

MASON COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2016

CONTENTS

	FINANCIAL STATEMENTS PAGE	SUPPLEMENTARY INFORMATION PAGE
INDEPENDENT AUDITORS' REPORT	1-2	
MANAGEMENT'S DISCUSSION AND ANALYSIS		3-9
BASIC FINANCIAL STATEMENTS - OVERVIEW		
Description		11
Statement of Net Position	12-13	
Statement of Activities	14-15	
Balance Sheet – Governmental Funds	16-17	
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19	
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20-21	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23	
Statement of Net Position – Proprietary Funds	24-27	
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	28-29	
Statement of Cash Flows – Proprietary Funds	30-33	
Statement of Net Position – Fiduciary Funds	35	
Statement of Net Position – Discretely Presented Component Units	36-37	
Statement of Activities – Discretely Presented Component Units	38-39	
Notes to Financial Statements	41-76	
REQUIRED SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Governmental Funds – General and Special Revenue		78-79
Schedule of Changes in Net Pension Liability and Schedule of Contributions - last 10 years – County and Component Units		80-89
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS		
GENERAL FUND		
Description		91
Balance Sheet	92	
Statement of Revenues, Expenditures and Changes in Fund Balance	93	
Statement of Revenues – Budget and Actual	94	
Statement of Expenditures – Budget and Actual	95-96	
SPECIAL REVENUE FUNDS		
Description		97
Combining Balance Sheet	98-105	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	106-113	

C O N T E N T S - C o n c l u d e d

	FINANCIAL STATEMENTS PAGE	SUPPLEMENTARY INFORMATION PAGE
CAPITAL PROJECTS FUNDS		
Description		115
Combining Balance Sheet	116	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	117	
INTERNAL SERVICE FUNDS		
Description		119
Combining Balance Sheet	120-121	
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	122-123	
Combining Statement of Cash Flows	124-125	
Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to the Combining Balance Sheet	126	
ENTERPRISE FUNDS		
Description		127
Combining Balance Sheet	128-129	
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	130-131	
Combining Statement of Cash Flows	132-133	
Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to the Combining Balance Sheet	134	
FIDUCIARY FUNDS		
Description		135
Combining Balance Sheet	137	
GENERAL LONG-TERM DEBT ACCOUNT GROUP		
Description		139
Statement of General Long-Term Debt Account Group	141	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		
	143-144	
INDEPENDENT AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS		
		145-147



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Mason County, Michigan
Ludington, 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 Mason, Michigan, as of and for the year ended December 31, 2016, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mason County Road Commission. The Mason County Road Commission represents 90% of the assets, 94% of fund balance, and 85% of the revenues of the component unit fund type. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mason County Road Commission, is based solely on the report of the other auditor. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

Opinions

In our opinion, based on our audit and the report of the other auditor, 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 Mason, Michigan, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3-9 and budgetary comparison information, pension liability and contribution schedules on pages 78-89, 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 inquires 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 of Mason, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017, on our consideration of the County of Mason, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe to 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 of Mason, Michigan's internal control over financial reporting and compliance.



Certified Public Accountants

East Lansing, Michigan
June 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Mason, we offer this narrative overview and analysis of the financial activities of the County, including limited information pertaining to the separately audited Road Commission for the year ended December 31, 2016. For more detailed information, the Road Commission's separately issued financial statements may be obtained from their administrative office. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Financial Highlights

- * The assets of the County primary government exceeded its liabilities at the close of fiscal year by \$50,991,825.90 (*Net Position*). Of this amount \$15,215,222.63 (*unrestricted Net Position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The County's total Net Position increased by \$1,814,807.67 compared to 2015.
- * As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue funds, debt service and capital projects funds) reported combined ending fund balances of \$20,317,979.24 an increase of \$960,618.27 in comparison with the prior year. Of the fund balance amount, \$14,750,863.56 is *available for spending* at the government's discretion (*unassigned and assigned fund balance*.)
- * The general fund had an excess of revenues over expenditures and other financing uses of \$328,862.12 for 2016. At the end of the year, unassigned fund balance for the general fund was \$2,599,670.62 or approximately 19.4% of total general fund expenditures and net operating transfers out. Total fund balance for the general fund was \$8,176,697.77.
- * The County's total bonded debt decreased by \$300,000.00 during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Reporting the County as a Whole

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *Net Position* and changes in them. One can think of the County's Net Position – the difference between assets and liabilities – as one way to measure the County's financial health or *financial position*. Over time, *increases or decreases* in the County's Net Position are an indicator of whether its *financial health* is improving or deteriorating. During 2016, the Net Position of the County increased by \$1,814,807.67 compared to 2015. The Statement of Net Position and the Statement of Activities present information about the following:

Governmental activities. All of the County’s basic services are considered to be governmental activities, including legislative, judicial, general government administration, public safety, public works, health and welfare, recreation and cultural, and other activities. Property taxes, intergovernmental revenue, and charges for services finance most of these activities.

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections, airport, and the sewer system.

Component units. The County includes four legally separate entities in its financial statements: the Mason County District Library, the Mason County Drain Commission, Lake Improvement Districts, and the Mason County Road Commission. Although legally separate, these “component units” are important because the County is financially accountable for them.

Financial Statements for these *component units* are reported separately from the financial information presented for the primary government itself. The Mason County Department of Public Works and the Mason County Building Authority, although legally separate, function for all practical purposes as departments of the County, and therefore have been included as an integral part of the primary government.

The government-wide statement of Net Position and Statement of Activities can be found on pages 12-15 of this report.

Reporting the County’s Most Significant Funds

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money. The County’s two primary kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental funds. Most of the County’s basic services are reported in governmental funds, which focus on how money flows in to and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the County’s general governmental operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because the focus of the 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*.

