%) of future participating retirees are assumed to have a covered spouse during retirement.
Mortality	Life expectancies were based on mortality tables from Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2016 Full Generational Improvement for healthy life; and Society of Actuaries RPH-2014 Disabled Retiree Mortality Table with MP-2016 Full Generational Improvement for disabled life.
Turnover	Assumed turnover rates are based on rates used for the Municipal Employees' Retirement System of Michigan pension valuation. Turnover rates are not applied when retirement eligibility is achieved. Annual base rates are multiplied by a scaling factor of .88 to obtain the assumed rates for the County.

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

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

*Discount Rate.* The blended discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that the County will contribute annually in the future the average of contributions actually made over the last five years. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be exhausted in the year 2042. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return on OPEB Plan investments of 7.75% until 2042, and discounting with the 20-year AA municipal index bond rate of 3.4% thereafter. This projection is done on a closed group basis, per GASB requirements.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Changes in Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2016	\$ 121,143,810	\$ 49,320,001	\$ 71,823,809
Changes for the year:			
Service cost	790,107	-	790,107
Interest	3,300,786	-	3,300,786
Changes of assumptions	(7,493,570)	-	(7,493,570)
Employer contributions	-	1,967,737	(1,967,737)
Employee contributions	-	568,512	(568,512)
Net investment income	-	5,716,799	(5,716,799)
Benefit payments	(4,215,210)	(4,215,210)	-
Administrative expense	-	(163,989)	163,989
Net changes	(7,617,887)	3,873,849	(11,491,736)
Balances at September 30, 2017	\$ 113,525,923	\$ 53,193,850	\$ 60,332,073

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability of the County, calculated using the discount rate of 6.0%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current discount rate:

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB liability	\$ 78,109,895	\$ 60,332,073	\$ 45,970,129

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare trend cost rates that are 1-percentage-point lower (5.9% decreasing to 3.8%) or 1-percentage-point higher (7.9% decreasing to 5.8%) than the current healthcare cost trend rates:

	1% Decrease (5.9% decreasing to 3.8%)	Current Healthcare Cost Trend Rates (6.9% decreasing to 4.8%)	1% Increase (7.9% decreasing to 5.8%)
Net OPEB liability	\$ 43,385,622	\$ 60,332,073	\$ 81,634,378

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### GASB 45 EMPLOYER INFORMATION DISCLOSURE

#### *Funding Policy*

The contribution requirements of covered retirees and the County are established and may be amended by the County Board of Commissioners. For fiscal year 2017, the County contributed \$1.97 million to the plan. Retired employees pay the full cost for spouse or family member coverage. Approximately 75% of retirees receive free coverage for themselves or have waived coverage for medical/prescription coverage with the same proportion applicable to dental coverage. The remaining retirees are required to contribute from 4% to 60% of the monthly medical and dental premiums based on their eligible years of service at time of retirement. Eligible participants receiving benefits contributed \$0.57 million, or approximately 13 percent of plan expenses

#### *Annual OPEB Cost and Net OPEB Obligation*

For the year ended September 30, 2017, the County has estimated the cost of providing retiree health care benefits through an actuarial valuation as of October 1, 2016. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 4,951,356
Interest on net OPEB obligation	953,862
Adjustment to annual required contribution	<u>(1,124,455)</u>
Net OPEB cost (expense)	4,780,763
Contributions made	<u>(1,967,737)</u>
Increase in net OPEB obligation	2,813,026
Net OPEB obligation, beginning of year	<u>11,923,269</u>
Net OPEB obligation, end of year	<u><u>\$ 14,736,295</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Three-Year Trend Information			
Years Ended September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 5,320,609	36%	\$ 7,526,977
2016	6,072,021	28%	11,923,269
2017	4,780,763	41%	14,736,295

#### *Funded Status and Funding Progress*

As of October 1, 2016, the most recent actuarial valuation date, the Plan was 55.8% funded. The actuarial accrued liability for benefits was \$87,667,314, and the actuarial value of assets was \$48,916,791, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,750,523. The covered payroll (annual payroll of active employees covered by the Plan) was \$26,359,248, and the ratio of the UAAL to the covered payroll was 147.0%.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The required contribution was determined as part of the October 1, 2016 actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions include: a) 8% investment rate of return (net of administrative expenses) and b) projected salary increases of 2% attributable to inflation; c) additional projected salary increases depending on age, attributable to seniority/merit; and d) projected healthcare benefit increases of 3.5% to 10.0%. The actuarial value of the County OPEB plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The County's unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis over the next 20 years.

### Defined Contribution Postemployment Healthcare Plan

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

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 \$615,706 for the year ended September 30, 2017.

## 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 \$13.1 million reported as landfill closure and post-closure care liability at September 30, 2017 represents the cumulative amount reported to date based on the use of 81 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 \$13.1 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 2017. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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 \$2,430,964 held in trust as of September 30, 2017. The County expects that future inflation costs will be paid from interest earnings in the Solid Waste Funds. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by the trust fund set up for this purpose.

### 16. FUND BALANCES - GOVERNMENTAL FUNDS

	General Fund	HealthWest	Nonmajor Governmental Funds	Total
<b>FUND BALANCES, GOVERNMENTAL FUNDS</b>				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 12,950	\$ 12,950
Prepays	33,370	70,967	7,954	112,291
Long-term advances & notes receivable	1,042,839	-	800,000	1,842,839
Permanent fund corpus	-	-	36,534	36,534
Total nonspendable	<u>1,076,209</u>	<u>70,967</u>	<u>857,438</u>	<u>2,004,614</u>
Restricted for:				
Training	110,585	-	-	110,585
Community Mental Health	-	1,130,907	-	1,130,907
Seniors	-	-	330,593	330,593
Accommodation Tax	-	-	515,596	515,596
Grant programs	-	-	131,607	131,607
Forfeited property	-	-	6,424	6,424
Deed Automation Fund	-	-	727,251	727,251
Stormwater Committee	-	-	81,605	81,605
Veterans' Care & Trust	-	-	89,160	89,160
Mental Health Buildings	-	-	21,431	21,431
Victim Restitution	-	-	19,837	19,837
Debt repayment	-	-	238,374	238,374
Total restricted	<u>110,585</u>	<u>1,130,907</u>	<u>2,161,878</u>	<u>3,403,370</u>
Committed for:				
Parks	-	-	528,416	528,416
Community health improvements	-	-	654	654
Concealed permits	-	-	89,660	89,660
Capital projects	-	-	489,067	489,067
Total committed	<u>-</u>	<u>-</u>	<u>1,107,797</u>	<u>1,107,797</u>
Assigned for:				
Marine Safety	-	-	23,157	23,157
Health Department	-	-	9,629	9,629
Crime Victims' Rights	-	-	1,000	1,000
Capital projects	-	-	236,337	236,337
Total assigned	<u>-</u>	<u>-</u>	<u>270,123</u>	<u>270,123</u>
Unassigned	9,450,653	-	-	9,450,653
Total fund balances, governmental funds	<u>\$ 10,637,447</u>	<u>\$ 1,201,874</u>	<u>\$ 4,397,236</u>	<u>\$ 16,236,557</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, 2017, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 5,619,170	\$ 27,375,190	\$ 28,019,609
Capital assets being depreciated, net	79,665,946	135,404,245	48,916,187
	<u>85,285,116</u>	<u>162,779,435</u>	<u>76,935,796</u>
Related debt:			
Total installment debt	60,226,537	97,678,365	2,467,000
Net bond premium	151,411	2,325,231	-
Deferred charge on advance refunding	(77,000)	(412,997)	-
General obligation tax notes	-	(16,000,000)	-
Bonds payable related to capital lease receivables	-	(17,675,000)	-
Bond premium on capital lease receivables	-	(1,650,250)	-
Deferred charge on advance refunding on capital lease receivables	-	297,765	-
	<u>60,300,948</u>	<u>64,563,114</u>	<u>2,467,000</u>
Net investment in capital assets	<u>\$ 24,984,168</u>	<u>\$ 98,216,321</u>	<u>\$ 74,468,796</u>

### 18. COMMITMENTS

The County has active *construction projects* as of September 30, 2017. At year end the County's significant outstanding commitments are as follows:

Project	Spent-to-Date	Remaining commitment
Governmental Activities		
Electronic Content Management: Phase II	\$ 305,890	\$ 341,100
County Website	29,401	58,801
Rotary Park	359,079	9,000
	<u>694,370</u>	<u>408,901</u>

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

### Business-type Activities

#### Wastewater:

Preliminary Engineering: The Flume Bar Screen	\$ 14,731	\$ 73,169
Preliminary Engineering: Coopersville Regional Force Main Project	19,170	85,430
Rapid Infiltration Trash Rakes Project	3,979	119,036
Pump Station 3 Improvements, Cell #2 Electrical, Montague Station, D Station By-Pass	90,347	32,955
Michigan's Adventure Sewer Project	-	139,860
Montague Station Upgrades	524,890	153,730
Cell #2 Improvements	5,332,539	74,469
Pump Station D Improvements	492,444	61,706
	<u>6,478,100</u>	<u>740,355</u>
Solid Waste: Landfill Gas Pipeline Operations	38,750	13,250
Transit: Passenger Facility Seating & Conceptual Design Study	-	97,467
	<u>6,516,850</u>	<u>851,072</u>

#### Component Unit - Drainage Districts

Saxe Drain	14,668	37,687
Anderson Drain	29,784	49,071
Black Creek Consolidation Drain	117,413	98,339
Stewart Drain	352,710	15,115
	<u>514,575</u>	<u>200,212</u>

Total construction commitments at September 30, 2017	<u>\$ 7,725,795</u>	<u>\$ 1,460,185</u>
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The County is a lessee of office facilities and equipment, as part of operating leases. During fiscal year 2017, the County made payments of \$133,752 under these operating lease agreements. Future minimum lease payments for these leases are as follows:

Year Ended September 30,	Expected Lease Payment
2018	\$ 138,458
2019	136,675
2020	135,104
2021	133,613
2022	117,151
2023	84,383
	<u>\$ 745,384</u>

# COUNTY OF MUSKEGON, MICHIGAN

## Notes to Financial Statements

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 2017, 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, 2017, 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 \$142,000 under agreements entered into by local cities and townships pursuant to this program.

### 20. SUBSEQUENT EVENTS

On October 30, 2017, the County Drain Commissioner issued a \$595,000 drain note on behalf of the Saxe Drain drainage district, due in ten annual installments on May 1 of 2019 through 2028 plus semiannual interest at 2.74%. The proceeds of this drain note are designated for funding construction of and improvements to and extension of the Saxe Drain and to redeem the \$100,000 2016 Saxe Drain drainage district drain note, which was called for redemption at par and accrued interest three weeks before its December 1, 2017, stated maturity.

On February 15, 2018, the County Drain Commissioner issued a \$201,000 drain note on behalf of the Kuis Drain drainage district, due in one installment plus interest at 1.89% payable June 1, 2019, the proceeds of which are designated for redemption at maturity of the \$198,000 2017 Kuis Drain drainage district drain note.

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



## REQUIRED SUPPLEMENTARY INFORMATION

# COUNTY OF MUSKEGON, MICHIGAN

## Required Supplementary Information

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

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

	Year Ended September 30		
	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 3,083,783	\$ 3,308,152	\$ 3,712,445
Interest	20,748,385	19,713,939	19,172,131
Differences between expected and actual experience	(2,373,469)	2,011,308	-
Changes of assumptions	-	12,726,778	-
Benefit payments and refunds	(17,733,692)	(16,766,675)	(15,460,228)
Other changes	-	175	(1,610)
Net change in total pension liability	<u>3,725,007</u>	<u>20,993,677</u>	<u>7,422,738</u>
Total pension liability - beginning	<u>266,679,770</u>	<u>245,686,093</u>	<u>238,263,355</u>
Total pension liability - ending	<u>270,404,777</u>	<u>266,679,770</u>	<u>245,686,093</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Employer contributions	6,260,290	5,974,000	5,775,708
Employee contributions	1,436,839	1,703,744	1,814,766
Net investment income (loss)	17,929,109	(2,519,393)	10,678,844
Benefit payments and refunds	(17,733,692)	(16,766,675)	(15,460,228)
Administrative expense	(354,403)	(372,829)	(390,750)
Net change in plan fiduciary net position	<u>7,538,143</u>	<u>(11,981,153)</u>	<u>2,418,340</u>
Plan fiduciary net position - beginning	<u>161,409,920</u>	<u>173,391,073</u>	<u>170,972,733</u>
Plan fiduciary net position - ending	<u>168,948,063</u>	<u>161,409,920</u>	<u>173,391,073</u>
<b>NET PENSION LIABILITY - ENDING</b>	<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	62.5%	60.5%	70.6%
Covered payroll	\$ 27,677,080	\$ 30,232,116	\$ 34,366,135
Net pension liability as a percentage of covered payroll	366.6%	348.2%	210.4%

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

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

COUNTY OF MUSKEGON, MICHIGAN

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

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

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

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

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

COUNTY OF MUSKEGON, MICHIGAN

**Required Supplementary Information**  
Schedule of Contributions - Defined Benefit Plan

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

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
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 (2017, based on the 12/31/2014 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	18-20 years, depending on division/bargaining unit
Asset valuation method	10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (2.0% and 3.0% for calendars years 2015 and 2016, respectively)
Investment rate of return	8.0%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

# COUNTY OF MUSKEGON, MICHIGAN

## Required Supplementary Information

### Schedule of Changes in Net OPEB Liability and Related Ratios

#### Other Postemployment Benefit Plan

	Year Ended September 30, 2017
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 790,107
Interest	3,300,786
Changes of assumptions	(7,493,570)
Benefit payments	(4,215,210)
Net change in total OPEB liability	<u>(7,617,887)</u>
Total OPEB liability - beginning	121,143,810
Total OPEB liability - ending	<u>113,525,923</u>
 <b>PLAN FIDUCIARY NET POSITION</b>	
Employer contributions	1,967,737
Employee contributions	568,512
Net investment income	5,716,799
Benefit payments	(4,215,210)
Administrative expense	(163,989)
Net change in plan fiduciary net position	<u>3,873,849</u>
Plan fiduciary net position - beginning	49,320,001
Plan fiduciary net position - ending	<u>53,193,850</u>
 <b>NET OPEB LIABILITY - ENDING</b>	 <u><u>\$ 60,332,073</u></u>
 Plan fiduciary net position as a percentage of total OPEB liability	  46.9%
 Covered payroll	 \$ 26,359,248
 Net OPEB liability as a percentage of covered payroll	  228.9%

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

The changes of assumptions noted above present the impact of a change in the blended discount rate from 5.5% to 6.0%.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information  
Schedule of the Net OPEB Liability

Other Postemployment Benefit Plan

Fiscal Year Ended September 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$113,525,923	\$ 53,193,850	\$ 60,332,073	46.9%	\$ 26,359,248	228.9%

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



# COUNTY OF MUSKEGON, MICHIGAN

## Required Supplementary Information Schedule of Investment Returns

### Other Postemployment Benefit Plan

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

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
General government:				
Administration	\$ 898,832	\$ 972,043	\$ 919,762	\$ (52,281)
Elections	203,369	209,014	153,689	(55,325)
Accounting	857,846	861,257	849,348	(11,909)
Corporate Counsel	299,665	375,425	362,813	(12,612)
County Clerk	425,349	459,964	430,157	(29,807)
Juror Showcause	7,628	7,628	1,161	(6,467)
Equalization	1,500,732	1,535,558	1,508,905	(26,653)
Human Resources	299,889	291,354	277,726	(13,628)
Prosecutor	2,132,625	2,147,522	2,145,384	(2,138)
Register of Deeds	627,993	585,441	577,299	(8,142)
Johnny O. Harris Building	67,699	64,928	58,057	(6,871)
Training Center	50,081	54,731	53,698	(1,033)
Kenneth L. Brinks Building	16,633	17,927	17,032	(895)
Veterans Center	17,722	16,200	14,187	(2,013)
Stark Hall	13,951	16,374	16,144	(230)
Treasurer	518,716	487,734	498,754	11,020
Shady Grove Cemetery	2,089	3,056	2,690	(366)
Cordova Site O&M	1,424	2,150	1,404	(746)
Courthouse and Grounds	978,659	992,918	910,329	(82,589)
Oak Ave. Building	158,117	161,985	151,404	(10,581)
County Jail Building	122,019	118,257	75,561	(42,696)
Vector Control Building	9,706	9,435	1,886	(7,549)
Drain Commissioner	312,710	290,323	282,524	(7,799)
Plat Board	700	700	-	(700)
Vehicle Pool	15,000	22,300	19,964	(2,336)
State Institutions	346,516	346,516	261,148	(85,368)
Prosecutor Family Court	277,133	284,621	274,355	(10,266)
Misc Contingency	1,632,966	1,757,190	1,756,461	(729)
Agnes Potuznik/Wesley Roberts Building	4,651	7,401	6,931	(470)
Total general government	<u>11,800,420</u>	<u>12,099,952</u>	<u>11,628,773</u>	<u>(471,179)</u>
Legislative:				
Board of Commissioners	<u>389,682</u>	<u>393,697</u>	<u>389,463</u>	<u>(4,234)</u>

continued...