The County maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund, jail operations, and public improvement, each of which are considered to be major funds. Data for the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

Proprietary funds. The County maintains two different types of 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 delinquent tax operations, airport, public works, medical care facility, and park operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for payroll fringe benefits and insurance costs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements. At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Mason County's Changes in Net Position

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2015	2016	2015	2016	2015	2016
Revenues						
Program revenues:						
Charges for services	\$ 1,469,502.21	\$ 1,533,266.59	\$11,727,023.61	\$12,333,723.59	\$13,196,525.82	\$ 13,866,990.18
Operating grants and contributions	1,895,548.83	2,249,929.35	0.00	0.00	1,895,548.83	2,249,929.35
Capital grants and contributions	0.00	0.00	108,097.97	97,254.82	108,097.97	97,254.82
General revenues:						
Property taxes and special assessments	10,491,048.37	10,959,531.61	1,629,806.45	1,668,839.55	12,120,854.82	12,628,371.16
Investment earnings	275,453.70	184,878.41	70,145.36	54,611.59	345,599.06	239,490.00
Gain (Loss) on sale of fixed assets	12,879.00	139,183.10	(2,250.00)	0.00	10,629.00	139,183.10
Other revenues	644,836.82	31,537.72	537,034.05	462,492.58	1,181,870.87	494,030.30
Transfers	3,293,098.79	1,464,450.00	(3,293,098.79)	(1,464,450.00)	0.00	0.00
Total revenues	18,082,367.72	16,562,776.78	10,776,758.65	13,152,472.13	28,859,126.37	29,715,248.91
Expenses						
Legislative	415,308.01	414,801.95	0.00	0.00	415,308.01	414,801.95
Judicial	2,067,431.03	2,213,835.03	0.00	0.00	2,067,431.03	2,213,835.03
General government administration	3,138,703.30	3,536,244.70	0.00	0.00	3,138,703.30	3,536,244.70
Public safety	5,664,702.42	5,667,517.43	0.00	0.00	5,664,702.42	5,667,517.43
Public works	49,186.98	53,538.75	0.00	0.00	49,186.98	53,538.75
Health and welfare	1,973,099.11	1,761,327.72	0.00	0.00	1,973,099.11	1,761,327.72
Parks, recreation, and cultural	168,575.18	131,850.52	0.00	0.00	168,575.18	131,850.52
Miscellaneous	88,096.81	134,176.62	0.00	0.00	88,096.81	134,176.62
Interest on long-term debt	0.00	0.00	0.00	0.00	0.00	0.00
Delinquent tax collections and other Business-type activities	0.00	0.00	12,737,969.94	13,973,840.75	12,737,969.94	13,973,840.75
Total Expenses	13,565,102.84	13,913,292.72	12,737,969.94	13,973,840.75	26,303,072.78	27,887,133.47
Increase in net position	4,517,264.88	2,649,484.06	(1,961,211.29)	(821,368.62)	2,556,053.59	1,828,115.44
Net Position, beginning of year	34,219,761.42	29,389,129.05	23,956,341.16	19,787,889.18	58,176,102.58	49,177,018.23
Prior Period adjustment	(9,347,897.25)	(11,612.31)	(2,207,240.69)	(1,695.46)	(11,555,137.94)	(13,307.77)
Total Net Position, end of year	\$29,389,129.05	\$32,027,000.80	\$19,787,889.18	\$18,964,825.10	\$49,177,018.23	\$50,991,825.90

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 public works and airport operations. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for certain amounts on behalf of others. Fiduciary funds are used to account for the 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 these funds are *not* available to support the County's own programs. Amounts held by the County's fiduciary funds are reported in a separate Combining Balance Sheet of Fiduciary Funds. The accounting used in fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Additional Information

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

The combining statements referred to earlier in connection with nonmajor governmental, enterprise and internal service funds are presented as listed in the table of contents.

Mason County's Net Position

	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Current and other assets	\$29,005,899.75	\$33,109,016.93	\$17,858,472.15	\$17,240,314.69	\$46,874,150.31	\$50,349,331.62
Noncurrent assets	15,567,351.18	14,604,423.12	9,814,514.14	9,783,101.93	25,611,865.32	24,387,525.05
Total Assets	44,573,250.93	47,713,440.05	27,672,986.29	27,023,416.62	72,486,015.63	74,736,856.67
Deferred outflows of resources	1,785,127.00	2,318,014.13	1,088,603.00	1,451,001.00	2,873,730.00	3,769,015.13
General obligation bonds and notes	0.00	0.00	600,000.00	300,000.00	600,000.00	300,000.00
Other liabilities	15,514,364.03	16,488,067.81	6,706,081.93	7,499,716.04	22,460,224.37	23,987,783.85
Total liabilities	15,514,364.03	16,488,067.81	7,306,081.93	7,799,716.04	23,060,224.37	24,287,783.85
Deferred inflows of resources	1,454,884.85	1,516,385.57	1,667,618.18	1,709,876.48	3,122,503.03	3,226,262.05
Net Position:						
Invested in capital assets, net of related debt	12,904,250.65	12,140,356.52	7,250,098.32	7,570,090.58	20,154,348.97	19,710,447.10
Unrestricted	16,484,878.40	19,886,644.28	12,537,790.86	11,394,734.52	29,022,669.26	31,281,378.80
Total Net Position	\$29,389,129.05	\$32,027,000.80	\$19,787,889.18	\$18,964,825.10	\$49,177,018.23	\$50,991,825.90

A portion of the County's net position, \$19,710,447.10 (38.7 percent), is its investment in capital assets (i.e. land, buildings, vehicles, equipment, and infrastructure), net of 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 assets, \$16,066,156.17 (31.5 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$15,215,222.63 (29.8 percent), may be used to meet the government's ongoing obligations to citizens and

creditors. The County's net position increased by \$1,814,807.67 during the current fiscal year - \$2,637,871.75 increase for governmental activities and a \$823,064.08 decrease for business-type activities.