# COUNTY OF MUSKEGON, MICHIGAN

## Schedule of Expenditures by Department

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Judicial:</b>				
Circuit Court	\$ 1,291,460	\$ 1,246,538	\$ 1,181,080	\$ (65,458)
Circuit Court Collections	159,563	105,630	69,788	(35,842)
District Court	3,401,261	3,448,488	3,400,923	(47,565)
Probation Cobo Hall Tax	169,712	175,253	172,491	(2,762)
District Court Collections	281,621	217,163	217,163	-
Law Library	9,700	8,950	6,466	(2,484)
Jury Commission	74,666	80,700	70,756	(9,944)
Probate Court	848,577	863,990	842,290	(21,700)
State Probation	62,116	62,637	59,107	(3,530)
Public Defender	1,640,126	1,705,274	1,699,964	(5,310)
Circuit Court Records	549,890	508,633	433,736	(74,897)
Total judicial	<u>8,488,692</u>	<u>8,423,256</u>	<u>8,153,764</u>	<u>(269,492)</u>
<b>Public safety:</b>				
Designated & Pass-thru Revenues	382,628	383,616	383,616	-
Facility Security Services	126,455	112,310	100,425	(11,885)
County Jail Building 2015	594,704	522,296	501,380	(20,916)
Sheriff Operations	4,059,077	4,244,392	4,085,110	(159,282)
Sheriff Administration	531,899	542,687	446,870	(95,817)
Officer Training Act 302	10,000	10,000	6,990	(3,010)
Correction Officer Training	60,000	67,880	55,610	(12,270)
Sheriff Jail	6,975,081	7,144,840	7,021,199	(123,641)
Courtroom Security	1,173,044	1,256,530	1,208,751	(47,779)
Vector Control	377,517	370,281	353,392	(16,889)
Total public safety	<u>14,290,405</u>	<u>14,654,832</u>	<u>14,163,343</u>	<u>(491,489)</u>
<b>Welfare:</b>				
Residential Energy Efficiency Program	<u>2,864,849</u>	<u>831,278</u>	<u>830,970</u>	<u>(308)</u>
<b>Cultural:</b>				
Fairgrounds Training Center	4,065	12,961	7,690	(5,271)
Economic Development	-	40,821	29,331	(11,490)
Total cultural	<u>4,065</u>	<u>53,782</u>	<u>37,021</u>	<u>(16,761)</u>
Total expenditures	<u>\$ 37,838,113</u>	<u>\$ 36,456,797</u>	<u>\$ 35,203,334</u>	<u>\$ (1,253,463)</u>

concluded

# COUNTY OF MUSKEGON, MICHIGAN

## Schedule of Transfers Out by Function

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers out:				
Special Revenue Funds:				
Judicial:				
Sobriety Court	\$ (230,015)	\$ (167,505)	\$ (90,158)	\$ (77,347)
Friend of Court	(1,269,244)	(1,168,560)	(1,542,831)	374,271
Other judicial	-	-	(850)	850
Public safety funds	(707,026)	(682,601)	(642,471)	(40,130)
Health, welfare and cultural funds:				
Child care fund	(4,510,647)	(4,777,114)	(4,274,071)	(503,043)
Public health fund	(1,552,904)	(1,676,295)	(1,771,886)	95,591
HealthWest fund	(736,932)	(1,068,896)	(1,068,899)	3
Other health, welfare and cultural funds	(11,015)	(9,058)	(6,253)	(2,805)
Internal service funds - Equipment revolving	(42,828)	(42,828)	(42,828)	-
Debt service funds	(1,880,130)	(1,997,428)	(2,002,386)	4,958
Enterprise funds:				
Brookhaven Medical Care Facility	(180,748)	(180,748)	(765,748)	585,000
Airport Fund	(376,713)	(54,375)	(62,420)	8,045
Total transfers out	<u>\$ (11,498,202)</u>	<u>\$ (11,825,408)</u>	<u>\$ (12,270,801)</u>	<u>\$ 445,393</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.

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.

Port Security (1201)--to account for grant funding appropriated under the U.S. Department of Homeland Security Port Security Grant Program and local matching funds to support maritime transportation infrastructure security activities.

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.

## COUNTY OF MUSKEGON, MICHIGAN

### Nonmajor Governmental Funds

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.

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

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

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

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

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

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

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

Economic Development (2450)--to account for grant funds awarded by the Corn Marketing Program of Michigan to study the Port of Muskegon's additional potential for agricultural commodities.

## COUNTY OF MUSKEGON, MICHIGAN

### Nonmajor Governmental Funds

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

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

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

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

Blight Prevention (2555)--to account for donations from private sources to support activities aimed at residential blight prevention.

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

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

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

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

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

## COUNTY OF MUSKEGON, MICHIGAN

### Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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.

# COUNTY OF MUSKEGON, MICHIGAN

## Nonmajor Governmental Funds

### Debt Service Funds

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

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

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

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

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

### Capital Projects Funds

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

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

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

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

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

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

# COUNTY OF MUSKEGON, MICHIGAN

## Nonmajor Governmental Funds

### Permanent Fund

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

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COUNTY OF MUSKEGON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 September 30, 2017

	Special Revenue Funds							
	Senior Millage (1060)	Sobriety Court (1170)	Emergency Services (1190)	Marine Safety (1200)	Port Security (1201)	Highway Safety Programs (1210)	Township Patrols (1240)	Park Fund (2080)
<b>ASSETS</b>								
Cash and investments	\$ 344,975	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 568,016
Receivables, net:								
Accounts	-	-	37,387	-	-	-	-	20
Due from other governments	-	57,054	26,734	54,473	-	24,972	17,987	-
Long-term notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 344,975</u>	<u>\$ 57,054</u>	<u>\$ 64,121</u>	<u>\$ 54,473</u>	<u>\$ 20</u>	<u>\$ 24,972</u>	<u>\$ 17,987</u>	<u>\$ 568,036</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Negative equity in pooled cash	\$ -	\$ 22,871	\$ 49,813	\$ 27,344	\$ -	\$ 5,059	\$ 54	\$ -
Payables:								
Accounts payable	14,382	25,683	10,308	370	-	9,224	85	23,380
Due to other governments	-	-	-	-	20	-	-	-
Accrued liabilities	-	8,500	4,000	3,602	-	10,689	10,707	16,240
Unearned revenue	-	-	-	-	-	-	7,141	-
Total liabilities	<u>14,382</u>	<u>57,054</u>	<u>64,121</u>	<u>31,316</u>	<u>20</u>	<u>24,972</u>	<u>17,987</u>	<u>39,620</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	330,593	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	528,416
Assigned	-	-	-	23,157	-	-	-	-
Total fund balances	<u>330,593</u>	<u>-</u>	<u>-</u>	<u>23,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>528,416</u>
<b>Total liabilities and fund balances</b>	<u>\$ 344,975</u>	<u>\$ 57,054</u>	<u>\$ 64,121</u>	<u>\$ 54,473</u>	<u>\$ 20</u>	<u>\$ 24,972</u>	<u>\$ 17,987</u>	<u>\$ 568,036</u>

Special Revenue Funds

Family Court (2150)	Access & Visitation (2151)	SSSPP Grant (2153)	Health Department (2210)	Lead Hazard Grant (2212)	Community Health Improvement (2217)	Sustainability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accommodations Tax (2300)	Parks Development (2411)	Economic Development (2450)
\$ -	\$ 880	\$ -	\$ 55,639	\$ -	\$ 25,671	\$ -	\$ -	\$ 449,969	\$ -	\$ 798
-	-	-	4,437	-	13,177	-	3,801	140,703	-	-
610,587	945	46,778	244,653	139,144	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
960	-	-	1,744	-	-	-	-	-	-	-
-	-	-	12,950	-	-	-	-	-	-	-
<u>\$ 611,547</u>	<u>\$ 1,825</u>	<u>\$ 46,778</u>	<u>\$ 319,423</u>	<u>\$ 139,144</u>	<u>\$ 38,848</u>	<u>\$ -</u>	<u>\$ 3,801</u>	<u>\$ 590,672</u>	<u>\$ -</u>	<u>\$ 798</u>

\$ 425,788	\$ -	\$ 45,855	\$ -	\$ 104,389	\$ -	\$ -	\$ 3,624	\$ -	\$ -	\$ -
9,870	1,825	923	77,489	25,476	38,194	-	-	63,471	-	798
-	-	-	28,892	-	-	-	-	-	-	-
174,929	-	-	188,719	4,979	-	-	171	11,605	-	-
-	-	-	-	4,300	-	-	-	-	-	-
<u>610,587</u>	<u>1,825</u>	<u>46,778</u>	<u>295,100</u>	<u>139,144</u>	<u>38,194</u>	<u>-</u>	<u>3,795</u>	<u>75,076</u>	<u>-</u>	<u>798</u>
960	-	-	14,694	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6	515,596	-	-
-	-	-	-	-	654	-	-	-	-	-
-	-	-	9,629	-	-	-	-	-	-	-
960	-	-	24,323	-	654	-	6	515,596	-	-
<u>\$ 611,547</u>	<u>\$ 1,825</u>	<u>\$ 46,778</u>	<u>\$ 319,423</u>	<u>\$ 139,144</u>	<u>\$ 38,848</u>	<u>\$ -</u>	<u>\$ 3,801</u>	<u>\$ 590,672</u>	<u>\$ -</u>	<u>\$ 798</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2017

	Special Revenue Funds							
	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Pass- Through Grants (2530)	Blight Elimination (2550)	Blight Prevention (2555)	Deed Automation (2560)	Concealed Pistol Licensing (2630)	Community Corrections (2640)
<b>ASSETS</b>								
Cash and investments	\$ 67,775	\$ 63,826	\$ -	\$ -	\$ -	\$ 747,392	\$ 90,309	\$ -
Receivables, net:								
Accounts	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	365,635	-	-	-	29,212
Long-term notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 67,775</b>	<b>\$ 63,826</b>	<b>\$ -</b>	<b>\$ 365,635</b>	<b>\$ -</b>	<b>\$ 747,392</b>	<b>\$ 90,309</b>	<b>\$ 29,212</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ 250,209	\$ -	\$ -	\$ -	\$ 14,467
Payables:								
Accounts payable	-	-	-	115,426	-	17,576	-	4,247
Due to other governments	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	2,565	649	10,498
Unearned revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>365,635</b>	<b>-</b>	<b>20,141</b>	<b>649</b>	<b>29,212</b>
<b>Fund balances:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	67,775	63,826	-	-	-	727,251	-	-
Committed	-	-	-	-	-	-	89,660	-
Assigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>67,775</b>	<b>63,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>727,251</b>	<b>89,660</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 67,775</b>	<b>\$ 63,826</b>	<b>\$ -</b>	<b>\$ 365,635</b>	<b>\$ -</b>	<b>\$ 747,392</b>	<b>\$ 90,309</b>	<b>\$ 29,212</b>

Special Revenue Funds

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)	Veteran's Care (2930)	Veteran's Trust (2940)	Mental Health Buildings (2970)
\$ 4,911	\$ 1,513	\$ -	\$ -	\$ 68,365	\$ 17,800	\$ 17,891	\$ -	\$ 92,513	\$ 2,325	\$ 33,804
-	-	-	-	-	-	-	18,839	-	-	-
-	-	14,206	64,623	13,240	-	-	1,298,711	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 4,911</u>	<u>\$ 1,513</u>	<u>\$ 14,206</u>	<u>\$ 64,623</u>	<u>\$ 81,605</u>	<u>\$ 17,800</u>	<u>\$ 17,891</u>	<u>\$ 1,317,550</u>	<u>\$ 92,513</u>	<u>\$ 2,325</u>	<u>\$ 33,804</u>

\$ -	\$ -	\$ 192	\$ 50,730	\$ -	\$ -	\$ -	\$ 741,785	\$ -	\$ -	\$ -
-	-	14,014	3,824	-	-	17,891	457,952	5,678	-	11,738
-	-	-	-	-	-	-	-	-	-	-
-	-	-	9,069	-	-	-	117,813	-	-	635
-	-	-	-	-	17,800	-	-	-	-	-
-	-	14,206	63,623	-	17,800	17,891	1,317,550	5,678	-	12,373
-	-	-	-	-	-	-	-	-	-	-
4,911	1,513	-	-	81,605	-	-	-	86,835	2,325	21,431
-	-	-	-	-	-	-	-	-	-	-
-	-	-	1,000	-	-	-	-	-	-	-
4,911	1,513	-	1,000	81,605	-	-	-	86,835	2,325	21,431
<u>\$ 4,911</u>	<u>\$ 1,513</u>	<u>\$ 14,206</u>	<u>\$ 64,623</u>	<u>\$ 81,605</u>	<u>\$ 17,800</u>	<u>\$ 17,891</u>	<u>\$ 1,317,550</u>	<u>\$ 92,513</u>	<u>\$ 2,325</u>	<u>\$ 33,804</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2017

	Special Revenue Funds	Debt Service Funds					Capital Projects Funds	
	Quality of Victim Restitution (2980)	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)	CMH Building (3140)	Jail & Juvenile Transition Center (3660)	Capital Projects (4010)	Heritage Landing Development (4180)
<b>ASSETS</b>								
Cash and investments	\$ 19,837	\$ -	\$ 120,529	\$ -	\$ 117,845	\$ -	\$ 203,306	\$ 35,219
Receivables, net:								
Accounts	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Long-term notes	-	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-	5,250
Inventories	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 19,837</b>	<b>\$ -</b>	<b>\$ 120,529</b>	<b>\$ -</b>	<b>\$ 117,845</b>	<b>\$ -</b>	<b>\$ 203,306</b>	<b>\$ 40,469</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payables:								
Accounts payable	-	-	-	-	-	-	-	2,188
Due to other governments	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,188</b>
<b>Fund balances:</b>								
Nonspendable	-	-	-	-	-	-	-	5,250
Restricted	19,837	-	120,529	-	117,845	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	203,306	33,031
<b>Total fund balances</b>	<b>19,837</b>	<b>-</b>	<b>120,529</b>	<b>-</b>	<b>117,845</b>	<b>-</b>	<b>203,306</b>	<b>38,281</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,837</b>	<b>\$ -</b>	<b>\$ 120,529</b>	<b>\$ -</b>	<b>\$ 117,845</b>	<b>\$ -</b>	<b>\$ 203,306</b>	<b>\$ 40,469</b>

Capital Projects Funds				Permanent Fund	
Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Lake Level (8410)	Cemetery Trust (1500)	Total
\$ 196,149	\$ 292,918	\$ -	\$ -	\$ 36,534	\$ 3,676,729
-	-	-	15,391	-	233,755
-	-	-	-	-	3,008,954
-	500,000	300,000	-	-	800,000
-	-	-	-	-	7,954
-	-	-	-	-	12,950
<u>\$ 196,149</u>	<u>\$ 792,918</u>	<u>\$ 300,000</u>	<u>\$ 15,391</u>	<u>\$ 36,534</u>	<u>\$ 7,740,342</u>

\$ -	\$ -	\$ -	\$ 15,163	\$ -	\$ 1,757,343
-	-	-	56	-	952,068
-	-	-	-	-	28,912
-	-	-	172	-	575,542
-	-	-	-	-	29,241
-	-	-	15,391	-	3,343,106
-	500,000	300,000	-	36,534	857,438
-	-	-	-	-	2,161,878
196,149	292,918	-	-	-	1,107,797
-	-	-	-	-	270,123
<u>196,149</u>	<u>792,918</u>	<u>300,000</u>	<u>-</u>	<u>36,534</u>	<u>4,397,236</u>
<u>\$ 196,149</u>	<u>\$ 792,918</u>	<u>\$ 300,000</u>	<u>\$ 15,391</u>	<u>\$ 36,534</u>	<u>\$ 7,740,342</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, 2017

	Special Revenue Funds							
	Senior Millage (1060)	Sobriety Court (1170)	Emergency Services (1190)	Marine Safety (1200)	Port Security (1201)	Highway Safety Programs (1210)	Township Patrols (1240)	Park Fund (2080)
<b>REVENUES</b>								
Taxes	\$ 2,070,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	70,000	174,933	-	-	55,787	-	-
State	-	136,752	-	72,548	-	147,870	-	-
Local	-	-	-	-	-	-	142,437	-
Charges for services	-	93,365	(529)	-	-	-	-	830,205
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	12,315	-	215	-	-	-	-	4,813
Rentals	-	-	-	-	-	-	-	-
Other	-	52,955	9,445	-	-	1,000	-	-
Total revenues	<u>2,083,305</u>	<u>353,072</u>	<u>184,064</u>	<u>72,548</u>	<u>-</u>	<u>204,657</u>	<u>142,437</u>	<u>835,018</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Judicial	-	443,230	-	-	-	-	-	-
Public safety	-	-	218,415	109,125	-	335,991	284,874	-
Health	-	-	-	-	-	-	-	-
Welfare	52,712	-	-	-	-	-	-	-
Cultural	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	694,497
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	134,673	-	-	-	-	37,042
Total expenditures	<u>52,712</u>	<u>443,230</u>	<u>353,088</u>	<u>109,125</u>	<u>-</u>	<u>335,991</u>	<u>284,874</u>	<u>731,539</u>
Revenues over (under) expenditures	<u>2,030,593</u>	<u>(90,158)</u>	<u>(169,024)</u>	<u>(36,577)</u>	<u>-</u>	<u>(131,334)</u>	<u>(142,437)</u>	<u>103,479</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	90,158	169,024	36,578	-	131,334	142,437	-
Transfers out	(1,700,000)	-	-	-	-	-	-	(57,548)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	1,281
Total other financing sources (uses)	<u>(1,700,000)</u>	<u>90,158</u>	<u>169,024</u>	<u>36,578</u>	<u>-</u>	<u>131,334</u>	<u>142,437</u>	<u>(56,267)</u>
Net change in fund balances	330,593	-	-	1	-	-	-	47,212
Fund balances, beginning of year	-	-	-	23,156	-	-	-	481,204
Fund balances, end of year	<u>\$ 330,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,416</u>

Special Revenue Funds

Family Court (2150)	Access & Visitation (2151)	SSSPP Grant (2153)	Health Department (2210)	Lead Hazard Grant (2212)	Community Health Improvement (2217)	Sustainability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accomoda-tions Tax (2300)	Parks Development (2411)	Economic Development (2450)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,225,667	\$ -	\$ -
3,137,065	3,500	-	1,835,607	404,194	-	-	3,801	-	-	-
258,268	-	274,993	1,541,193	-	-	24,000	-	-	25,470	-
-	-	-	48	88,838	-	9,720	-	5,650	-	25,000
382,769	-	-	628,927	-	577,556	-	-	89,253	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	293	-	413	-	-	2,904	-	-
-	-	-	-	-	-	-	-	3,250	-	-
41,382	-	-	82,818	28,508	(260)	-	-	10,409	-	-
<u>3,819,484</u>	<u>3,500</u>	<u>274,993</u>	<u>4,088,886</u>	<u>521,540</u>	<u>577,709</u>	<u>33,720</u>	<u>3,801</u>	<u>1,337,133</u>	<u>25,470</u>	<u>25,000</u>
-	-	-	-	-	630,458	-	-	1,207,993	-	25,000
5,361,355	4,380	-	-	-	-	-	-	-	-	-
-	-	277,774	-	-	-	-	-	-	-	-
-	-	-	5,860,774	521,540	-	-	3,801	-	-	-
-	-	-	-	-	-	33,720	-	-	-	-
-	-	-	-	-	-	-	-	-	8,047	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	49,150	-
<u>5,361,355</u>	<u>4,380</u>	<u>277,774</u>	<u>5,860,774</u>	<u>521,540</u>	<u>630,458</u>	<u>33,720</u>	<u>3,801</u>	<u>1,207,993</u>	<u>57,197</u>	<u>25,000</u>
<u>(1,541,871)</u>	<u>(880)</u>	<u>(2,781)</u>	<u>(1,771,888)</u>	<u>-</u>	<u>(52,749)</u>	<u>-</u>	<u>-</u>	<u>129,140</u>	<u>(31,727)</u>	<u>-</u>
1,542,831	850	2,781	1,771,886	-	-	-	-	-	31,727	-
-	-	-	-	-	-	-	-	(188,405)	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>1,542,831</u>	<u>850</u>	<u>2,781</u>	<u>1,771,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(188,405)</u>	<u>31,727</u>	<u>-</u>
960	(30)	-	(2)	-	(52,749)	-	-	(59,265)	-	-
-	30	-	24,325	-	53,403	-	6	574,861	-	-
<u>\$ 960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,323</u>	<u>\$ -</u>	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 515,596</u>	<u>\$ -</u>	<u>\$ -</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, 2017

	Special Revenue Funds							
	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Pass-Through Grants (2530)	Blight Elimination (2550)	Blight Prevention (2555)	Deed Automation (2560)	Concealed Pistol Licensing (2630)	Community Corrections (2640)
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	-	11,607	-	-	-	-	-
State	-	-	-	465,635	-	-	-	225,262
Local	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	173,265	-	10,700
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	376	549	-	-	-	6,674	672	-
Rentals	-	-	-	-	-	-	-	-
Other	45,177	64,282	-	-	-	-	65,811	270
Total revenues	<u>45,553</u>	<u>64,831</u>	<u>11,607</u>	<u>465,635</u>	<u>-</u>	<u>179,939</u>	<u>66,483</u>	<u>236,232</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	291,202	28,617	-
Judicial	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	360,411
Health	-	-	-	-	-	-	-	-
Welfare	951	1,005	11,607	465,635	-	-	-	-
Cultural	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	11,768	-	-
Total expenditures	<u>951</u>	<u>1,005</u>	<u>11,607</u>	<u>465,635</u>	<u>-</u>	<u>302,970</u>	<u>28,617</u>	<u>360,411</u>
Revenues over (under) expenditures	<u>44,602</u>	<u>63,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,031)</u>	<u>37,866</u>	<u>(124,179)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	124,179
Transfers out	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,179</u>
Net change in fund balances	<u>44,602</u>	<u>63,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,031)</u>	<u>37,866</u>	<u>-</u>
Fund balances, beginning of year	<u>23,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>850,282</u>	<u>51,794</u>	<u>-</u>
Fund balances, end of year	<u>\$ 67,775</u>	<u>\$ 63,826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 727,251</u>	<u>\$ 89,660</u>	<u>\$ -</u>

Special Revenue Funds

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)	Veteran's Care (2930)	Veteran's Trust (2940)	Mental Health Buildings (2970)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,660	\$ -	\$ -
-	-	-	51,942	-	-	-	47,828	-	-	-
-	-	46,420	199,065	-	36,391	-	4,326,531	21,788	-	-
-	-	-	350	51,608	-	-	-	300	-	-
-	-	-	-	-	-	-	-	-	-	-
76	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	660	-	822
-	-	-	-	-	-	-	-	-	-	275,905
-	-	-	-	-	-	-	342,877	-	-	-
76	-	46,420	251,357	51,608	36,391	-	4,717,236	353,408	-	276,727
-	-	-	-	15,975	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
69	37	46,420	287,538	-	-	-	-	-	-	-
-	-	-	-	-	-	5,767	9,012,956	-	-	355,388
-	-	-	-	-	36,877	-	-	309,081	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	837	-	-
69	37	46,420	287,538	15,975	36,877	5,767	9,012,956	309,918	-	355,388
7	(37)	-	(36,181)	35,633	(486)	(5,767)	(4,295,720)	43,490	-	(78,661)
-	-	-	36,138	-	486	5,767	4,274,071	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	36,138	-	486	5,767	4,274,071	-	-	-
7	(37)	-	(43)	35,633	-	-	(21,649)	43,490	-	(78,661)
4,904	1,550	-	1,043	45,972	-	-	21,649	43,345	2,325	100,092
\$ 4,911	\$ 1,513	\$ -	\$ 1,000	\$ 81,605	\$ -	\$ -	\$ -	\$ 86,835	\$ 2,325	\$ 21,431

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COUNTY OF MUSKEGON, MICHIGAN

**Combining Statement of Revenues, Expenditures and Change in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2017**

	Special Revenue Funds	Debt Service Funds					Capital Projects Funds	
	Quality of Victim Restitution (2980)	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)	CMH Building (3140)	Jail & Juvenile Transition Center (3660)	Capital Projects (4010)	Heritage Landing Development (4180)
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 4,009	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:								
Federal	-	-	-	-	-	-	-	-
State	-	-	63,339	-	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for services	643	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	173	-	459	-	793	-	-	-
Rentals	-	-	-	-	502,123	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>816</u>	<u>-</u>	<u>67,807</u>	<u>-</u>	<u>502,916</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	10	-	604	-	686	-	-
Judicial	8,332	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	1,999	-	-	-
Welfare	-	-	-	-	-	-	-	-
Cultural	-	-	1,544	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	45,000	-	450,000	200,000	-	-	-
Interest and fiscal charges	-	28,660	-	82,614	306,406	1,847,826	-	-
Capital outlay	-	-	-	-	-	-	8,000	2,219
Total expenditures	<u>8,332</u>	<u>73,670</u>	<u>1,544</u>	<u>533,218</u>	<u>508,405</u>	<u>1,848,512</u>	<u>8,000</u>	<u>2,219</u>
Revenues over (under) expenditures	<u>(7,516)</u>	<u>(73,670)</u>	<u>66,263</u>	<u>(533,218)</u>	<u>(5,489)</u>	<u>(1,848,512)</u>	<u>(8,000)</u>	<u>(2,219)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	73,670	-	533,218	-	1,789,050	-	-
Transfers out	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>73,670</u>	<u>-</u>	<u>533,218</u>	<u>-</u>	<u>1,789,050</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(7,516)</u>	<u>-</u>	<u>66,263</u>	<u>-</u>	<u>(5,489)</u>	<u>(59,462)</u>	<u>(8,000)</u>	<u>(2,219)</u>
Fund balances, beginning of year	27,353	-	54,266	-	123,334	59,462	211,306	40,500
Fund balances, end of year	<u>\$ 19,837</u>	<u>\$ -</u>	<u>\$ 120,529</u>	<u>\$ -</u>	<u>\$ 117,845</u>	<u>\$ -</u>	<u>\$ 203,306</u>	<u>\$ 38,281</u>

Capital Projects Funds					Permanent Fund	
Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Lake Level (8410)	Cemetery Trust (1500)		Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,631,326
-	-	-	-	-	-	5,796,264
-	-	-	-	-	-	7,865,525
-	-	-	-	-	-	323,951
-	-	-	12,318	-	-	2,798,472
-	-	-	-	-	-	76
2,082	1,588	-	-	-	-	35,801
-	12,500	-	-	-	-	793,778
-	-	-	-	-	-	744,674
<u>2,082</u>	<u>14,088</u>	<u>-</u>	<u>12,318</u>	<u>-</u>	<u>-</u>	<u>21,989,867</u>
-	-	-	-	278	-	2,200,823
-	-	-	-	-	-	5,817,297
-	-	-	-	-	-	1,920,654
-	-	-	-	-	-	15,762,225
-	-	-	-	-	-	874,711
-	-	-	-	-	-	46,468
-	-	-	-	-	-	694,497
-	-	-	-	-	-	695,000
-	-	-	-	-	-	2,265,506
54,970	26,871	-	12,318	-	-	337,848
<u>54,970</u>	<u>26,871</u>	<u>-</u>	<u>12,318</u>	<u>278</u>	<u>-</u>	<u>30,615,029</u>
(52,888)	(12,783)	-	-	(278)	-	(8,625,162)
-	-	-	-	-	-	10,756,185
-	-	-	-	-	-	(1,945,953)
-	154,861	-	-	-	-	156,142
-	154,861	-	-	-	-	8,966,374
(52,888)	142,078	-	-	(278)	-	341,212
249,037	650,840	300,000	-	36,812	-	4,056,024
<u>\$ 196,149</u>	<u>\$ 792,918</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 36,534</u>	<u>\$ -</u>	<u>\$ 4,397,236</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

**Schedule of Revenues, Expenditures and Change in Fund Balances**  
 Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended September 30, 2017

	Senior Millage (1060)			Sobriety Court (1170)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>						
Taxes	\$ 2,068,485	\$ 2,070,990	\$ 2,505	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	70,000	70,000	-
State	-	-	-	146,000	136,752	(9,248)
Local	-	-	-	-	-	-
Charges for services	-	-	-	90,500	93,365	2,865
Fines and forfeitures	-	-	-	-	-	-
Investment income	6,000	12,315	6,315	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	52,955	52,955	-
Total revenues	<u>2,074,485</u>	<u>2,083,305</u>	<u>8,820</u>	<u>359,455</u>	<u>353,072</u>	<u>(6,383)</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	526,960	443,230	(83,730)
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	2,074,485	52,712	(2,021,773)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,074,485</u>	<u>52,712</u>	<u>(2,021,773)</u>	<u>526,960</u>	<u>443,230</u>	<u>(83,730)</u>
Revenues over (under) expenditures	<u>-</u>	<u>2,030,593</u>	<u>2,030,593</u>	<u>(167,505)</u>	<u>(90,158)</u>	<u>77,347</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	167,505	90,158	(77,347)
Transfers out	-	(1,700,000)	1,700,000	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,700,000)</u>	<u>1,700,000</u>	<u>167,505</u>	<u>90,158</u>	<u>(77,347)</u>
Net change in fund balances	-	330,593	330,593	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 330,593</u>	<u>\$ 330,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Emergency Services (1190)			Marine Safety (1200)			Port Security (1201)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
225,653	174,933	(50,720)	-	-	-	-	-	-
-	-	-	79,650	72,548	(7,102)	-	-	-
-	(529)	(529)	-	-	-	-	-	-
-	215	215	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,210	9,445	4,235	-	-	-	-	-	-
<u>230,863</u>	<u>184,064</u>	<u>(46,799)</u>	<u>79,650</u>	<u>72,548</u>	<u>(7,102)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
250,157	218,415	(31,742)	126,351	109,125	(17,226)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
174,710	134,673	(40,037)	557	-	(557)	-	-	-
<u>424,867</u>	<u>353,088</u>	<u>(71,779)</u>	<u>126,908</u>	<u>109,125</u>	<u>(17,783)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(194,004)</u>	<u>(169,024)</u>	<u>24,980</u>	<u>(47,258)</u>	<u>(36,577)</u>	<u>10,681</u>	<u>-</u>	<u>-</u>	<u>-</u>
194,004	169,024	(24,980)	47,258	36,578	(10,680)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>194,004</u>	<u>169,024</u>	<u>(24,980)</u>	<u>47,258</u>	<u>36,578</u>	<u>(10,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	1	1	-	-	-
-	-	-	23,156	23,156	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,156</u>	<u>\$ 23,157</u>	<u>\$ 1</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, 2017

	Highway Safety Programs (1210)			Township Patrols (1240)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	97,500	55,787	(41,713)	-	-	-
State	147,870	147,870	-	-	-	-
Local	-	-	-	146,978	142,437	(4,541)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	1,000	1,000	-	-	-	-
Total revenues	<u>246,370</u>	<u>204,657</u>	<u>(41,713)</u>	<u>146,978</u>	<u>142,437</u>	<u>(4,541)</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	379,050	335,991	(43,059)	293,956	284,874	(9,082)
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>379,050</u>	<u>335,991</u>	<u>(43,059)</u>	<u>293,956</u>	<u>284,874</u>	<u>(9,082)</u>
Revenues over (under) expenditures	<u>(132,680)</u>	<u>(131,334)</u>	<u>1,346</u>	<u>(146,978)</u>	<u>(142,437)</u>	<u>4,541</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	132,680	131,334	(1,346)	146,978	142,437	(4,541)
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>132,680</u>	<u>131,334</u>	<u>(1,346)</u>	<u>146,978</u>	<u>142,437</u>	<u>(4,541)</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Park Fund (2080)			Family Court (2150)			Access & Visitation (2151)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,525,042	3,137,065	(387,977)	5,850	3,500	(2,350)
-	-	-	465,007	258,268	(206,739)	-	-	-
-	-	-	-	-	-	-	-	-
715,000	830,205	115,205	498,830	382,769	(116,061)	-	-	-
-	-	-	-	-	-	-	-	-
1,700	4,813	3,113	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	42,020	41,382	(638)	-	-	-
<u>716,700</u>	<u>835,018</u>	<u>118,318</u>	<u>4,530,899</u>	<u>3,819,484</u>	<u>(711,415)</u>	<u>5,850</u>	<u>3,500</u>	<u>(2,350)</u>
-	-	-	-	-	-	-	-	-
-	-	-	5,699,458	5,361,355	(338,103)	5,850	4,380	(1,470)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
721,594	694,497	(27,097)	-	-	-	-	-	-
45,100	37,042	(8,058)	-	-	-	-	-	-
<u>766,694</u>	<u>731,539</u>	<u>(35,155)</u>	<u>5,699,458</u>	<u>5,361,355</u>	<u>(338,103)</u>	<u>5,850</u>	<u>4,380</u>	<u>(1,470)</u>
<u>(49,994)</u>	<u>103,479</u>	<u>153,473</u>	<u>(1,168,559)</u>	<u>(1,541,871)</u>	<u>(373,312)</u>	<u>-</u>	<u>(880)</u>	<u>(880)</u>
-	-	-	1,168,560	1,542,831	374,271	-	850	850
(56,369)	(57,548)	1,179	-	-	-	-	-	-
-	1,281	1,281	-	-	-	-	-	-
<u>(56,369)</u>	<u>(56,267)</u>	<u>2,460</u>	<u>1,168,560</u>	<u>1,542,831</u>	<u>374,271</u>	<u>-</u>	<u>850</u>	<u>850</u>
(106,363)	47,212	153,575	1	960	959	-	(30)	(30)
481,204	481,204	-	-	-	-	30	30	-
<u>\$ 374,841</u>	<u>\$ 528,416</u>	<u>\$ 153,575</u>	<u>\$ 1</u>	<u>\$ 960</u>	<u>\$ 959</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ (30)</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, 2017

	SSSPP Grant (2153)			Health Department (2210)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	1,801,014	1,835,607	34,593
State	276,615	274,993	(1,622)	1,608,307	1,541,193	(67,114)
Local	-	-	-	43	48	5
Charges for services	-	-	-	675,111	628,927	(46,184)
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	300	293	(7)
Rentals	-	-	-	-	-	-
Other	-	-	-	104,470	82,818	(21,652)
Total revenues	<u>276,615</u>	<u>274,993</u>	<u>(1,622)</u>	<u>4,189,245</u>	<u>4,088,886</u>	<u>(100,359)</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	278,595	277,774	(821)	-	-	-
Health	-	-	-	5,865,540	5,860,774	(4,766)
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>278,595</u>	<u>277,774</u>	<u>(821)</u>	<u>5,865,540</u>	<u>5,860,774</u>	<u>(4,766)</u>
Revenues over (under) expenditures	<u>(1,980)</u>	<u>(2,781)</u>	<u>(801)</u>	<u>(1,676,295)</u>	<u>(1,771,888)</u>	<u>(95,593)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,980	2,781	801	1,676,295	1,771,886	95,591
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,980</u>	<u>2,781</u>	<u>801</u>	<u>1,676,295</u>	<u>1,771,886</u>	<u>95,591</u>
Net change in fund balances	-	-	-	-	(2)	(2)
Fund balances, beginning of year	-	-	-	24,325	24,325	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,325</u>	<u>\$ 24,323</u>	<u>\$ (2)</u>