Governmental activities. Governmental activities increased the County's net position by \$2,637,871.75. Key elements of this decrease are as follows:

- The self funded internal service funds had operating losses that were less than the amounts appropriated to those funds.
- The amount of the unfunded retiree health insurance liability decreased due to the full funding of Annual Required Contribution (ARC) requirements in 2016.
- Net transfers from the business-type activities to the governmental activities amounted to \$1,464,450.00.

Business-type activities. Net position of the County's business-type activities decreased \$823,064.08. This decrease in net position reflects that net transfers from the business-type activities to the governmental activities amounted to \$1,464,450.00.

As noted earlier, Mason 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the year ended December 31, 2016, the County's governmental funds reported combined ending fund balances of \$20,317,979.24 a increase of \$960,618.27 in comparison with the prior year. Of the fund balance amount, \$14,750,863.56 constitutes *unassigned and assigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the year, unassigned fund balance of the general fund was \$2,599,670.62, while total fund balance was \$8,176,697.77.

As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 19.4 percent of the total general fund expenditures.

The fund balance of the County's general fund increased by \$319,887.70 during the current fiscal year. This is primarily attributable to departments keeping their expenditures under budgeted amounts.

The final phase out of the Revenue Sharing Reserve Fund decreased the fund balance by \$327,112.35.

The Equipment Replacement Fund increased by \$231,945.31 and the Public Improvement Fund increased by \$422,231.12 as the County continued to follow its practice of earmarking funds to fund its five year capital improvement plan.

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

Unrestricted net position of the delinquent tax foreclosure, delinquent tax revolving, airport, public works operation and maintenance, medical care facility, and park operations funds at the end of the year amounted to \$1,020,815.79, \$4,105,589.85, \$2,348,974.31, \$2,121,306.51, \$8,795,635.15, and \$572,503.49, respectively. Factors concerning the finances of the delinquent tax fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) increased by \$1,071,100.00 from the original to the final budget. Property taxes, state grants, and reimbursements from zoning costs and 911 equipment were higher than anticipated.

The revised budget was supported by net expenditure (including transfers out) savings of \$263,293.22 as a result of expenditure savings in several departments and offices including contingency.

Capital Asset and Debt Administration

Capital Assets. As of December 31, 2016, the County’s investment in capital assets for its governmental activities amounted to \$12,140,356.52 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, and infrastructure. The total decrease in the County’s investment in governmental capital assets for the current fiscal year was 5.9 percent. The County’s business-type activities’ net capital assets increased by \$19,992.26.

Mason County’s Capital Assets

	<u>Governmental</u>	<u>Activities</u>
	<u>2015</u>	<u>2016</u>
Land and Improvements	\$ 1,020,892.59	\$ 1,006,012.59
Buildings and Improvements	17,497,639.60	17,648,961.60
Equipment and Vehicles	<u>2,652,213.14</u>	<u>2,329,719.32</u>
Subtotal	21,170,745.33	20,984,693.51
Less: Accumulated Depreciation	<u>(8,266,494.71)</u>	<u>(8,844,336.99)</u>
Total	<u>\$12,904,250.62</u>	<u>\$12,140,356.52</u>

Long-term debt. At December 31, 2016, the County had total bonded debt outstanding of \$300,000.00. Governmental fund debt accounts for \$0.00 and business-type debt accounts for \$300,000.00 of the total bonded debt outstanding.

Mason County’s Outstanding Debt

	<u>Governmental</u>	<u>Activities</u>	<u>Business-type</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Enterprise Funds Bonds	\$ 0.00	\$ 0.00	\$600,000.00	\$300,000.00	\$600,000.00	\$300,000.00
Total	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$600,000.00</u>	<u>\$300,000.00</u>	<u>\$600,000.00</u>	<u>\$300,000.00</u>

The County’s total debt decreased by \$300,000.00 (50 percent) during the year ended December 31, 2016. The County retired \$0.00 of general obligation bonds and retired \$300,000.00 of business-type bonds during 2016.

Debt requirements for general obligation bonds of \$0.00 and interest of \$0.00 are payable during 2017. Debt requirements for business-type bonds of \$300,000.00 and interest of \$11,400.00 are payable during 2017.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$204,185,670.00 which is significantly in excess of the County’s outstanding general obligation debt.

Economic Factors and next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for 2017:

- The uncertainty over the Federal and State's budget priorities will likely result in additional cuts in federal and state funding.
- A small increase in the Consumers Price Index will result in property tax revenue showing flat growth.
- Weak investment earnings will have a negative impact on revenue and the financial stability of retirement plans.
- Rising employee benefits costs will put pressure on expenditures.

Contacting the County Administrator

This management discussion and analysis is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mason County Administrator, 304 E. Ludington Avenue, Ludington, MI 49431.

THIS PAGE INTENTIONALLY BLANK

BASIC FINANCIAL STATEMENTS - OVERVIEW

The Basic Financial Statements provide information of the governmental activities, business-type activities, aggregate totals of discretely presented component units, major funds, and the aggregate remaining funds, which collectively comprise the activities of the County of Mason, Michigan.

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 15,368,740.26	\$ 7,303,464.70	\$ 22,672,204.96	\$ 2,558,242.81
Investments	12,459,396.72	5,324,958.02	17,784,354.74	0.00
Receivables				
Property taxes	1,506,603.54	3,086,396.96	4,593,000.50	866,082.00
Accounts (net of allowance for doubtful accounts)	95,935.30	273,136.27	369,071.57	13,957.00
Special assessments	0.00	3,243.39	3,243.39	280,374.99
Other	23,776.60	6,379.05	30,155.65	15.63
Due from other governmental units				
Federal/State	479,217.31	1,097,479.86	1,576,697.17	801,294.00
Local	42,797.64	55,773.23	98,570.87	122,348.06
Inventories	0.00	0.00	0.00	540,491.00
Land contract	108,000.00	0.00	108,000.00	0.00
Lease receivable	0.00	51,404.47	51,404.47	0.00
Due from other funds	17,799.03	0.00	17,799.03	0.00
Deposits	2,796,062.15	0.00	2,796,062.15	0.00
Prepayments	210,688.38	38,078.74	248,767.12	75,621.99
	TOTAL CURRENT ASSETS	17,240,314.69	50,349,331.62	5,258,427.48
Noncurrent assets				
Lease receivable	0.00	1,913,011.35	1,913,011.35	0.00
Advances to other funds	2,257,066.60	0.00	2,257,066.60	0.00
Land contract	207,000.00	0.00	207,000.00	0.00
Fixed assets not being depreciated	223,802.00	645,381.75	869,183.75	136,975.00
Fixed assets (net of accumulated depreciation)	11,916,554.52	7,224,708.83	19,141,263.35	38,313,166.90
	TOTAL NONCURRENT ASSETS	9,783,101.93	24,387,525.05	38,450,141.90
	TOTAL ASSETS	27,023,416.62	74,736,856.67	43,708,569.38
DEFERRED OUTFLOWS OF RESOURCES				
Deferred expenses	2,318,014.13	1,451,001.00	3,769,015.13	545,086.00
	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	28,474,417.62	78,505,871.80	44,253,655.38

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - Concluded
DECEMBER 31, 2016

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 450,812.60	\$ 254,431.08	\$ 705,243.68	\$ 108,495.02
Accrued liabilities	281,443.46	474,893.83	756,337.29	54,200.08
Accrued interest	0.00	2,850.00	2,850.00	0.00
Due to individuals/agencies	73,204.71	18,338.82	91,543.53	0.00
Due to other funds	11,433.75	6,365.28	17,799.03	32,670.06
Due to other governmental units				
Local	21,316.06	0.00	21,316.06	0.00
Unearned revenue	424,907.46	0.00	424,907.46	0.00
Bonds and notes payable	0.00	300,000.00	300,000.00	507,528.00
TOTAL CURRENT LIABILITIES	1,263,118.04	1,056,879.01	2,319,997.05	702,893.16
Noncurrent liabilities				
General obligation bonds and notes payable	0.00	0.00	0.00	1,079,770.00
Advances from other funds	0.00	2,257,066.60	2,257,066.60	418,820.00
Accrued post closure	634,161.00	0.00	634,161.00	0.00
Net Retiree Health Insurance Liability	623,455.18	0.00	623,455.18	354,974.00
Net Pension Liability	13,403,505.00	4,097,763.00	17,501,268.00	3,495,365.00
Compensated absences	563,828.59	388,007.43	951,836.02	68,486.00
TOTAL NONCURRENT LIABILITIES	15,224,949.77	6,742,837.03	21,967,786.80	5,417,415.00
TOTAL LIABILITIES	16,488,067.81	7,799,716.04	24,287,783.85	6,120,308.16
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	1,516,385.57	1,709,876.48	3,226,262.05	1,416,859.99
NET POSITION				
Net investment in capital assets	12,140,356.52	7,570,090.58	19,710,447.10	36,862,843.90
Restricted for County Roads	0.00	0.00	0.00	(458,568.00)
Restricted for special purposes	16,066,156.17	0.00	16,066,156.17	0.00
Unrestricted	3,820,488.11	11,394,734.52	15,215,222.63	312,211.33
TOTAL NET POSITION	32,027,000.80	18,964,825.10	50,991,825.90	36,716,487.23
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 50,031,454.18	\$ 28,474,417.62	\$ 78,505,871.80	\$ 44,253,655.38

MASON COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROGRAM REVENUES		
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT			
Governmental activities			
Legislative	\$ 414,801.95	\$ 0.00	\$ 0.00
Judicial	2,213,835.03	366,231.55	833,024.83
General government administration	3,536,244.70	746,150.21	636,697.85
Public safety	5,667,517.43	364,665.28	303,144.21
Public works	53,538.75	0.00	0.00
Health and social services	1,761,327.72	36,342.55	477,062.46
Parks, recreation, and cultural	131,850.52	0.00	0.00
Miscellaneous	134,176.62	19,877.00	0.00
TOTAL GOVERNMENTAL ACTIVITIES	13,913,292.72	1,533,266.59	2,249,929.35
Business-type activities			
Parks operations	103,993.50	91,960.50	0.00
Public works operations and maintenance	304,042.50	120,064.55	0.00
Airport operations	441,441.94	17,063.00	0.00
Delinquent tax collections	18,399.07	314,418.46	0.00
Medical care facility	12,938,105.92	11,251,756.73	0.00
Delinquent tax foreclosure	167,857.82	538,460.35	0.00
TOTAL BUSINESS-TYPE ACTIVITIES	13,973,840.75	12,333,723.59	0.00
TOTAL PRIMARY GOVERNMENT	\$ 27,887,133.47	\$ 13,866,990.18	\$ 2,249,929.35
COMPONENT UNITS			
Drainage Districts	\$ 50,025.91	\$ 0.00	\$ 0.00
Lake Improvement District	187,336.59	0.00	0.00
District Library	1,066,556.26	8,072.15	0.00
Road Commission	7,065,501.00	722,920.00	4,105,142.00
TOTAL COMPONENT UNITS	\$ 8,369,419.76	\$ 730,992.15	\$ 4,105,142.00