Lead Hazard Grant (2212)			Community Health Improvement (2217)			Sustainability Grant (2261)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
601,875	404,194	(197,681)	-	-	-	-	-	-
-	-	-	-	-	-	24,000	24,000	-
31,118	88,838	57,720	-	-	-	9,720	9,720	-
-	-	-	750,000	577,556	(172,444)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	750	413	(337)	-	-	-
-	-	-	-	-	-	-	-	-
-	28,508	28,508	-	(260)	(260)	-	-	-
<u>632,993</u>	<u>521,540</u>	<u>(111,453)</u>	<u>750,750</u>	<u>577,709</u>	<u>(173,041)</u>	<u>33,720</u>	<u>33,720</u>	<u>-</u>
-	-	-	750,750	630,458	(120,292)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
632,993	521,540	(111,453)	-	-	-	-	-	-
-	-	-	-	-	-	33,720	33,720	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>632,993</u>	<u>521,540</u>	<u>(111,453)</u>	<u>750,750</u>	<u>630,458</u>	<u>(120,292)</u>	<u>33,720</u>	<u>33,720</u>	<u>-</u>
-	-	-	-	(52,749)	(52,749)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	(52,749)	(52,749)	-	-	-
-	-	-	53,403	53,403	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,403</u>	<u>\$ 654</u>	<u>\$ (52,749)</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, 2017

	NOAA Habitat Conservation Grant (2271)			Accommodations Tax (2300)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,150,000	\$ 1,225,667	\$ 75,667
Grants and contributions:						
Federal	8,593	3,801	(4,792)	-	-	-
State	-	-	-	-	-	-
Local	-	-	-	2,500	5,650	3,150
Charges for services	-	-	-	85,517	89,253	3,736
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	3,800	2,904	(896)
Rentals	-	-	-	6,150	3,250	(2,900)
Other	-	-	-	22,517	10,409	(12,108)
Total revenues	<u>8,593</u>	<u>3,801</u>	<u>(4,792)</u>	<u>1,270,484</u>	<u>1,337,133</u>	<u>66,649</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	1,261,488	1,207,993	(53,495)
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	8,593	3,801	(4,792)	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>8,593</u>	<u>3,801</u>	<u>(4,792)</u>	<u>1,261,488</u>	<u>1,207,993</u>	<u>(53,495)</u>
Revenues over (under) expenditures	-	-	-	8,996	129,140	120,144
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(185,676)	(188,405)	2,729
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	<u>(185,676)</u>	<u>(188,405)</u>	<u>2,729</u>
Net change in fund balances	-	-	-	(176,680)	(59,265)	117,415
Fund balances, beginning of year	6	6	-	574,861	574,861	-
Fund balances, end of year	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 398,181</u>	<u>\$ 515,596</u>	<u>\$ 117,415</u>



Parks Development (2411)			Economic Development (2450)			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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
25,470	25,470	-	-	-	-	-	-	-
-	-	-	25,000	25,000	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	250	376	126
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	43,077	45,177	2,100
<u>25,470</u>	<u>25,470</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>43,327</u>	<u>45,553</u>	<u>2,226</u>
-	-	-	25,000	25,000	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8,340	8,047	(293)	-	-	-	66,500	951	(65,549)
-	-	-	-	-	-	-	-	-
49,150	49,150	-	-	-	-	-	-	-
<u>57,490</u>	<u>57,197</u>	<u>(293)</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>66,500</u>	<u>951</u>	<u>(65,549)</u>
<u>(32,020)</u>	<u>(31,727)</u>	<u>293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,173)</u>	<u>44,602</u>	<u>67,775</u>
32,020	31,727	(293)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>32,020</u>	<u>31,727</u>	<u>(293)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	(23,173)	44,602	67,775
-	-	-	-	-	-	23,173	23,173	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,775</u>	<u>\$ 67,775</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, 2017

	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	-	-	-	11,607	11,607	-
State	-	-	-	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	400	549	149	-	-	-
Rentals	-	-	-	-	-	-
Other	64,282	64,282	-	-	-	-
Total revenues	<u>64,682</u>	<u>64,831</u>	<u>149</u>	<u>11,607</u>	<u>11,607</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	1,367	1,005	(362)	11,607	11,607	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,367</u>	<u>1,005</u>	<u>(362)</u>	<u>11,607</u>	<u>11,607</u>	<u>-</u>
Revenues over (under) expenditures	<u>63,315</u>	<u>63,826</u>	<u>511</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	63,315	63,826	511	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ 63,315</u>	<u>\$ 63,826</u>	<u>\$ 511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Blight Elimination (2550)			Blight Prevention (2555)			Deed Automation (2560)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
886,550	465,635	(420,915)	-	-	-	-	-	-
-	-	-	30,000	-	(30,000)	-	-	-
-	-	-	-	-	-	170,000	173,265	3,265
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,000	6,674	2,674
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>886,550</u>	<u>465,635</u>	<u>(420,915)</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>174,000</u>	<u>179,939</u>	<u>5,939</u>
-	-	-	-	-	-	338,101	291,202	(46,899)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
886,550	465,635	(420,915)	30,000	-	(30,000)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	210,000	11,768	(198,232)
<u>886,550</u>	<u>465,635</u>	<u>(420,915)</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>548,101</u>	<u>302,970</u>	<u>(245,131)</u>
-	-	-	-	-	-	(374,101)	(123,031)	251,070
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(374,101)	(123,031)	251,070
-	-	-	-	-	-	850,282	850,282	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,181</u>	<u>\$ 727,251</u>	<u>\$ 251,070</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, 2017

	Concealed Pistol Licensing (2630)			Community Corrections (2640)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	237,747	225,262	(12,485)
Local	-	-	-	-	-	-
Charges for services	-	-	-	10,700	10,700	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	200	672	472	-	-	-
Rentals	-	-	-	-	-	-
Other	53,500	65,811	12,311	-	270	270
Total revenues	<u>53,700</u>	<u>66,483</u>	<u>12,783</u>	<u>248,447</u>	<u>236,232</u>	<u>(12,215)</u>
<b>EXPENDITURES</b>						
Current:						
General government	31,872	28,617	(3,255)	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	371,630	360,411	(11,219)
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>31,872</u>	<u>28,617</u>	<u>(3,255)</u>	<u>371,630</u>	<u>360,411</u>	<u>(11,219)</u>
Revenues over (under) expenditures	<u>21,828</u>	<u>37,866</u>	<u>16,038</u>	<u>(123,183)</u>	<u>(124,179)</u>	<u>(996)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	123,183	124,179	996
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,183</u>	<u>124,179</u>	<u>996</u>
Net change in fund balances	21,828	37,866	16,038	-	-	-
Fund balances, beginning of year	51,794	51,794	-	-	-	-
Fund balances, end of year	<u>\$ 73,622</u>	<u>\$ 89,660</u>	<u>\$ 16,038</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	61,424	46,420	(15,004)
-	-	-	-	-	-	-	-	-
500	76	(424)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
500	76	(424)	-	-	-	61,424	46,420	(15,004)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
69	69	-	37	37	-	61,424	46,420	(15,004)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
69	69	-	37	37	-	61,424	46,420	(15,004)
431	7	(424)	(37)	(37)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
431	7	(424)	(37)	(37)	-	-	-	-
4,904	4,904	-	1,550	1,550	-	-	-	-
\$ 5,335	\$ 4,911	\$ (424)	\$ 1,513	\$ 1,513	\$ -	\$ -	\$ -	\$ -

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, 2017

	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	52,600	51,942	(658)	-	-	-
State	200,074	199,065	(1,009)	-	-	-
Local	350	350	-	50,000	51,608	1,608
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>253,024</u>	<u>251,357</u>	<u>(1,667)</u>	<u>50,000</u>	<u>51,608</u>	<u>1,608</u>
EXPENDITURES						
Current:						
General government	-	-	-	50,000	15,975	(34,025)
Judicial	-	-	-	-	-	-
Public safety	289,592	287,538	(2,054)	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>289,592</u>	<u>287,538</u>	<u>(2,054)</u>	<u>50,000</u>	<u>15,975</u>	<u>(34,025)</u>
Revenues over (under) expenditures	<u>(36,568)</u>	<u>(36,181)</u>	<u>387</u>	<u>-</u>	<u>35,633</u>	<u>35,633</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	36,518	36,138	(380)	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>36,518</u>	<u>36,138</u>	<u>(380)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(50)	(43)	7	-	35,633	35,633
Fund balances, beginning of year	1,043	1,043	-	45,972	45,972	-
Fund balances, end of year	<u>\$ 993</u>	<u>\$ 1,000</u>	<u>\$ 7</u>	<u>\$ 45,972</u>	<u>\$ 81,605</u>	<u>\$ 35,633</u>

Remonumentation 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	47,000	47,828	828
69,768	36,391	(33,377)	-	-	-	4,424,508	4,326,531	(97,977)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	332,189	342,877	10,688
<u>69,768</u>	<u>36,391</u>	<u>(33,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,803,697</u>	<u>4,717,236</u>	<u>(86,461)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	8,534	5,767	(2,767)	9,602,456	9,012,956	(589,500)
-	-	-	-	-	-	-	-	-
70,292	36,877	(33,415)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>70,292</u>	<u>36,877</u>	<u>(33,415)</u>	<u>8,534</u>	<u>5,767</u>	<u>(2,767)</u>	<u>9,602,456</u>	<u>9,012,956</u>	<u>(589,500)</u>
<u>(524)</u>	<u>(486)</u>	<u>38</u>	<u>(8,534)</u>	<u>(5,767)</u>	<u>2,767</u>	<u>(4,798,759)</u>	<u>(4,295,720)</u>	<u>503,039</u>
524	486	(38)	8,534	5,767	(2,767)	4,777,114	4,274,071	(503,043)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>524</u>	<u>486</u>	<u>(38)</u>	<u>8,534</u>	<u>5,767</u>	<u>(2,767)</u>	<u>4,777,114</u>	<u>4,274,071</u>	<u>(503,043)</u>
-	-	-	-	-	-	(21,645)	(21,649)	(4)
-	-	-	-	-	-	21,649	21,649	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (4)</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, 2017

	Veteran's Care (2930)			Veteran's Trust (2940)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>REVENUES</b>						
Taxes	\$ 329,714	\$ 330,660	\$ 946	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	6,500	21,788	15,288	-	-	-
Local	300	300	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	570	660	90	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>337,084</u>	<u>353,408</u>	<u>16,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	322,814	309,081	(13,733)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	1,200	837	(363)	-	-	-
Total expenditures	<u>324,014</u>	<u>309,918</u>	<u>(14,096)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>13,070</u>	<u>43,490</u>	<u>30,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,070	43,490	30,420	-	-	-
Fund balances, beginning of year	43,345	43,345	-	2,325	2,325	-
Fund balances, end of year	<u>\$ 56,415</u>	<u>\$ 86,835</u>	<u>\$ 30,420</u>	<u>\$ 2,325</u>	<u>\$ 2,325</u>	<u>\$ -</u>



Mental Health Buildings (2970)			Quality of Victim Restitution (2980)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,000	643	(357)
-	-	-	-	-	-
1,000	822	(178)	300	173	(127)
275,905	275,905	-	-	-	-
-	-	-	-	-	-
<u>276,905</u>	<u>276,727</u>	<u>(178)</u>	<u>1,300</u>	<u>816</u>	<u>(484)</u>
-	-	-	-	-	-
-	-	-	13,350	8,332	(5,018)
-	-	-	-	-	-
376,996	355,388	(21,608)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>376,996</u>	<u>355,388</u>	<u>(21,608)</u>	<u>13,350</u>	<u>8,332</u>	<u>(5,018)</u>
<u>(100,091)</u>	<u>(78,661)</u>	<u>21,430</u>	<u>(12,050)</u>	<u>(7,516)</u>	<u>4,534</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(100,091)</u>	<u>(78,661)</u>	<u>21,430</u>	<u>(12,050)</u>	<u>(7,516)</u>	<u>4,534</u>
100,092	100,092	-	27,353	27,353	-
<u>\$ 1</u>	<u>\$ 21,431</u>	<u>\$ 21,430</u>	<u>\$ 15,303</u>	<u>\$ 19,837</u>	<u>\$ 4,534</u>

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## COUNTY OF MUSKEGON, MICHIGAN

### Nonmajor Enterprise Funds

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

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

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

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

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position  
 Nonmajor Enterprise Funds  
 September 30, 2017

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water Company (5910)	Total
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 658,594	\$ -	\$ 130,849	\$ 4,091,234	\$ 4,880,677
Receivables, net:					
Accounts	-	5,720	1,000	951,663	958,383
Due from other governments	-	1,009,533	223	204,203	1,213,959
Notes	-	-	-	6,375	6,375
Special assessments	-	-	-	134,641	134,641
Prepays	-	231	-	-	231
Total current assets	658,594	1,015,484	132,072	5,388,116	7,194,266
Noncurrent assets:					
Restricted assets	129,189	-	-	-	129,189
Notes receivable	-	-	-	24,035	24,035
Special assessments receivable	-	-	-	585,402	585,402
Capital assets not being depreciated	-	354,753	-	9,000	363,753
Capital assets being depreciated, net	57,703	8,552,097	115,557	15,160,451	23,885,808
Total noncurrent assets	186,892	8,906,850	115,557	15,778,888	24,988,187
Total assets	845,486	9,922,334	247,629	21,167,004	32,182,453
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on bond refunding	-	-	-	115,232	115,232
Deferred pension amounts	-	552,460	-	67,965	620,425
Total deferred outflows of resources	-	552,460	-	183,197	735,657
<b>LIABILITIES</b>					
Current liabilities:					
Negative equity in pooled cash	-	763,261	-	-	763,261
Payables:					
Accounts payable	-	61,602	-	150,776	212,378
Due to other governments	-	-	-	599,088	599,088
Accrued liabilities	-	128,808	873	10,885	140,566
Accrued interest	-	-	-	204,991	204,991
Current portion of accrued closure cost and sludge removal	22,889	-	-	-	22,889
Current portion of compensated absences	-	38,528	-	3,530	42,058
Current portion of long-term debt	-	-	-	639,958	639,958
Total current liabilities	22,889	992,199	873	1,609,228	2,625,189
Noncurrent liabilities, net of current portion:					
Accrued closure cost and sludge removal	368,998	-	-	-	368,998
Compensated absences	-	240,054	-	21,995	262,049
Long-term debt	-	-	-	12,119,641	12,119,641
Net pension liability	-	2,840,736	-	348,151	3,188,887
Net other postemployment benefit obligation	-	627,134	-	55,586	682,720
Total noncurrent liabilities	368,998	3,707,924	-	12,545,373	16,622,295
Total liabilities	391,887	4,700,123	873	14,154,601	19,247,484
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension amounts	-	55,600	-	5,817	61,417
<b>NET POSITION</b>					
Net investment in capital assets	57,703	8,906,850	115,557	2,525,084	11,605,194
Unrestricted (deficit)	395,896	(3,187,779)	131,199	4,664,699	2,004,015
Total net position	\$ 453,599	\$ 5,719,071	\$ 246,756	\$ 7,189,783	\$ 13,609,209

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenses and Change in Fund Net Position  
 Nonmajor Enterprise Funds  
 For the Year Ended September 30, 2017

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
Operating revenues:					
Charges for services	\$ -	\$ 518,836	\$ 81,803	\$ 2,870,613	\$ 3,471,252
Rentals	-	-	-	79,781	79,781
Other revenues	-	1,022	-	10,184	11,206
Total operating revenues	-	519,858	81,803	2,960,578	3,562,239
Operating expenses:					
Salaries and fringes	-	3,845,848	31,010	292,376	4,169,234
Supplies and other operating expenses	(360,835)	1,515,772	18,914	1,923,288	3,097,139
Depreciation	3,784	932,608	3,185	431,421	1,370,998
Total operating expenses	(357,051)	6,294,228	53,109	2,647,085	8,637,371
Operating income (loss)	357,051	(5,774,370)	28,694	313,493	(5,075,132)
Nonoperating revenues (expenses):					
Grants and contributions:					
Federal	-	2,570,921	-	-	2,570,921
State	-	1,543,717	-	-	1,543,717
Local	-	183,598	-	-	183,598
Investment income	5,655	457	1,287	92,264	99,663
Interest expense	-	-	-	(499,811)	(499,811)
Total nonoperating revenues (expenses)	5,655	4,298,693	1,287	(407,547)	3,898,088
Income (loss) before capital contributions	362,706	(1,475,677)	29,981	(94,054)	(1,177,044)
Capital contributions - federal	-	126,513	-	-	126,513
Capital contributions - state	-	32,263	-	-	32,263
Change in net position	362,706	(1,316,901)	29,981	(94,054)	(1,018,268)
Net position, beginning of year	90,893	7,035,972	216,775	7,283,837	14,627,477
Net position, end of year	\$ 453,599	\$ 5,719,071	\$ 246,756	\$ 7,189,783	\$ 13,609,209