General Revenues and Transfers

Taxes

 Property tax and special assessments

 Internal service fund activity

 Unrestricted investment earnings

 Unrealized gain on investments

 Gain (loss) on sale of capital assets

 Other revenues

 Retiree Health Insurance - net

 Pension - net

Transfers

 Transfers

 Transfers from internal service activities

Total General Revenues and Transfers

Change in Net Position

Net Position - January 1

 Special item - prior period adjustments

Net Position - December 31

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PROGRAM REVENUES	PRIMARY GOVERNMENT			
CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
\$ 0.00	\$ (414,801.95)	\$ 0.00	\$ (414,801.95)	\$ 0.00
0.00	(1,014,578.65)	0.00	(1,014,578.65)	0.00
0.00	(2,153,396.64)	0.00	(2,153,396.64)	0.00
0.00	(4,999,707.94)	0.00	(4,999,707.94)	0.00
0.00	(53,538.75)	0.00	(53,538.75)	0.00
0.00	(1,247,922.71)	0.00	(1,247,922.71)	0.00
0.00	(131,850.52)	0.00	(131,850.52)	0.00
0.00	(114,299.62)	0.00	(114,299.62)	0.00
<u>0.00</u>	<u>(10,130,096.78)</u>	<u>0.00</u>	<u>(10,130,096.78)</u>	<u>0.00</u>
42,559.77	0.00	30,526.77	30,526.77	0.00
0.00	0.00	(183,977.95)	(183,977.95)	0.00
54,695.05	0.00	(369,683.89)	(369,683.89)	0.00
0.00	0.00	296,019.39	296,019.39	0.00
0.00	0.00	(1,686,349.19)	(1,686,349.19)	0.00
0.00	0.00	370,602.53	370,602.53	0.00
<u>97,254.82</u>	<u>0.00</u>	<u>(1,542,862.34)</u>	<u>(1,542,862.34)</u>	<u>0.00</u>
<u>\$ 97,254.82</u>	<u>(10,130,096.78)</u>	<u>(1,542,862.34)</u>	<u>(11,672,959.12)</u>	<u>0.00</u>
\$ 0.00	0.00	0.00	0.00	(50,025.91)
0.00	0.00	0.00	0.00	(187,336.59)
17,772.48	0.00	0.00	0.00	(1,040,711.63)
2,102,700.00	0.00	0.00	0.00	(134,739.00)
<u>\$ 2,120,472.48</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,412,813.13)</u>
	10,959,531.61	1,668,839.55	12,628,371.16	1,060,717.32
	45,115.52	0.00	45,115.52	0.00
	200,641.65	71,575.68	272,217.33	7,945.29
	(15,763.24)	(16,964.09)	(32,727.33)	0.00
	139,183.10	0.00	139,183.10	150,364.00
	633,326.44	462,492.58	1,095,819.02	149,250.02
	538,969.76	0.00	538,969.76	0.00
	(1,185,874.00)	0.00	(1,185,874.00)	0.00
	(1,681,950.00)	(1,464,450.00)	(3,146,400.00)	0.00
	<u>3,146,400.00</u>	<u>0.00</u>	<u>3,146,400.00</u>	<u>0.00</u>
	<u>12,779,580.84</u>	<u>721,493.72</u>	<u>13,501,074.56</u>	<u>1,368,276.63</u>
	2,649,484.06	(821,368.62)	1,828,115.44	(44,536.50)
	29,389,129.05	19,787,889.18	49,177,018.23	36,761,773.29
	(11,612.31)	(1,695.46)	(13,307.77)	(749.56)
	<u>\$ 32,027,000.80</u>	<u>\$ 18,964,825.10</u>	<u>\$ 50,991,825.90</u>	<u>\$ 36,716,487.23</u>

MASON COUNTY, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	GENERAL	JAIL OPERATIONS
ASSETS		
Cash and cash equivalents	\$ 3,906,226.21	\$ 270,420.52
Investments (Net of premiums/discounts)	3,309,261.41	325,245.34
Receivables		
Property taxes	0.00	1,015,418.56
Accounts (net of allowance for doubtful accounts)	34,699.50	5,094.88
Other	5,769.43	0.00
Due from state and federal government	292,364.57	29,027.70
Due from other units	29,142.87	0.00
Due from other funds	17,799.03	0.00
Land contract	315,000.00	0.00
Advances to other funds	883,134.12	0.00
Prepaid expenditures	123,117.17	40,049.13
	<u>8,916,514.31</u>	<u>1,685,256.13</u>
TOTAL ASSETS		
	<u>0.00</u>	<u>0.00</u>
DEFERRED OUTFLOWS		
	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 8,916,514.31</u>	<u>\$ 1,685,256.13</u>
LIABILITIES, DEFERRED INFLOWS, AND EQUITY		
Liabilities		
Accounts payable	\$ 254,229.49	\$ 67,903.87
Accrued liabilities	128,095.74	42,196.11
Due to other funds	0.00	0.00
Due to other governmental units	0.00	0.00
Due to individuals	28,471.31	44,733.40
Unearned revenue	329,020.00	0.00
	<u>739,816.54</u>	<u>154,833.38</u>
TOTAL LIABILITIES		
Deferred inflows of resources		
Unavailable revenues	0.00	1,015,418.56
	<u>0.00</u>	<u>1,015,418.56</u>
Equity		
Fund balances		
Nonspendable	1,006,251.29	40,049.13
Committed	3,997,146.51	0.00
Assigned	573,629.35	474,955.06
Unassigned	2,599,670.62	0.00
	<u>8,176,697.77</u>	<u>515,004.19</u>
TOTAL EQUITY		
	<u>8,176,697.77</u>	<u>515,004.19</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND EQUITY	<u>\$ 8,916,514.31</u>	<u>\$ 1,685,256.13</u>