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 For the Year Ended September 30, 2017

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ -	\$ 523,732	\$ 81,660	\$ 3,009,552	\$ 3,614,944
Payments to vendors	(25,403)	(1,677,065)	(18,914)	(1,930,010)	(3,651,392)
Payments for personnel services	(4,981)	(3,352,725)	(30,785)	(241,391)	(3,629,882)
Net cash provided by (used in) operating activities	(30,384)	(4,506,058)	31,961	838,151	(3,666,330)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Federal and/or state grants	-	4,504,966	-	-	4,504,966
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on long-term debt	-	-	-	(615,000)	(615,000)
Interest paid on long-term debt	-	-	-	(505,858)	(505,858)
Capital contributions received	-	158,776	-	-	158,776
Purchase of capital assets	-	(158,141)	(90,077)	(43,906)	(292,124)
Net cash provided by (used in) capital and related financing activities	-	635	(90,077)	(1,164,764)	(1,254,206)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on investments	5,655	457	1,287	92,264	99,663
Net decrease in cash and investments	(24,729)	-	(56,829)	(234,349)	(315,907)
Cash and investments, beginning of year	683,323	-	187,678	4,325,583	5,196,584
Cash and investments, end of year	\$ 658,594	\$ -	\$ 130,849	\$ 4,091,234	\$ 4,880,677

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COUNTY OF MUSKEGON, MICHIGAN

**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the Year Ended September 30, 2017

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 357,051	\$ (5,774,370)	\$ 28,694	\$ 313,493	\$ (5,075,132)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	3,784	932,608	3,185	431,421	1,370,998
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable	-	3,874	80	92,702	96,656
Due from other governments	-	-	(223)	(204,203)	(204,426)
Notes receivable	-	-	-	6,016	6,016
Special assessments receivable	-	-	-	154,459	154,459
Prepays	-	(224)	-	-	(224)
Restricted assets	331	-	-	-	331
Negative equity in pooled cash	-	(162,920)	-	-	(162,920)
Accounts payable	-	1,851	-	24,369	26,220
Due to other governments	-	-	-	(31,091)	(31,091)
Accrued liabilities	(3,157)	9,867	225	1,834	8,769
Accrued closure cost and sludge removal	(386,569)	-	-	-	(386,569)
Accrued compensated absences	(1,824)	6,920	-	(247)	4,849
Net pension liability and deferred pension amounts	-	362,198	-	37,896	400,094
Net other postemployment benefit obligation	-	114,138	-	11,502	125,640
Net cash provided by (used in) operating activities	\$ (30,384)	\$ (4,506,058)	\$ 31,961	\$ 838,151	\$ (3,666,330)

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# COUNTY OF MUSKEGON, MICHIGAN

## Internal Service Funds

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

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

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

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

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

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

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position  
Internal Service Funds  
September 30, 2017

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 72,250	\$ 34,696	\$ 16,374
Receivable, net:			
Accounts	808	-	-
Due from other governments	3,629	-	-
Accrued interest	-	-	-
Prepays	35,000	-	-
Total current assets	<u>111,687</u>	<u>34,696</u>	<u>16,374</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Deposits held with others	-	-	-
Notes receivable	-	-	-
Capital assets not being depreciated	-	-	15,000
Capital assets being depreciated, net	-	-	67,559
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>82,559</u>
Total assets	<u>111,687</u>	<u>34,696</u>	<u>98,933</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables:			
Accounts payable	34,256	29,227	35
Due to other governments	-	-	-
Accrued liabilities	2,753	5,469	-
Accrued interest	-	-	-
Unearned revenue	-	-	-
Current portion of compensated absences	428	-	-
Current portion of long-term debt	-	-	-
Total current liabilities	<u>37,437</u>	<u>34,696</u>	<u>35</u>
Noncurrent liabilities, net of current portion:			
Advances from other funds	-	-	-
Compensated absences	2,669	-	-
Long-term debt	-	-	-
Total noncurrent liabilities	<u>2,669</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>40,106</u>	<u>34,696</u>	<u>35</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	-	82,559
Unrestricted	71,581	-	16,339
Total net position	<u>\$ 71,581</u>	<u>\$ -</u>	<u>\$ 98,898</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ 1,418,287	\$ 2,457,511	\$ 4,167,339	\$ 8,166,457
-	760	358,803	360,371
-	15,087	-	18,716
-	-	225,881	225,881
-	32,770	1,228,315	1,296,085
<u>1,418,287</u>	<u>2,506,128</u>	<u>5,980,338</u>	<u>10,067,510</u>
-	-	650,584	650,584
-	-	285,858	285,858
-	-	200,000	200,000
-	761,207	-	776,207
<u>4,659,341</u>	<u>9,785,860</u>	<u>-</u>	<u>14,512,760</u>
<u>4,659,341</u>	<u>10,547,067</u>	<u>1,136,442</u>	<u>16,425,409</u>
<u>6,077,628</u>	<u>13,053,195</u>	<u>7,116,780</u>	<u>26,492,919</u>
-	47,276	540,629	651,423
-	-	21,538	21,538
-	32,587	2,377,229	2,418,038
167,861	84,326	-	252,187
-	20	23,126	23,146
-	20,049	-	20,477
<u>290,000</u>	<u>661,133</u>	<u>-</u>	<u>951,133</u>
<u>457,861</u>	<u>845,391</u>	<u>2,962,522</u>	<u>4,337,942</u>
-	60,755	-	60,755
-	124,918	-	127,587
<u>5,490,000</u>	<u>6,724,665</u>	<u>-</u>	<u>12,214,665</u>
<u>5,490,000</u>	<u>6,910,338</u>	<u>-</u>	<u>12,403,007</u>
<u>5,947,861</u>	<u>7,755,729</u>	<u>2,962,522</u>	<u>16,740,949</u>
(1,120,659)	3,161,269	-	2,123,169
<u>1,250,426</u>	<u>2,136,197</u>	<u>4,154,258</u>	<u>7,628,801</u>
<u>\$ 129,767</u>	<u>\$ 5,297,466</u>	<u>\$ 4,154,258</u>	<u>\$ 9,751,970</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, 2017

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Rentals	-	696,528	4,764
Other revenues	469,284	-	-
Total operating revenues	<u>469,284</u>	<u>696,528</u>	<u>4,764</u>
Operating expenses:			
Salaries and fringes	88,345	146,217	-
Supplies and other operating expenses	386,458	550,311	4,765
Insurance benefits and claims	-	-	-
Insurance premiums	-	-	-
Depreciation	-	-	9,225
Total operating expenses	<u>474,803</u>	<u>696,528</u>	<u>13,990</u>
Operating income (loss)	<u>(5,519)</u>	<u>-</u>	<u>(9,226)</u>
Nonoperating revenues (expense):			
Investment income (loss)	571	-	-
Interest expense	-	-	-
Loss on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>571</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	(4,948)	-	(9,226)
Capital contributions - federal	-	-	-
Transfers in	-	-	-
Change in net position	<u>(4,948)</u>	<u>-</u>	<u>(9,226)</u>
Net position, beginning of year	76,529	-	108,124
Net position, end of year	<u>\$ 71,581</u>	<u>\$ -</u>	<u>\$ 98,898</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ -	\$ 20,674,240	\$ 20,674,240
-	696,456	-	1,397,748
-	3,581,303	2,700,308	6,750,895
-	4,277,759	23,374,548	28,822,883
-	746,969	1,094,651	2,076,182
17,568	937,462	198,520	2,095,084
-	-	760,794	760,794
-	-	20,751,614	20,751,614
389,013	1,868,580	-	2,266,818
406,581	3,553,011	22,805,579	27,950,492
(406,581)	724,748	568,969	872,391
494,045	38,419	(441,698)	91,337
(404,464)	(233,753)	-	(638,217)
-	(60,901)	-	(60,901)
89,581	(256,235)	(441,698)	(607,781)
(317,000)	468,513	127,271	264,610
403,126	-	-	403,126
-	42,828	-	42,828
86,126	511,341	127,271	710,564
43,641	4,786,125	4,026,987	9,041,406
\$ 129,767	\$ 5,297,466	\$ 4,154,258	\$ 9,751,970

# COUNTY OF MUSKEGON, MICHIGAN

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended September 30, 2017

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 468,703	\$ 696,528	\$ 4,764
Payments to vendors	(393,096)	(544,628)	(4,730)
Payments for personnel services	(105,637)	(145,576)	-
Net cash provided by (used in) operating activities	<u>(30,030)</u>	<u>6,324</u>	<u>34</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental receipts	-	-	-
Intergovernmental payments	-	-	-
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Capital contributions received	-	-	-
Proceeds from sale of capital assets	-	-	-
Purchase of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	571	-	-
Net increase (decrease) in cash and investments	(29,459)	6,324	34
Cash and investments, beginning of year	101,709	28,372	16,340
Cash and investments, end of year	<u>\$ 72,250</u>	<u>\$ 34,696</u>	<u>\$ 16,374</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (5,519)	\$ -	\$ (9,226)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	-	9,225
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	(788)	-	-
Due from other governments	207	-	-
Accrued interest receivable	-	-	-
Prepays	(34,554)	-	-
Deposits held with others	-	-	-
Accounts payable	27,916	5,683	35
Due to other governments	-	-	-
Accrued liabilities	(5,375)	641	-
Unearned revenue	-	-	-
Compensated absences	(11,917)	-	-
Net cash provided by (used in) operating activities	<u>\$ (30,030)</u>	<u>\$ 6,324</u>	<u>\$ 34</u>

### Noncash transactions

The Equipment Revolving fund financed the acquisition of capital assets with noncash capital leases of \$296,990 for the year ended September 30, 2017.

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ 4,279,650	\$ 23,576,936	\$ 29,026,581
(17,568)	(923,164)	(21,408,674)	(23,291,860)
-	(733,279)	(1,295,523)	(2,280,015)
<u>(17,568)</u>	<u>2,623,207</u>	<u>872,739</u>	<u>3,454,706</u>
-	33,804	-	33,804
-	-	(26,972)	(26,972)
<u>-</u>	<u>33,804</u>	<u>(26,972)</u>	<u>6,832</u>
(275,000)	(668,750)	-	(943,750)
(412,450)	(281,518)	-	(693,968)
403,126	-	-	403,126
9,133	141,330	-	150,463
-	(288,420)	-	(288,420)
<u>(275,191)</u>	<u>(1,097,358)</u>	<u>-</u>	<u>(1,372,549)</u>
<u>494,045</u>	<u>38,419</u>	<u>-</u>	<u>533,035</u>
201,286	1,598,072	845,767	2,622,024
1,217,001	859,439	3,321,572	5,544,433
<u>\$ 1,418,287</u>	<u>\$ 2,457,511</u>	<u>\$ 4,167,339</u>	<u>\$ 8,166,457</u>
\$ (406,581)	\$ 724,748	\$ 568,969	\$ 872,391
389,013	1,868,580	-	2,266,818
-	-	218,501	217,713
-	1,871	-	2,078
-	-	(17,097)	(17,097)
-	86,081	(105,657)	(54,130)
-	-	(16,342)	(16,342)
-	(71,783)	424,253	386,104
-	-	(72,742)	(72,742)
-	5,450	(128,130)	(127,414)
-	20	984	1,004
-	8,240	-	(3,677)
<u>\$ (17,568)</u>	<u>\$ 2,623,207</u>	<u>\$ 872,739</u>	<u>\$ 3,454,706</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, 2017

	Trust And Agency (7010)	Library Penal Fines Fund (7210)	Section 125 Flexible Spending Account (7380)	HealthWest Client Funds (7930)	Total
<b>ASSETS</b>					
Cash and investments	\$ 8,219,991	\$ 73,584	\$ 5,708	\$ 365,565	\$ 8,664,848
Accounts receivable	195	-	-	-	195
Total assets	<u>\$ 8,220,186</u>	<u>\$ 73,584</u>	<u>\$ 5,708</u>	<u>\$ 365,565</u>	<u>\$ 8,665,043</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,962	\$ -	\$ -	\$ -	\$ 1,962
Due to other governments	670,199	-	-	-	670,199
Undistributed current and delinquent taxes	7,095,211	-	-	-	7,095,211
Trust deposits	234,179	-	5,708	-	239,887
Unallocated receipts	218,635	73,584	-	365,565	657,784
Total liabilities	<u>\$ 8,220,186</u>	<u>\$ 73,584</u>	<u>\$ 5,708</u>	<u>\$ 365,565</u>	<u>\$ 8,665,043</u>

# COUNTY OF MUSKEGON, MICHIGAN

## Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2017

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
<b>Trust and Agency Fund (7010)</b>				
<b>ASSETS</b>				
Cash and investments	\$ 21,101,579	\$ 166,318,915	\$ (179,200,503)	\$ 8,219,991
Accounts receivable	1,192	126,953	(127,950)	195
Total assets	<u>\$ 21,102,771</u>	<u>\$ 166,445,868</u>	<u>\$ (179,328,453)</u>	<u>\$ 8,220,186</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 29,149	\$ 53,444,503	\$ (53,471,690)	\$ 1,962
Due to other governments	582,134	7,145,629	(7,057,564)	670,199
Undistributed current and delinquent taxes	20,203,167	62,978,437	(76,086,393)	7,095,211
Trust deposits	233,255	23,019,689	(23,018,765)	234,179
Unallocated receipts	55,066	19,857,610	(19,694,041)	218,635
Total liabilities	<u>\$ 21,102,771</u>	<u>\$ 166,445,868</u>	<u>\$ (179,328,453)</u>	<u>\$ 8,220,186</u>
<b>Library Penal Fines (7210)</b>				
<b>ASSETS</b>				
Cash and investments	\$ 86,689	\$ 318,204	\$ (331,309)	\$ 73,584
<b>LIABILITIES</b>				
Unallocated receipts	\$ 86,689	\$ 318,204	\$ (331,309)	\$ 73,584
<b>Section 125 Flexible Spending Account (7380)</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 119,936	\$ (114,228)	\$ 5,708
<b>LIABILITIES</b>				
Trust deposits	\$ -	\$ 119,936	\$ (114,228)	\$ 5,708
<b>HealthWest Client Funds (7930)</b>				
<b>ASSETS</b>				
Cash and investments	\$ 337,611	\$ 8,428,844	\$ (8,400,890)	\$ 365,565
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 3,553,532	\$ (3,553,532)	\$ -
Unallocated receipts	337,611	4,875,312	(4,847,358)	365,565
Total liabilities	<u>\$ 337,611</u>	<u>\$ 8,428,844</u>	<u>\$ (8,400,890)</u>	<u>\$ 365,565</u>
<b>Total All Agency Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 21,525,879	\$ 175,185,899	\$ (188,046,930)	\$ 8,664,848
Accounts receivable	1,192	126,953	(127,950)	195
Total assets	<u>\$ 21,527,071</u>	<u>\$ 175,312,852</u>	<u>\$ (188,174,880)</u>	<u>\$ 8,665,043</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 29,149	\$ 56,998,035	\$ (57,025,222)	\$ 1,962
Due to other governments	582,134	7,145,629	(7,057,564)	670,199
Undistributed current and delinquent taxes	20,203,167	62,978,437	(76,086,393)	7,095,211
Trust deposits	233,255	23,139,625	(23,132,993)	239,887
Unallocated receipts	479,366	25,051,126	(24,872,708)	657,784
Total liabilities	<u>\$ 21,527,071</u>	<u>\$ 175,312,852</u>	<u>\$ (188,174,880)</u>	<u>\$ 8,665,043</u>

COUNTY OF MUSKEGON, MICHIGAN

Combining Governmental Funds Balance Sheet / Statement of Net Position

Drainage Districts Component Unit

September 30, 2017

	Governmental Funds			Adjustments	Statement of Net Position
	General Fund	Capital Projects	Total		
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 21,500	\$ 21,500	\$ (21,500)	\$ -
Receivables:					
Assessments	1,029,019	-	1,029,019	-	1,029,019
Capital assets not being depreciated	-	-	-	751,867	751,867
Capital assets being depreciated, net	-	-	-	4,748,214	4,748,214
Total assets	<u>\$ 1,029,019</u>	<u>\$ 21,500</u>	<u>\$ 1,050,519</u>		<u>6,529,100</u>
<b>LIABILITIES</b>					
Negative equity in pooled cash	\$ 160,469	\$ -	\$ 160,469	(21,500)	138,969
Accounts payable	108,162	-	108,162	-	108,162
Accrued interest	-	-	-	26,084	26,084
Advances from primary government	-	21,500	21,500	-	21,500
Long-term debt:					
Due within one year	-	-	-	1,024,000	1,024,000
Due in more than one year	-	-	-	1,443,000	1,443,000
Total liabilities	<u>268,631</u>	<u>21,500</u>	<u>290,131</u>		<u>2,761,715</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - assessment receivable	741,174	-	741,174	(741,174)	-
<b>FUND BALANCES/NET POSITION</b>					
Fund balances:					
Unassigned	19,214	-	19,214	(19,214)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,029,019</u>	<u>\$ 21,500</u>	<u>\$ 1,050,519</u>		
Net position:					
Net investment in capital assets				3,033,081	3,033,081
Unrestricted				734,304	734,304
Total net position					<u>\$ 3,767,385</u>

COUNTY OF MUSKEGON, MICHIGAN

**Combining Statement of Governmental Funds Revenues, Expenditures  
and Change in Fund Balances / Statement of Activities**  
Drainage Districts Component Unit  
For the Year Ended September 30, 2017