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

PUBLIC IMPROVEMENT	GOVERN- MENTAL OTHER	TOTAL GOVERN- MENTAL FUNDS
\$ 1,922,951.92	\$ 2,452,088.26	\$ 8,551,686.91
3,169,234.38	3,517,348.83	10,321,089.96
0.00	491,184.98	1,506,603.54
0.00	11,763.47	51,557.85
3,375.43	10,838.53	19,983.39
0.00	157,825.04	479,217.31
0.00	13,654.77	42,797.64
0.00	0.00	17,799.03
0.00	0.00	315,000.00
0.00	500,000.00	1,383,134.12
0.00	23,668.75	186,835.05
<u>5,095,561.73</u>	<u>7,178,372.63</u>	<u>22,875,704.80</u>
<u>0.00</u>	<u>1,984.13</u>	<u>1,984.13</u>
\$ <u><u>5,095,561.73</u></u>	\$ <u><u>7,180,356.76</u></u>	\$ <u><u>22,877,688.93</u></u>
\$ 30,664.00	\$ 91,821.48	\$ 444,618.84
0.00	16,458.91	186,750.76
0.00	11,433.75	11,433.75
0.00	21,316.06	21,316.06
0.00	0.00	73,204.71
0.00	0.00	329,020.00
<u>30,664.00</u>	<u>141,030.20</u>	<u>1,066,344.12</u>
<u>0.00</u>	<u>477,947.01</u>	<u>1,493,365.57</u>
0.00	523,668.75	1,569,969.17
0.00	0.00	3,997,146.51
5,064,897.73	4,690,695.26	10,804,177.40
0.00	1,347,015.54	3,946,686.16
<u>5,064,897.73</u>	<u>6,561,379.55</u>	<u>20,317,979.24</u>
\$ <u><u>5,095,561.73</u></u>	\$ <u><u>7,180,356.76</u></u>	\$ <u><u>22,877,688.93</u></u>

THIS PAGE INTENTIONALLY BLANK

**MASON COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total fund balances for governmental funds		\$ 20,317,979.24
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land and land improvements	\$ 1,006,012.59	
Buildings and improvements	17,648,961.60	
Vehicles and equipment	2,329,719.32	
Accumulated depreciation	<u>(8,844,336.99)</u>	12,140,356.52
Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
	\$ 12,216,082.17	
Less: net capital assets included above	<u>(44,497.36)</u>	12,171,584.81
Gain on a sale of fixed assets by a land contract is not available in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		
		306,000.00
Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		
		(563,828.59)
Net deferred outflows are not expensed in the current period and therefore are not reported in the funds. However, these amounts are included in the Statement of Net Position.		
		2,316,030.00
Pensions earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		
		(13,403,505.00)
Retiree Health Insurance earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		
		(623,455.18)
Accrued post closure care for landfills is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		
		<u>(634,161.00)</u>
Net position of governmental activities		\$ <u><u>32,027,000.80</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	GENERAL	JAIL OPERATIONS
REVENUES		
General property taxes	\$ 9,361,448.86	\$ 993,152.92
Permits and regulatory licenses	95,659.30	0.00
Intergovernmental		
Federal/State	1,881,812.15	0.00
Charges for services	762,507.92	237,639.53
Fines and forfeitures	2,375.00	0.00
Interest and rents	130,704.95	2,120.58
Unrealized gain on investments	0.00	0.00
Miscellaneous	1,185,889.06	780.35
	<u>13,420,397.24</u>	<u>1,233,693.38</u>
TOTAL REVENUES		
EXPENDITURES		
Current		
Legislative	411,243.81	0.00
Judicial	1,764,208.56	0.00
General government administration	2,939,563.45	0.00
Public safety	2,675,584.82	2,521,966.57
Public works	44,184.13	0.00
Health and social services	494,370.94	0.00
Recreation and cultural	7,217.20	0.00
Miscellaneous	69,816.87	0.00
Capital outlay	0.00	0.00
	<u>8,406,189.78</u>	<u>2,521,966.57</u>
TOTAL EXPENDITURES		
Excess (deficiency) of revenues over expenditures	<u>5,014,207.46</u>	<u>(1,288,273.19)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	327,171.66	1,514,675.00
Transfers out	<u>(5,012,517.00)</u>	<u>(99,250.00)</u>
	<u>(4,685,345.34)</u>	<u>1,415,425.00</u>
TOTAL OTHER FINANCING SOURCES (USES)		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	328,862.12	127,151.81
FUND BALANCE, JANUARY 1	7,856,810.07	391,916.26
PRIOR PERIOD ADJUSTMENT	<u>(8,974.42)</u>	<u>(4,063.88)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 8,176,697.77</u>	<u>\$ 515,004.19</u>