	Governmental Funds			Adjustments	Statement of Activities
	General Fund	Capital Projects	Total		
Expenditures / expenses:					
Construction and maintenance	\$ 2,122,146	\$ -	\$ 2,122,146	\$ (2,208,740)	\$ (86,594)
Debt service:					
Principal	918,000	-	918,000	(918,000)	-
Interest expense	23,099	-	23,099	14,255	37,354
Depreciation	-	-	-	118,100	118,100
Total expenditures / expenses	<u>3,063,245</u>	<u>-</u>	<u>3,063,245</u>		<u>68,860</u>
Program revenues:					
Charges for services	438,279	-	438,279	379,428	817,707
Capital grants and contributions	241,596	-	241,596	-	241,596
Total program revenues	<u>679,875</u>	<u>-</u>	<u>679,875</u>		<u>1,059,303</u>
Net program expenses	(2,383,370)	-	(2,383,370)		990,443
General revenues:					
Investment earnings	1,917	-	1,917	-	1,917
Other financing sources:					
Proceeds from issuance of notes	1,682,000	-	1,682,000	(1,682,000)	-
Change in fund balances / net position	(699,453)	-	(699,453)		992,360
Fund balances/net position, beginning of year	718,667	-	718,667	2,056,358	2,775,025
Fund balances/net position, end of year	<u>\$ 19,214</u>	<u>\$ -</u>	<u>\$ 19,214</u>		<u>\$ 3,767,385</u>

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## STATISTICAL SECTION

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**Statistical Section**

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

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**Statistical Section**

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Muskegon Area Transit System

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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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 41,019	\$ 40,463	\$ 40,525	\$ 42,982	\$ 48,399	\$ 53,894	\$ 51,938	\$ 38,123	\$ 28,841	\$ 24,984
Restricted	16,845	11,339	5,900	3,594	4,031	3,540	3,075	2,635	2,902	3,273
Unrestricted (deficit)	18,809	16,054	19,453	22,159	14,922	9,333	481	(50,027)	(61,197)	(69,365)
<b>Total Governmental Activities Net Position</b>	<b>\$ 76,673</b>	<b>\$ 67,856</b>	<b>\$ 65,878</b>	<b>\$ 68,735</b>	<b>\$ 67,352</b>	<b>\$ 66,767</b>	<b>\$ 55,494</b>	<b>\$ (9,269)</b>	<b>\$ (29,454)</b>	<b>\$ (41,108)</b>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 97,018	\$ 117,230	\$ 105,750	\$ 101,923	\$ 100,796	\$ 98,852	\$ 96,621	\$ 94,764	\$ 94,269	\$ 98,216
Restricted	3,783	4,119	2,898	-	-	-	-	-	-	-
Unrestricted	25,696	13,846	22,415	25,546	26,164	22,839	26,893	16,881	19,715	13,134
<b>Total Business-type Activities Net Position</b>	<b>\$ 126,497</b>	<b>\$ 135,195</b>	<b>\$ 131,063</b>	<b>\$ 127,469</b>	<b>\$ 126,960</b>	<b>\$ 121,691</b>	<b>\$ 123,514</b>	<b>\$ 111,645</b>	<b>\$ 113,984</b>	<b>\$ 111,350</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 138,037	\$ 157,693	\$ 146,275	\$ 144,905	\$ 149,195	\$ 152,746	\$ 148,559	\$ 132,887	\$ 123,110	\$ 123,200
Restricted	20,628	15,458	8,798	3,594	4,031	3,540	3,075	2,635	2,902	3,273
Unrestricted (deficit)	44,505	29,900	41,868	47,705	41,086	32,172	27,374	(33,146)	(41,482)	(56,231)
<b>Total Primary Government Net Position</b>	<b>\$ 203,170</b>	<b>\$ 203,051</b>	<b>\$ 196,941</b>	<b>\$ 196,204</b>	<b>\$ 194,312</b>	<b>\$ 188,458</b>	<b>\$ 179,008</b>	<b>\$ 102,376</b>	<b>\$ 84,530</b>	<b>\$ 70,242</b>

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 years 2008 to 2009 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.

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES</b>										
Governmental activities:										
General county government	\$ 28,034	\$ 30,784	\$ 16,706	\$ 16,871	\$ 15,746	\$ 17,148	\$ 20,492	\$ 30,567	\$ 32,686	\$ 16,694
Judicial	8,437	8,531	8,649	8,443	8,299	8,390	9,042	8,517	9,784	15,002
Public safety	13,428	13,473	13,359	13,759	15,180	18,348	17,491	16,461	18,679	20,590
Health	108,059	113,687	102,097	105,761	104,068	106,364	83,550	78,245	78,303	86,117
Welfare	12,329	14,015	14,248	11,582	9,353	8,175	7,746	6,392	1,943	1,706
Legislative, cultural and recreation	2,661	2,774	1,849	3,249	3,980	1,697	1,631	1,581	1,613	1,715
Interest	875	736	692	721	684	1,133	2,904	3,096	2,984	2,905
<b>Total governmental activities expense</b>	<b>173,823</b>	<b>184,000</b>	<b>157,600</b>	<b>160,386</b>	<b>157,310</b>	<b>161,255</b>	<b>142,856</b>	<b>144,859</b>	<b>145,992</b>	<b>144,729</b>
Business-type activities:										
Brookhaven	-	-	15,333	17,253	15,441	15,155	13,113	13,776	13,413	13,660
Local government public works financing	-	-	1,097	1,465	1,370	1,321	1,285	1,252	935	759
Solid Waste	1,325	3,757	4,319	3,428	2,308	2,737	2,653	6,042	2,675	3,377
Airport Operations	2,493	2,530	2,494	2,822	2,569	3,039	2,874	2,803	2,690	2,578
Regional Water System	3,169	4,554	3,133	3,036	2,961	3,166	3,135	3,515	3,592	3,147
Muskegon Area Transit System	3,288	3,314	4,034	4,156	4,260	4,809	4,976	5,566	5,993	6,294
Wastewater Management System	16,531	17,162	15,097	17,373	16,442	16,638	17,326	16,514	17,152	18,261
Other proprietary funds	988	1,248	1,435	904	2,355	901	835	1,099	1,235	1,189
<b>Total business-type activities expenses</b>	<b>27,794</b>	<b>32,565</b>	<b>46,942</b>	<b>50,437</b>	<b>47,706</b>	<b>47,766</b>	<b>46,197</b>	<b>50,567</b>	<b>47,685</b>	<b>49,265</b>
<b>Total primary government expenses</b>	<b>\$ 201,617</b>	<b>\$ 216,565</b>	<b>\$ 204,542</b>	<b>\$ 210,823</b>	<b>\$ 205,016</b>	<b>\$ 209,021</b>	<b>\$ 189,053</b>	<b>\$ 195,426</b>	<b>\$ 193,677</b>	<b>\$ 193,994</b>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,408	\$ 5,308	\$ 5,347	\$ 5,293	\$ 4,722	\$ 5,577	\$ 5,390	\$ 6,061	\$ 6,208	\$ 6,470
Judicial	2,996	2,716	2,596	3,714	2,604	2,886	2,898	2,750	2,764	3,068
Public safety	903	797	534	877	858	1,606	1,749	965	1,700	2,286
Health	84,614	83,648	72,700	77,925	74,810	77,094	57,142	55,576	55,296	59,919
Other activities	1,134	1,348	1,265	1,103	2,456	1,170	1,188	1,263	1,341	1,356
Operating grants and contributions	34,958	34,476	37,929	35,764	31,528	29,703	26,797	26,538	21,739	23,492
Capital grants and contributions	-	-	-	-	383	693	673	940	555	403
<b>Total governmental activities program revenues</b>	<b>130,013</b>	<b>128,293</b>	<b>120,371</b>	<b>124,676</b>	<b>117,371</b>	<b>118,729</b>	<b>95,837</b>	<b>94,093</b>	<b>89,603</b>	<b>96,994</b>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Wastewater	\$ 15,970	\$ 13,816	\$ 12,043	\$ 13,816	\$ 16,466	\$ 18,247	\$ 18,091	\$ 18,077	\$ 19,088	\$ 19,320
Brookhaven	-	-	14,847	15,513	13,492	14,046	12,446	12,380	11,810	10,515
Other	9,117	12,366	11,898	13,136	11,870	12,206	12,432	12,511	12,742	11,961
Operating grants and contributions	6,111	4,116	1,809	3,622	1,305	2,037	2,102	4,672	4,734	5,386
Capital grants and contributions	734	10,165	1,227	1,065	5,377	3,379	4,622	4,303	1,138	645
Total business-type activities program revenues	<u>31,932</u>	<u>40,463</u>	<u>41,824</u>	<u>47,152</u>	<u>48,510</u>	<u>49,915</u>	<u>49,693</u>	<u>51,943</u>	<u>49,512</u>	<u>47,827</u>
Total primary government program revenues	<u>\$ 160,225</u>	<u>\$ 160,834</u>	<u>\$ 166,500</u>	<u>\$ 164,523</u>	<u>\$ 165,881</u>	<u>\$ 168,644</u>	<u>\$ 145,530</u>	<u>\$ 146,036</u>	<u>\$ 139,115</u>	<u>\$ 144,821</u>
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (43,810)	\$ (55,707)	\$ (35,710)	\$ (39,939)	\$ (39,939)	\$ (42,526)	\$ (47,019)	\$ (50,766)	\$ (56,389)	\$ (47,735)
Business-type activities	(633)	(6,479)	(8,613)	(554)	804	2,149	3,496	1,376	1,827	(1,438)
Total primary government net expense	<u>\$ (44,443)</u>	<u>\$ (62,186)</u>	<u>\$ (44,323)</u>	<u>\$ (40,493)</u>	<u>\$ (39,135)</u>	<u>\$ (40,377)</u>	<u>\$ (43,523)</u>	<u>\$ (49,390)</u>	<u>\$ (54,562)</u>	<u>\$ (49,173)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property/Liquor/Lodging taxes	\$ 29,559	\$ 28,981	\$ 28,600	\$ 27,914	\$ 26,599	\$ 26,812	\$ 27,717	\$ 28,290	\$ 27,233	\$ 28,534
State shared revenue	-	-	192	3,601	2,728	2,748	2,882	3,595	3,601	3,637
Investment earnings (loss)	1,718	1,027	282	222	256	(742)	1,627	1,204	743	250
Other revenue and transfers	13,481	16,883	6,954	6,830	8,973	13,162	7,024	4,265	4,627	3,660
Special item	-	-	-	-	-	-	(3,504)	-	-	-
Total governmental activities	<u>44,758</u>	<u>46,891</u>	<u>36,028</u>	<u>38,567</u>	<u>38,556</u>	<u>41,980</u>	<u>35,746</u>	<u>37,354</u>	<u>36,204</u>	<u>36,081</u>
Business-type activities:										
Investment earnings	1,515	783	283	359	349	-	-	-	-	-
Other revenue and transfers	(344)	18	(882)	(668)	(2,835)	(7,219)	(1,673)	(1,599)	(1,765)	(1,196)
Special item	-	-	-	-	-	-	-	-	2,277	-
Total business-type activities	<u>1,171</u>	<u>801</u>	<u>(599)</u>	<u>(309)</u>	<u>(2,486)</u>	<u>(7,219)</u>	<u>(1,673)</u>	<u>(1,599)</u>	<u>512</u>	<u>(1,196)</u>
Total primary government	<u>\$ 45,929</u>	<u>\$ 47,692</u>	<u>\$ 35,429</u>	<u>\$ 38,258</u>	<u>\$ 36,070</u>	<u>\$ 34,761</u>	<u>\$ 34,073</u>	<u>\$ 35,755</u>	<u>\$ 36,716</u>	<u>\$ 34,885</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 948	\$ (8,816)	\$ 318	\$ (1,372)	\$ (1,383)	\$ (546)	\$ (11,273)	\$ (13,412)	\$ (20,185)	\$ (11,654)
Business-type activities	538	(5,678)	(9,212)	(863)	(1,682)	(5,070)	1,823	(223)	2,339	(2,634)
Total primary government	<u>\$ 1,486</u>	<u>\$ (14,494)</u>	<u>\$ (8,894)</u>	<u>\$ (2,235)</u>	<u>\$ (3,065)</u>	<u>\$ (5,616)</u>	<u>\$ (9,450)</u>	<u>\$ (13,635)</u>	<u>\$ (17,846)</u>	<u>\$ (14,288)</u>

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 years 2008 to 2009 have not been retroactively adjusted for these reclassifications.

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

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
Reserved	\$ 589	\$ 589	\$ 589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,479	8,592	8,597	-	-	-	-	-	-	-
Nonspendable	-	-	-	2,914	2,738	2,528	3,838	1,577	1,320	1,076
Restricted	-	-	-	158	114	45	59	70	101	110
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	40	-	-	-	628	-
Unassigned	-	-	-	8,253	7,839	7,217	5,808	7,926	8,310	9,451
<b>Total general fund</b>	<b>\$ 9,068</b>	<b>\$ 9,181</b>	<b>\$ 9,186</b>	<b>\$ 11,325</b>	<b>\$ 10,731</b>	<b>\$ 9,790</b>	<b>\$ 9,705</b>	<b>\$ 9,573</b>	<b>\$ 10,359</b>	<b>\$ 10,637</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 1,445	\$ 1,405	\$ 1,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	13,218	9,245	5,761	-	-	-	-	-	-	-
Debt Service Funds	2,024	2,685	986	-	-	-	-	-	-	-
Capital Projects Funds	11,113	8,103	5,402	-	-	-	-	-	-	-
Permanent Funds	50	47	47	-	-	-	-	-	-	-
Nonspendable	-	-	-	1,193	1,134	1,072	1,084	1,005	989	929
Restricted	-	-	-	3,846	4,005	3,514	24,706	5,681	2,861	3,293
Committed	-	-	-	351	335	279	214	1,690	986	1,108
Assigned	-	-	-	2,962	1,512	5,210	379	51	291	270
Unassigned (deficit)	-	-	-	-	-	-	-	-	(2)	-
<b>Total all other governmental funds</b>	<b>\$ 27,850</b>	<b>\$ 21,485</b>	<b>\$ 13,385</b>	<b>\$ 8,352</b>	<b>\$ 6,986</b>	<b>\$ 10,075</b>	<b>\$ 26,383</b>	<b>\$ 8,427</b>	<b>\$ 5,125</b>	<b>\$ 5,600</b>
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 36,918</b>	<b>\$ 30,666</b>	<b>\$ 22,571</b>	<b>\$ 19,677</b>	<b>\$ 17,717</b>	<b>\$ 19,865</b>	<b>\$ 36,088</b>	<b>\$ 18,000</b>	<b>\$ 15,484</b>	<b>\$ 16,237</b>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 29,559	\$ 28,981	\$ 28,892	\$ 25,242	\$ 27,033	\$ 27,327	\$ 28,295	\$ 28,309	\$ 27,253	\$ 28,554
Operating grants and contributions	34,958	34,476	35,831	38,465	33,313	31,894	29,187	30,660	25,615	27,182
Charges for services	88,447	92,835	95,624	88,627	84,981	87,758	67,555	65,530	66,228	72,067
Other	8,302	12,646	8,947	9,441	7,248	7,040	6,653	3,898	3,956	3,581
<b>Total revenues</b>	<b>161,266</b>	<b>168,938</b>	<b>169,294</b>	<b>161,775</b>	<b>152,575</b>	<b>154,019</b>	<b>131,690</b>	<b>128,397</b>	<b>123,052</b>	<b>131,384</b>
<b>Expenditures</b>										
General county government	18,627	18,511	17,491	17,487	15,155	16,267	17,271	20,276	20,090	13,829
Judicial	8,410	8,503	8,636	8,578	8,075	7,938	8,287	8,384	8,615	13,971
Public safety	13,242	13,281	13,323	13,620	12,652	14,800	15,079	14,878	15,273	16,084
Health	107,987	113,626	114,349	105,454	102,830	105,231	81,715	76,579	74,199	81,885
Welfare	12,224	13,921	14,246	11,598	9,177	8,101	7,349	6,692	1,934	1,706
Other	2,455	2,570	2,142	2,941	4,063	1,251	1,296	1,285	1,243	1,167
Capital outlay	1,422	5,876	2,753	1,488	2,079	3,306	21,817	16,893	3,188	338
Debt service:										
Principal	1,715	11,475	4,160	1,470	1,375	1,690	1,745	1,800	1,840	695
Interest	873	736	691	739	669	625	1,490	2,386	2,330	2,265
<b>Total expenditures</b>	<b>166,955</b>	<b>188,499</b>	<b>177,791</b>	<b>163,375</b>	<b>156,075</b>	<b>159,209</b>	<b>156,049</b>	<b>149,173</b>	<b>128,712</b>	<b>131,940</b>
Excess of revenues under expenditures	(5,689)	(19,561)	(8,497)	(1,600)	(3,500)	(5,190)	(24,359)	(20,776)	(5,660)	(556)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	6,000	13,875	4,315	-	-	-	38,870	981	-	-
Proceeds from refunding	-	-	-	4,780	-	-	-	-	-	-
Payments to escrow agents	-	-	(4,356)	(4,638)	-	-	-	-	-	-
Transfers in	16,136	17,594	16,388	13,774	13,092	17,640	15,374	10,713	12,026	15,370
Transfers out	(15,602)	(18,187)	(15,967)	(14,415)	(11,567)	(10,302)	(13,701)	(9,174)	(8,888)	(14,217)
Sale of capital assets	7	26	23	7	15	-	39	168	6	156
<b>Total other financing sources (uses)</b>	<b>6,541</b>	<b>13,308</b>	<b>403</b>	<b>(492)</b>	<b>1,540</b>	<b>7,338</b>	<b>40,582</b>	<b>2,688</b>	<b>3,144</b>	<b>1,309</b>
<b>Net change in fund balances</b>	<b>\$ 852</b>	<b>\$ (6,253)</b>	<b>\$ (8,094)</b>	<b>\$ (2,092)</b>	<b>\$ (1,960)</b>	<b>\$ 2,148</b>	<b>\$ 16,223</b>	<b>\$ (18,088)</b>	<b>\$ (2,516)</b>	<b>\$ 753</b>
Debt service as a percentage of noncapital expenditures	1.57%	6.73%	2.98%	1.36%	1.33%	1.48%	3.13%	3.15%	3.33%	2.25%

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)  
Schedule C-1

**Tax Revenues by Source, Governmental Funds**

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

*(in thousands of dollars)*

Fiscal Year	Property Taxes	Accommodations Tax	Liquor Tax	Total
2008	\$ 28,410	\$ 830	\$ 947	\$ 30,187
2009	27,932	747	910	29,589
2010	27,182	842	869	28,893
2011	26,106	854	953	27,913
2012	24,593	910	1,095	26,598
2013	24,624	915	1,273	26,812
2014	25,218	1,096	1,403	27,717
2015	25,674	1,153	1,463	28,290
2016	25,241	1,208	784	27,233
2017	26,541	1,226	767	28,534
Change 2008-2017	-6.6%	47.7%	-19.0%	-5.5%

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		
2008	\$ 5,255	\$ 414	\$ 5,669	\$ 4,233	\$ 414	\$ 4,647	6.70	81.97 %
2009	5,072	417	5,489	4,297	418	4,715	6.70	85.90
2010	4,798	422	5,220	4,142	422	4,564	6.70	87.43
2011	4,508	435	4,943	4,007	435	4,442	6.70	89.86
2012	4,289	457	4,746	3,883	457	4,340	6.70	91.45
2013	4,145	465	4,610	3,799	465	4,264	6.70	92.49
2014	4,240	467	4,707	3,825	467	4,292	6.66	91.18
2015	4,382	484	4,866	3,867	484	4,351	6.64	89.42
2016	4,561	367	4,928	3,913	367	4,280	6.64	86.85
2017	4,801	339	5,140	3,999	339	4,338	6.90	84.40

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 107,519	1	2.45 %	\$ 121,611	1	2.62 %
DTE Energy	40,104	2	0.91	28,901	4	0.62
Alcoa Howmet	21,023	3	0.48	57,658	2	1.24
Michigan Electric Transmission Co	16,868	4	0.38	—	—	—
THF Fruitport Development LP	14,890	5	0.34	17,031	8	0.37
The Lakes Mall LLC	13,765	6	0.31	—	—	—
Meijer Inc	13,745	7	0.31	19,829	7	0.43
G&I VIII Lakeshore	11,875	8	0.27	—	—	—
L3 Communications Corp	11,228	9	0.26	16,523	9	0.36
Diversified Machine Montague Inc	10,387	10	0.24	23,893	5	0.51
Sappi Paper Products	—	—	—	35,154	3	0.76
Sun Chemical of Michigan LLC	—	—	—	22,989	6	0.49
Johnson Technology Inc	—	—	—	16,156	10	0.35
Total	<u>\$ 261,404</u>		<u>5.95 %</u>	<u>\$ 359,745</u>		<u>7.75 %</u>

Source: Muskegon County Equalization Department

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)  
Schedule C-4

**Direct and Overlapping Property Tax Rates**

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	County / Veterans / Museum / Central Dispatch			Overlapping Rates						Grand Total Direct & Overlap Rates
	Operating Millage (1)	Debt Millage (2)	Total Millage	City / Township / Village			School Districts / Authorities / College			
				Operating Millage	Debt Millage	Total Millage	Operating Millage (3)	Debt Millage	Total Millage	
2008	6.40	0.30	6.70	6.98	—	6.98	20.95	7.00	27.95	41.63
2009	6.40	0.30	6.70	NLP	—	—	NLP	7.00	7.00	13.70
2010	6.40	0.30	6.70	NLP	—	—	NLP	7.00	7.00	13.70
2011	6.40	0.30	6.70	NLP	—	—	NLP	—	—	6.70
2012	6.40	0.30	6.70	NLP	—	—	NLP	—	—	6.70
2013	6.40	0.30	6.70	NLP	—	—	NLP	—	—	6.70
2014	6.40	0.26	6.66	NLP	—	—	NLP	—	—	6.70
2015	6.40	0.24	6.66	NLP	—	—	NLP	—	—	6.70
2016	6.40	0.24	6.64	NLP	—	—	NLP	—	—	6.64
2017	6.90	-	6.90	NLP	—	—	NLP	—	—	6.90

Source: Equalization Department

<sup>(1)</sup> Museum, Veterans, and Central dispatch operating millage equals between .08 and .50 mills

<sup>(2)</sup> County debt was issued for the renovation of a performing arts complex

<sup>(3)</sup> Authority operating millage equals between .30 and .75 operating mills

NLP: No longer provided

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
2008	\$ 25,301,393	\$ 23,306,986	92.12 %	\$ 1,994,407	\$ 25,301,393	100.0 %
2009	25,599,033	24,000,311	93.75	1,598,722	25,599,033	100.0
2010	24,931,584	23,448,461	94.05	1,483,032	24,931,493	100.0
2011	24,144,272	22,746,182	94.21	1,398,090	24,144,272	100.0
2012	23,354,910	22,099,374	94.62	1,255,536	23,354,910	100.0
2013	23,147,059	21,913,027	94.67	1,234,032	23,147,059	100.0
2014	23,258,806	22,121,481	95.11	1,137,325	23,258,806	100.0
2015	23,697,065	22,649,128	95.58	1,047,937	23,697,065	100.0
2016	23,470,658	22,408,239	95.47	1,062,419	23,470,658	100.0
2017	24,558,418	23,805,722	96.94	N/A	23,805,722	96.9

Source: Muskegon County Treasurer's Office  
2017 Tax Levy is an estimate and subject to change  
N/A = Information not available

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)  
Schedule D-1

**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Debt	Building Authority Bonds	Revenue Bonds	General Obligation Bonds	Local Govt Public Works Bonds	Delinquent Tax Notes			
	(2)		(3)					(1)	(1)	
2008	\$ 10,430	\$ -	\$ 7,035	\$ 59,717	\$ -	\$ 34,605	\$ 12,500	\$ 124,287	2.54	\$ 714.93
2009	7,725	-	12,345	72,449	-	33,990	14,500	141,009	3.00	816.24
2010	13,910	-	10,870	89,542	-	31,020	14,500	159,842	3.29	928.87
2011	12,875	95	10,685	87,055	-	30,035	15,500	156,245	3.06	912.10
2012	11,510	2,104	10,415	82,718	-	28,965	16,000	151,712	2.81	891.47
2013	10,200	1,414	9,860	78,383	-	27,845	16,000	143,702	2.59	840.32
2014	53,847	1,167	9,285	74,382	-	26,700	16,008	181,389	3.27	1,060.70
2015	54,847	428	8,685	70,206	3,892	26,078	16,419	180,555	3.19	1,047.64
2016	53,052	653	8,065	65,649	3,877	24,689	16,064	172,049	2.88	995.71
2017	52,286	677	7,415	60,972	3,706	19,325	16,000	160,381	2.59	924.88

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

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

(2) Includes Building Authority unlimited tax bonds

(3) Includes Building Authority limited tax bonds

**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years

*(dollars in thousands, except per capita)*

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Building Authority Bonds	Total		
2008	\$ 10,430	\$ 7,035	\$ 17,465	0.39	\$ 100.52
2009	7,725	11,315	19,040	0.41	109.52
2010	13,910	10,870	24,780	0.53	143.44
2011	12,875	10,685	23,560	0.52	136.92
2012	11,510	10,415	21,925	0.51	127.99
2013	10,200	9,860	20,060	0.47	117.30
2014	53,847	9,285	63,132	1.47	366.31
2015	54,847	8,685	63,532	1.46	368.63
2016	53,052	8,065	61,117	1.43	353.71
2017	52,286	7,415	59,701	1.38	344.28

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.

**Direct and Overlapping Governmental Activities Debt**  
As of September 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt:			
School Districts (K-12)	\$ 577,861,372	62.497%	\$ 361,145,937
Cities, Villages, and Townships	73,916,560	100.000%	73,916,560
Muskegon Community College	27,150,000	100.000%	27,150,000
Hackley Public Library	2,635,000	100.000%	2,635,000
White Lake Community Library	355,000	100.000%	355,000
Ottawa Area Intermediate School District	2,415,000	1.240%	29,946
Newaygo Area Intermediate School District	995,000	3.210%	31,940
Subtotal, overlapping debt			<u>465,264,383</u>
County direct debt, governmental activities			<u>60,377,948</u>
Total direct and overlapping debt			<u><u>\$ 525,642,331</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 2017

Assessed value (000s)	\$5,139,730
Debt limit percentage	10%
Debt limit (10% of SEV)	<u>\$ 513,973</u>
Debt applicable to limit:	
General obligation bonds (1)	55,992
Other debt	677
Building authority bonds (2)	7,415
Revenue bonds	60,972
Local Govt Public Works Finance	19,325
Delinquent tax notes	<u>16,000</u>
Total net debt applicable to limit	<u>160,381</u>
Legal debt margin	<u><u>\$ 353,592</u></u>

		Fiscal Year									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	(a)	\$ 566,879	\$ 548,943	\$ 522,120	\$ 494,300	\$ 474,649	\$ 461,026	\$ 470,692	\$ 486,642	\$ 492,865	\$ 513,973
Total net debt applicable to limit	(b)	<u>104,790</u>	<u>134,787</u>	<u>140,510</u>	<u>156,245</u>	<u>151,712</u>	<u>143,702</u>	<u>181,389</u>	<u>180,555</u>	<u>172,049</u>	<u>160,381</u>
Legal debt margin available	(a-b)	<u>\$ 462,089</u>	<u>\$ 414,156</u>	<u>\$ 381,610</u>	<u>\$ 338,055</u>	<u>\$ 322,937</u>	<u>\$ 317,324</u>	<u>\$ 289,303</u>	<u>\$ 306,087</u>	<u>\$ 320,816</u>	<u>\$ 353,592</u>
Total net debt applicable to limit as a percentage of debt limit	(b/a)	18.49%	24.55%	26.91%	31.61%	31.96%	31.17%	38.54%	37.10%	34.91%	31.20%
County net debt limit as a percentage of total State Equalized Value (1)		1.85%	2.46%	2.69%	3.16%	3.20%	3.12%	3.85%	3.71%	3.49%	3.12%

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)			
2008	\$ 13,832	\$ 2,138	\$ -	\$ 532	\$ 276	\$ 16,778	\$ 11,032	\$ 5,746	\$ 2,545	\$ 1,260	151
2009	13,816	1,854	276	184	55	16,185	11,551	4,634	2,315	1,293	128
2010	10,221	1,822	2	59	132	12,236	7,765	4,471	3,675	1,822	81
2011	11,048	2,768	96	83	-	13,995	9,672	4,323	2,959	1,408	99
2012	13,524	2,942	33	85	926	17,510	8,868	8,642	3,825	1,991	149
2013	14,854	3,348	45	77	152	18,476	8,695	9,781	3,840	1,585	180
2014	15,713	2,284	94	132	56	18,279	8,501	9,778	3,880	1,509	181
2015	15,649	2,288	140	195	65	18,337	8,793	8,338	3,925	1,542	153
2016	16,553	2,495	41	229	289	19,607	9,615	9,992	3,970	1,479	183
2017	16,631	2,647	42	224	560	20,104	10,544	9,560	4,180	1,386	172

(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	2017			2008		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Mercy Health Partners	4,372	1	6.0 %	3,245	1	4.0 %
Alcoa Howmet	2,355	2	3.2	2,498	2	3.1
County of Muskegon	1,089	3	1.5	1,245	3	1.5
Meijer	900	4	1.2	—		—
ADAC Automotive	887	5	1.2	511	8	0.6
Hines Corporation Companies	681	6	0.9	—		—
Chassix (Diversified Machine, Inc.)	601	7	0.8	—		—
Port City Group	600	8	0.8	—		—
GE Aviation	600	9	0.8	485	9	0.6
Wesco	557	10	0.8	—		—
Muskegon Public Schools	—		—	878	4	1.1
Plumb's Foods	—		—	850	5	1.1
Muskegon Correctional Facility	—		—	847	6	1.1
L3 Communications	—		—	530	7	0.7
Knoll	—		—	475	10	0.6
<b>Total</b>	<b>12,642</b>		<b>17.3 %</b>	<b>11,564</b>		<b>14.4 %</b>

(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 2008 Comprehensive Annual Financial Report

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)  
Schedule E-2

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)
2007	173,738	\$ 4,765,807	\$ 27,431	35.5	31,488	7.1
2008	173,846	4,898,789	28,233	35.5	30,713	8.5
2009	172,755	4,705,478	27,984	35.5	30,977	14.5
2010	171,969	5,006,786	29,114	38.2	30,021	13.5
2011	170,021	5,234,139	30,785	38.2	29,243	10.2
2012	170,182	5,392,301	31,685	38.2	28,787	8.8
2013	171,008	5,541,481	32,405	37.2	28,347	9.0
2014	172,344	5,662,490	32,856	39.0	27,905	7.4
2015	172,790	5,979,311	34,604	39.1	27,586	5.6
2016	173,408	6,180,403	35,641	39.0	27,723	5.2

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Legislative										
Board of Commissioners	11	11	11	11	11	11	9	9	9	9
General Government										
Administration	9	8	9	4	6	7	8	9	7	7
Economic Development	-	-	-	-	-	-	-	-	-	1
County Clerk/Circuit Court Records	15	15	15	14	14	14	14	17	15	15
Prosecutor's Office	34	33	32	31	32	27	27	28	28	27
Treasurer's Office	10	10	10	9	9	9	9	10	9	13
Equalization	25	24	24	23	20	20	19	21	20	20
Register of Deeds	9	9	9	8	8	8	9	9	8	8
Drain Commissioner	5	4	4	4	6	11	11	11	9	7
Accounting/Budget	9	9	9	10	7	8	9	9	8	8
Human Resources	5	6	6	3	3	3	2	3	3	2
Purchasing	4	3	3	3	3	2	-	-	-	-
Office Services	3	3	3	3	2	2	2	2	2	2
Information Systems	8	8	8	8	7	5	5	5	6	8
Risk Management	8	9	9	8	8	10	9	10	10	10
Facilities Management	18	16	16	15	15	13	13	13	13	12
Judicial										
Circuit Court	22	22	22	22	23	23	24	23	24	25
District Court	63	63	64	65	64	63	63	65	64	61
Family Court	78	80	81	69	66	66	69	77	74	76
Probate Court	7	7	7	7	7	7	7	7	7	7
Public Defender	-	-	-	-	-	-	16	16	16	16
Public safety										
Sheriff	135	134	135	134	125	122	119	122	117	118
Animal Licensing	-	-	-	-	-	4	4	4	3	2
Courtroom Security	9	8	8	8	8	9	9	9	10	10
Community Corrections	8	8	8	5	6	4	4	4	4	4
Emergency Services	2	2	2	2	2	1	2	2	2	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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Health										
Public Health	86	87	87	81	83	72	75	65	59	58
Mental Health	333	341	346	342	350	370	402	400	359	409
Brookhaven Medical Care	274	270	268	269	269	270	207	170	174	194
Water system	2	2	2	3	3	3	3	3	3	3
Wastewater	57	57	57	54	52	54	55	53	46	46
Solid Waste	13	14	13	14	14	15	15	15	15	16
Welfare										
Child Haven	16	16	16	16	16	16	16	16	16	-
Juvenile Detention Center	27	27	27	29	36	37	37	37	35	40
Workforce Development	23	23	24	12	14	14	70	65	-	-
Cultural										
MSU Cooperative Extension	1	1	1	1	1	1	1	1	-	-
District Library	-	-	-	-	-	-	-	-	-	-
Parks and Recreation										
County Parks	22	22	22	22	22	22	22	23	22	22
Convention/Visitor's Bureau	7	8	8	6	6	6	7	8	6	7
Airport	13	12	13	12	13	12	12	11	11	10
Transit	46	46	46	54	55	58	65	73	73	73
<b>Total</b>	<b>1,417</b>	<b>1,418</b>	<b>1,425</b>	<b>1,382</b>	<b>1,386</b>	<b>1,399</b>	<b>1,450</b>	<b>1,425</b>	<b>1,287</b>	<b>1,347</b>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety Police</b>										
Bookings	10,475	9,567	8,743	8,436	8,654	8,149	7,981	7,889	9,038	8,213
Traffic Stops	2,025	2,135	1,964	2,147	3,160	3,512	2,543	2,677	3,278	2,030
Verbal Warnings	1,421	1,747	2,130	2,419	2,788	2,823	1,874	1,997	2,393	1,477
Citations	2,082	1,393	1,721	1,377	1,299	1,693	1,336	1,069	1,137	1,056
<b>Public Safety-Corrections</b>										
Average Daily Jail Population	403	401	403	401	407	405	403	407	453	532
Avg Population as Pct of Capacity	109%	108%	109%	108%	110%	109%	109%	110%	81%	98%
<b>Sanitation</b>										
Refuse collected (tons)	147,484	104,984	128,850	137,467	102,729	109,580	115,089	142,467	174,385	148,295
Recyclables collected (tons)	16	18	79	65	63	44	76	101	95	99
<b>Water</b>										
New connections	91	70	194	61	60	48	46	57	61	45
Average daily consumption (thousands of gallons)	560	1,108	520	1,195	1,216	1,159	1,112	1,122	1,111	1,117
<b>Wastewater</b>										
Average daily sewer treatment (million gallons)	20	16	13	12	12	12	12	12	12	12
<b>District Court</b>										
Cases filed	47,631	42,527	39,993	34,796	36,868	36,656	37,588	36,304	33,017	32,583
Cases disposed	47,584	45,331	40,937	39,045	40,789	39,152	38,399	42,049	38,422	37,621
Cases pending	7,036	4,571	13,915	4,609	5,210	4,717	4,532	6,147	4,758	4,729
<b>Airport</b>										
Total landings / take-offs	62,538	58,137	47,373	37,017	34,599	31,383	32,675	31,518	25,659	27,050
Passengers	63,957	35,119	27,362	27,711	37,724	36,634	35,641	36,484	39,512	38,528
<b>Transit</b>										
Total Vehicle Miles	547,048	534,484	595,223	695,211	790,430	784,796	786,389	919,108	934,391	957,154
Total Revenue Miles	513,873	530,039	595,217	676,887	713,705	707,842	731,656	849,739	867,714	853,670
Total Passengers	611,162	617,828	641,416	739,283	719,908	731,633	708,461	652,037	581,742	557,281