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

PUBLIC IMPROVEMENT	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
\$ 0.00	\$ 604,929.83	\$ 10,959,531.61
0.00	0.00	95,659.30
0.00	368,117.20	2,249,929.35
0.00	411,492.84	1,411,640.29
0.00	23,592.00	25,967.00
40,637.25	118,215.14	291,677.92
(1,576.13)	(14,187.11)	(15,763.24)
0.00	13,998.86	1,200,668.27
<u>39,061.12</u>	<u>1,526,158.76</u>	<u>16,219,310.50</u>
0.00	0.00	411,243.81
0.00	412,728.60	2,176,937.16
0.00	530,215.94	3,469,779.39
0.00	59,834.44	5,257,385.83
0.00	0.00	44,184.13
0.00	1,187,855.47	1,682,226.41
0.00	0.00	7,217.20
0.00	75,446.33	145,263.20
212,322.00	158,570.79	370,892.79
<u>212,322.00</u>	<u>2,424,651.57</u>	<u>13,565,129.92</u>
<u>(173,260.88)</u>	<u>(898,492.81)</u>	<u>2,654,180.58</u>
595,492.00	1,319,650.00	3,756,988.66
0.00	(327,171.66)	(5,438,938.66)
<u>595,492.00</u>	<u>992,478.34</u>	<u>(1,681,950.00)</u>
422,231.12	93,985.53	972,230.58
4,642,666.61	6,465,968.03	19,357,360.97
0.00	1,425.99	(11,612.31)
<u>\$ 5,064,897.73</u>	<u>\$ 6,561,379.55</u>	<u>\$ 20,317,979.24</u>

THIS PAGE INTENTIONALLY BLANK

MASON COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES DECEMBER 31, 2016

Net change in fund balance - total governmental funds \$ 972,230.58

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlay as expenditures. However, in the
Statement of Activities, the costs of those assets is allocated over their
estimated useful lives as depreciation expense.

Vehicles and equipment	\$ 381,979.37	
Depreciation expense	(740,953.47)	(358,974.10)

Governmental funds do not record gains and losses from the disposal of fixed assets. (519,195.00)

Governmental funds report deposits into a trust fund as expense.
However, in the Statement of Activities, the deposit and related
income is recorded as a decrease in the Pension liability. (1,185,874.00)

Governmental funds report deposits into a trust fund as expense.
However, in the Statement of Activities, the deposit and related
income is recorded as a decrease in the Retiree Health Insurance liability. 538,969.76

Internal service funds are used by management to charge
costs of certain activities, such as insurance, to individual
funds. The net revenue (expense) of the internal service
funds is reported with governmental activities in the
Statement of Activities.

	\$ 3,191,515.52	
Less: Vehicle purchase included above	0.00	
Add: depreciation expense included above	4,927.48	3,196,443.00

Estimates for accrued interest payable, accrued vacation and sick time,
and accrued post closure care for landfills change on an annual basis.
These changes either reduce or increase the governmental activities
expenses on the Statement of Activities. 5,883.82

Changes in net position of governmental activities \$ 2,649,484.06

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
ASSETS		
Current assets		
Cash and cash equivalents	\$ 322,601.79	\$ 4,070,003.10
Investments (net of premiums and discounts)	1,269,189.04	2,715,801.74
Receivables		
Property Taxes and Special Assessment Receivable	3,243.39	1,700,826.09
Accounts (net of allowance for doubtful accounts)	28,105.61	242,209.01
Leases receivable	51,404.47	0.00
Other	1,502.94	1,991.74
Deferred outflows	0.00	1,451,001.00
Deposit	0.00	0.00
Long-term advances	0.00	0.00
Due from other governmental units		
Other	30,637.13	1,042,784.81
Prepayments	0.00	30,878.74
	1,706,684.37	11,255,496.23
Noncurrent assets		
Leases receivable	1,913,011.35	0.00
Land	0.00	562,601.00
Sewer system	1,121,009.05	0.00
Land improvements	0.00	214,224.46
Buildings	0.00	7,588,394.22
Equipment	0.00	1,368,604.46
Accumulated depreciation	(610,175.28)	(5,028,759.26)
	2,423,845.12	4,705,064.88
NET NONCURRENT ASSETS		
	2,423,845.12	4,705,064.88
TOTAL ASSETS	\$ 4,130,529.49	\$ 15,960,561.11

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ 1,663,898.89	\$ 1,246,960.92	\$ 7,303,464.70	\$ 6,817,053.35
1,022,715.67	317,251.57	5,324,958.02	2,138,306.76
1,385,570.87	0.00	3,089,640.35	0.00
2,599.99	221.66	273,136.27	44,377.45
0.00	0.00	51,404.47	0.00
2,884.37	0.00	6,379.05	3,793.21
0.00	0.00	1,451,001.00	2,757,727.15
0.00	0.00	0.00	38,335.00
0.00	0.00	0.00	873,932.48
25,136.10	54,695.05	1,153,253.09	0.00
2,783.96	4,416.04	38,078.74	23,853.33
<u>4,105,589.85</u>	<u>1,623,545.24</u>	<u>18,691,315.69</u>	<u>12,697,378.73</u>
0.00	0.00	1,913,011.35	
0.00	82,780.75	645,381.75	0.00
0.00	72,642.00	1,193,651.05	0.00
0.00	2,185,345.12	2,399,569.58	0.00
0.00	1,816,458.96	9,404,853.18	0.00
0.00	592,530.71	1,961,135.17	82,274.81
0.00	(2,095,565.61)	(7,734,500.15)	(37,777.45)
<u>0.00</u>	<u>2,654,191.93</u>	<u>9,783,101.93</u>	<u>44,497.36</u>
\$ <u><u>4,105,589.85</u></u>	\$ <u><u>4,277,737.17</u></u>	\$ <u><u>28,474,417.62</u></u>	\$ <u><u>12,741,876.09</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Concluded
DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 35,198.49	\$ 198,627.60
Accrued liabilities	0.00	473,026.75
Due to other governmental units		
Local	0.00	0.00
Unearned revenue	0.00	0.00
Accrued interest payable	0.00	2,850.00
Other	0.00	17,938.82
Advances from other funds	1,964,415.82	0.00
Due to other funds	6,365.28	0.00
Bonds payable	0.00	300,000.00
TOTAL CURRENT LIABILITIES	2,005,979.59	992,443.17
Noncurrent liabilities		
Compensated absences	0.00	373,893.70
Pension liability	0.00	4,097,763.00
TOTAL NONCURRENT LIABILITIES	0.00	4,471,656.70
TOTAL LIABILITIES	2,005,979.59	5,464,099.87
Deferred inflows of resources		
Unavailable revenues	3,243.39	1,700,826.09
Net Position		
Unrestricted	2,121,306.51	8,795,635.15
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 4,130,529.49	\$ 15,960,561.11