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety-Sheriff Patrol Units	24	25	25	30	27	29	29	29	29	29
Public Safety-Corrections Jail Capacity	370	370	370	370	370	370	370	558	558	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)	91	66	63	70	73	73	73	71	70	67
Transit Number of Buses	22	17	17	21	24	37	37	37	36	36
Solid Waste Total Capacity (thousand cubic yards)	3,778	3,778	3,778	3,778	3,778	3,778	3,819	3,819	4,685	4,685
Remaining Capacity (thousand cubic yards)	1,952	1,816	1,695	1,596	1,517	1,388	1,231	1,114	1,114	802
Remaining Capacity (percent of total)	51.7%	48.1%	44.9%	42.2%	40.2%	36.7%	32.2%	29.2%	23.8%	17.1%

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, 2017

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		
<b>U.S. Department of Transportation</b>									
Capital assistance - section 5307	20.507	MI-90-X670-02	\$ 3,409,841	\$ 95,732	\$ 95,732	\$ -	\$ -	\$ 3,270,577	\$ 43,532
Capital assistance - section 5307	20.507	MI-2016-027-00	2,233,702	1,260,820	1,260,820	-	-	891,941	80,941
Capital assistance - section 5307	20.507	MI-2017-022-00	2,139,547	920,926	920,926	-	-	-	1,218,621
Capital grant - section 5309 - facility development	20.500	MI-04-0069-01	451,440	73,251	73,251	-	-	378,189	-
Capital grant - CMAQ capital assistance/CMAQ marketing	20.507	MI-95-X094-02	1,035,379	206,379	206,379	-	-	513,190	315,810
Passed through Michigan Department of Transportation:									
Section 5310 Enhanced Mobility	20.513	2012-0138/P013R1	80,000	2,541	2,541	-	-	11,406	66,053
Section 5310 Enhanced Mobility	20.513	2017-0104-P001	120,000	120,000	120,000	-	-	-	-
FTA/MDOT Section 5317 New Freedom (bus shelters)	20.521	2012-0138/P20/R1	200,000	-	-	-	-	120,000	80,000
Section 5339 Bus and Facilities Formula	20.526	2012-0138-P018	161,009	17,785	17,785	-	-	31,260	111,964
<b>Total U.S. Department of Transportation</b>				<b>2,697,434</b>	<b>2,697,434</b>	<b>-</b>	<b>-</b>	<b>5,216,563</b>	<b>1,916,921</b>
<b>Michigan Department of Transportation</b>									
Operating Assistance - formula funding	N/A	FY17	1,188,634	1,188,634	-	1,188,634	-	-	-
Operating Assistance - prior years	N/A	Prior Years	77,534	77,534	-	77,534	-	-	-
Project Administration/facility development	N/A	07-0264/Z22-R2	112,860	18,313	-	18,313	-	94,547	-
Preventative maintenance/support vehicles/support equipment	N/A	12-0138/P007-R2	322,000	23,933	-	23,933	-	287,183	10,884
CMAQ Marketing/acquire replacement bus	N/A	12-0138/P009 R2	168,845	21,595	-	21,595	-	68,297	78,953
Section 5310 Enhanced Mobility Match	N/A	12-0138/P013 R1	20,000	635	-	635	-	2,851	16,514
Section 5339 Bus and Facilities Formula Match	N/A	12-0138/P018	40,252	4,446	-	4,446	-	7,815	27,991
Section 5310 Enhanced Mobility	N/A	17-0104/P001	30,000	30,000	-	30,000	-	-	-
Specialized Services	N/A	17-0104/P002	65,499	49,119	-	49,119	-	-	16,380
Section 5307 Match	N/A	17-0104/P003	306,896	138,651	-	138,651	-	-	168,245
Section 5310 New Freedom Program Match/bus stop improvements	N/A	12-0138/P020/R1	50,000	-	-	-	-	30,000	20,000
Specialized Services	N/A	12-0138/P021	65,499	16,380	-	16,380	-	49,119	-
Section 5307 Match	N/A	12-0138/P022	120,235	6,740	-	6,740	-	93,260	20,235
<b>Total Michigan Department of Transportation</b>				<b>1,575,980</b>	<b>-</b>	<b>1,575,980</b>	<b>-</b>	<b>633,072</b>	<b>359,202</b>
<b>Total Expenditures of Federal and State Awards</b>				<b>\$ 4,273,414</b>	<b>\$ 2,697,434</b>	<b>\$ 1,575,980</b>	<b>\$ -</b>	<b>\$ 5,849,635</b>	<b>\$ 2,276,123</b>

# COUNTY OF MUSKEGON, MICHIGAN

## Muskegon Area Transit System Fund

### Schedule 4E

### Urban Regular Service Expense Report

For the Year Ended September 30, 2017

	Operations	Maintenance	General Administration	Total System
<b>Operating expenses</b>				
<b>Labor</b>				
Salaries and wages - operators	\$ 1,641,442	\$ -	\$ 40,023	\$ 1,681,465
Salaries and wages - other	-	169,513	335,254	504,767
Fringe benefits	561,161	59,659	141,045	761,865
Other postemployment benefits	178,084	22,166	35,052	235,302
Pension - defined benefit	452,184	50,972	102,938	606,094
Pension - defined contribution	9,015	580	3,725	13,320
<b>Services</b>				
Advertising	50,000	-	51,216	101,216
Audit	-	-	6,068	6,068
Other services	-	13,137	20,224	33,361
<b>Materials and supplies</b>				
Fuel	295,928	-	-	295,928
Tires and tubes	69,522	-	-	69,522
Other materials and supplies	16,746	340,407	262,824	619,977
<b>Casualty and liability costs</b>				
Liability insurance	143,354	-	-	143,354
Other insurance	-	-	7,888	7,888
<b>Utilities</b>				
Utilities	-	-	110,436	110,436
<b>Miscellaneous</b>				
Travel, meetings and training	-	-	6,415	6,415
Association dues and subscriptions	-	-	16,920	16,920
<b>Equipment leases</b>				
Equipment leases	-	-	3,299	3,299
<b>Depreciation</b>				
Depreciation	932,549	-	59	932,608
<b>Total operating expenses</b>	<b>4,349,985</b>	<b>656,434</b>	<b>1,143,386</b>	<b>6,149,805</b>

continued...

# COUNTY OF MUSKEGON, MICHIGAN

## Muskegon Area Transit System Fund

### Schedule 4E

#### Urban Regular Service Expense Report

For the Year Ended September 30, 2017

	Operations	Maintenance	General Administration	Total System
<b>Ineligible expenses</b>				
Ineligible depreciation	\$ 932,549	\$ -	\$ -	\$ 932,549
Ineligible portion of association dues	-	-	2,143	2,143
Ineligible other postemployment benefit	83,998	10,128	19,901	114,027
Net pension expense not paid	269,889	30,598	61,394	361,881
Ineligible increase in compensated absences	-	-	6,920	6,920
Ineligible preventive maintenance	107,680	615,708	3,566	726,954
Ineligible expense with advertising	-	-	1,262	1,262
Expenses paid by capital contracts	170,000	-	207,975	377,975
<b>Total ineligible expenses</b>	<b>1,564,116</b>	<b>656,434</b>	<b>303,161</b>	<b>2,523,711</b>
<b>Total eligible expenses</b>				<b><u>\$ 3,626,094</u></b>
<b>Reconciliation of operating expenses to the financial statements</b>				
Operating expenses per above				\$ 6,149,805
Ineligible other postemployment benefit excluded from expense above				111
Ineligible net pension expense not paid excluded from expense above				317
Specialized services (state grant funding expense excluded)				65,499
Capital (state grant funding expense excluded)				47,327
Capital (federal grant funding expense excluded)				189,309
<b>Total expense (state reporting)</b>				<b>6,452,368</b>
Less: capital asset included above as an expense (preventive maintenance grant)				<u>(158,140)</u>
<b>Total financial statement expenses</b>				<b><u>\$ 6,294,228</u></b>
<b>Expenses as presented on the Statement of Revenues, Expenses, and Change in Fund Net Position</b>				
Operating expenses				\$ 6,294,228
Nonoperating expenses				<u>-</u>
<b>Total expense</b>				<b><u>\$ 6,294,228</u></b>

concluded

**Muskegon Area Transit System Fund**  
 Schedule 4N  
 Urban Regular Service Nonfinancial Report  
 For the Year Ended September 30, 2017

	Miles	Hours
<b>Linehaul</b>		
First Quarter	163,423	11,156
Second Quarter	163,179	11,157
Third Quarter	166,412	11,338
Fourth Quarter	170,010	11,593
	<u>663,024</u>	<u>45,244</u>
<b>Demand response</b>		
First Quarter	49,101	3,256
Second Quarter	47,154	3,194
Third Quarter	46,893	3,198
Fourth Quarter	47,401	3,224
	<u>190,549</u>	<u>12,872</u>
<b>Total operations</b>	<u><u>853,573</u></u>	<u><u>58,116</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, 2017

	Linehaul	Demand Response	Total
Passenger fares	\$ 329,165	\$ 66,902	\$ 396,067
Concessions	3,222	-	3,222
Advertising	39,476	-	39,476
Greyhound commissions	31,732	-	31,732
Building rental	113	-	113
Alternative fuel reimbursement	49,248	-	49,248
Local operating assistance	183,598	-	183,598
<b>Urban Regular Service Local Revenues - OAR Revenues</b>	<b>636,554</b>	<b>66,902</b>	<b>703,456</b>
<b>State Cash Grants/Reimbursements - OAR Revenues</b>			
FY2017 Formula Funding	981,127	207,507	1,188,634
12-0138/P009 R2 CMAQ Marketing (cap contract/operating)	21,595	-	21,595
17-0104/P001 Enhanced Mobility Match (cap contract/operating)	30,000	-	30,000
17-0104/P003 Section 5307 Match/Preventive Maint(cap/ops)	138,651	-	138,651
12-0138/P022 Section 5307 Match/Preventive Maint(cap/ops)	6,740	-	6,740
<b>State Cash Grants/Reimbursements - OAR Revenues</b>	<b>1,178,113</b>	<b>207,507</b>	<b>1,385,620</b>
<b>Plus OAR Excluded State Revenues (excluded Prior Year/Capital/Sp Svcs)</b>			
Prior Year Formula Funding	77,534	-	77,534
17-0104/P002 Specialized Services	49,119	-	49,119
12-0138/P021 Specialized Services	16,380	-	16,380
07-0264/Z022 R2 Capital Assistance Match	18,313	-	18,313
12-0138/P007 Capital Assistance Match	23,933	-	23,933
12-0138/P013 R1 Enhanced Mobility Match (Capital)	635	-	635
12-0138/P018 Bus and Facilities Formula Match (Capital)	4,446	-	4,446
<b>State Revenue on the Financial Statements</b>	<b>1,368,473</b>	<b>207,507</b>	<b>1,575,980</b>

continued...

# COUNTY OF MUSKEGON, MICHIGAN

## Muskegon Area Transit System Fund Schedule 4R Urban Regular Service Revenue Report For the Year Ended September 30, 2017

	Linehaul	Demand Response	Total
Federal Cash Grants/Reimbursements - OAR Revenues			
MI-2016-027-00 Assistance - Section 5307 - Formula 50%	\$ 1,028,990	\$ 204,865	\$ 1,233,855
MI-2016-027-00 Assist - Sec 5307 - Preventive Maint(cap/ops)	26,965	-	26,965
MI-2017-022-00 Assistance - Section 5307 - Formula 50%	288,129	78,199	366,328
MI-2017-022-00 Assist - Sec 5307 - Preventive Maint(cap/ops)	554,598	-	554,598
MI-95-X094-02 CMAQ Marketing (cap contract/operating)	206,379	-	206,379
2017-0104-P001 Enhanced mobility -Sec 5310 (cap contract/ops)	120,000	-	120,000
Federal Cash Grants/Reimbursements - OAR Revenues	2,225,061	283,064	2,508,125
Plus OAR Excluded Federal Revenues (excluded Capital)			
MI-90-X670-02 Capital Assistance - Section 5307	95,732	-	95,732
MI-04-0069-01 Capital Assistance - Section 5309	73,251	-	73,251
2012-0138-P013 Enhanced mobility - Section 5310	2,541	-	2,541
2012-0138-P018 Bus and Facilities Formula - Section 5339	17,785	-	17,785
Federal Revenue on the Financial Statements	2,414,370	283,064	2,697,434
Other revenue - OAR Revenues			
Interest income - OAR Revenues	457	-	457
<b>Total revenues - OAR Revenues and OAR Excluded Revenues</b>	<b>\$ 4,419,854</b>	<b>\$ 557,473</b>	<b>\$ 4,977,327</b>
Urban Regular Service / OAR Revenue Summary (from above)			
Urban Regular Service Local Revenues - OAR Revenues	\$ 636,554	\$ 66,902	\$ 703,456
State Cash Grants/Reimbursements - OAR Revenues	1,178,113	207,507	1,385,620
Federal Cash Grants/Reimbursements - OAR Revenues	2,225,061	283,064	2,508,125
Other revenue - OAR Revenues	457	-	457
<b>Total Urban Regular Service / OAR Revenues</b>	<b>\$ 4,040,185</b>	<b>\$ 557,473</b>	<b>\$ 4,597,658</b>

concluded

# COUNTY OF MUSKEGON, MICHIGAN

## Muskegon Area Transit System Fund

### Schedule 5

#### Operating Assistance Calculation

For the Year Ended September 30, 2017

State eligible expenses	
Labor	\$ 2,186,232
Fringe benefits	761,865
Other postemployment benefits	235,302
Pension	619,414
Advertising and other service	134,577
Audit	6,068
Materials and supplies	985,427
Casualty and liability costs	143,354
Other insurance	7,888
Utilities	110,436
Miscellaneous	23,335
Equipment leases	3,299
Depreciation	932,608 <sup>(2)</sup>
	<hr/>
Total expenses	6,149,805
Less ineligible expenses	
Ineligible depreciation	932,549 <sup>(2)</sup>
Ineligible portion of association dues	2,143
Ineligible other postemployment expense	114,027 <sup>(1)</sup>
Net pension expense not paid	361,881 <sup>(1)</sup>
Ineligible increase in compensated absences	6,920
Ineligible preventive maintenance	726,954 <sup>(3)</sup>
Ineligible expense with advertising	1,262 <sup>(4)</sup>
Other expense paid by capital contract	377,975 <sup>(3)</sup>
	<hr/>
Total ineligible expenses	2,523,711
	<hr/>
State eligible expenses	\$ 3,626,094
	<hr/>
State operating assistance - 32.78%	\$ 1,188,634
	<hr/>

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

2007 Central Service Cost Allocation Plan (submitted June 2008)

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

<sup>(2)</sup> The eligible depreciation expense of \$59 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.

<sup>(3)</sup> Operating expense of \$1,104,929 were subtracted out as ineligible (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.

<sup>(4)</sup> There were no operating expenses incurred generating revenue in PTMS codes 406 and 407 except for \$1,262 paid for production of advertising material which is excluded as ineligible operating expense.

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# COUNTY OF MUSKEGON, MICHIGAN

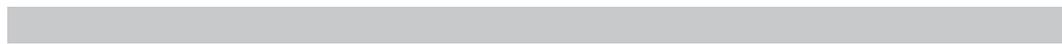
## Muskegon Area Transit System Fund

### Schedule 6

### Annual OPEB Cost and Net OPEB Obligation Schedule

For the Year Ended September 30, 2017

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



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

# COUNTY OF MUSKEGON, MICHIGAN

## Muskegon Area Transit System Fund

### Schedule 7

#### Pension Cost, Net Pension Liability and Deferred Items

For the Year Ended September 30, 2017

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

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