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ 0.00	\$ 20,604.99	\$ 254,431.08	\$ 6,193.76
0.00	1,867.08	474,893.83	94,692.70
0.00	0.00	0.00	0.00
0.00	0.00	0.00	424,907.46
0.00	0.00	2,850.00	0.00
0.00	400.00	18,338.82	0.00
0.00	292,650.78	2,257,066.60	0.00
0.00	0.00	6,365.28	0.00
0.00	0.00	300,000.00	0.00
<u>0.00</u>	<u>315,522.85</u>	<u>3,313,945.61</u>	<u>525,793.92</u>
0.00	14,113.73	388,007.43	0.00
0.00	0.00	4,097,763.00	0.00
<u>0.00</u>	<u>14,113.73</u>	<u>4,485,770.43</u>	<u>0.00</u>
<u>0.00</u>	<u>329,636.58</u>	<u>7,799,716.04</u>	<u>525,793.92</u>
<u>0.00</u>	<u>5,807.00</u>	<u>1,709,876.48</u>	<u>0.00</u>
<u>4,105,589.85</u>	<u>3,942,293.59</u>	<u>18,964,825.10</u>	<u>12,216,082.17</u>
\$ <u><u>4,105,589.85</u></u>	\$ <u><u>4,277,737.17</u></u>	\$ <u><u>28,474,417.62</u></u>	\$ <u><u>12,741,876.09</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
OPERATING REVENUES		
Charges for services	\$ 120,064.55	\$ 11,251,756.73
State and federal grants	0.00	0.00
Reimbursements	195,028.21	0.00
Rentals	0.00	0.00
Other		
Administrative fees and penalties	0.00	0.00
Miscellaneous	7,894.62	21,803.10
TOTAL OPERATING REVENUES	322,987.38	11,273,559.83
OPERATING EXPENSES		
Personal services and fringe benefits	0.00	8,492,590.89
Utilities and telephone	13,218.91	297,096.09
Contractual services	35,601.49	451,897.43
Repairs and maintenance	4,664.80	98,641.33
Depreciation	28,582.16	258,699.08
Interest and fees	90,407.32	19,950.00
Other	131,567.82	3,319,231.10
TOTAL OPERATING EXPENSES	304,042.50	12,938,105.92
OPERATING INCOME (LOSS)	18,944.88	(1,664,546.09)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	0.00	1,668,839.55
Unrealized gain (loss) on investments	0.00	(10,132.65)
Gain (Loss) on the sale of fixed assets	0.00	0.00
Interest on investments	10,255.54	37,981.84
TOTAL NONOPERATING REVENUES (EXPENSES)	10,255.54	1,696,688.74
INCOME (LOSS) BEFORE TRANSFERS	29,200.42	32,142.65
TRANSFERS IN (OUT)		
Transfers in	0.00	0.00
Transfers (out)	0.00	0.00
TOTAL TRANSFERS IN (OUT)	0.00	0.00
NET INCOME	29,200.42	32,142.65
NET POSITION, JANUARY 1	2,092,106.09	8,764,553.76
PRIOR PERIOD ADJUSTMENTS	0.00	(1,061.26)
NET POSITION, DECEMBER 31	\$ 2,121,306.51	\$ 8,795,635.15

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

**BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS**

**GOVERNMENTAL
ACTIVITIES**

<u>DELINQUENT TAX REVOLVING</u>	<u>OTHER ENTERPRISE FUNDS</u>	<u>TOTAL PROPRIETARY FUNDS</u>	<u>INTERNAL SERVICE FUNDS</u>
\$ 314,418.46	\$ 647,483.85	\$ 12,333,723.59	\$ 79,870.09
0.00	54,695.05	54,695.05	0.00
11.20	14,254.99	209,294.40	0.00
0.00	88,449.37	88,449.37	19,590.93
133,751.09	0.00	133,751.09	0.00
0.00	43,859.77	73,557.49	192,638.70
<u>448,180.75</u>	<u>848,743.03</u>	<u>12,893,470.99</u>	<u>292,099.72</u>
0.00	113,046.68	8,605,637.57	259,695.96
0.00	45,505.05	355,820.05	131.24
420.00	104,732.53	592,651.45	79,231.28
0.00	39,672.89	142,979.02	13,993.64
0.00	188,754.59	476,035.83	4,927.48
0.00	16,899.24	127,256.56	0.00
17,979.07	204,682.28	3,673,460.27	9,082.27
<u>18,399.07</u>	<u>713,293.26</u>	<u>13,973,840.75</u>	<u>367,061.87</u>
<u>429,781.68</u>	<u>135,449.77</u>	<u>(1,080,369.76)</u>	<u>(74,962.15)</u>
0.00	0.00	1,668,839.55	0.00
(6,831.44)	(0.00)	(16,964.09)	(22,743.93)
0.00	0.00	0.00	2,525.00
17,637.95	5,700.35	71,575.68	140,296.60
<u>10,806.51</u>	<u>5,700.35</u>	<u>1,723,451.14</u>	<u>120,077.67</u>
<u>440,588.19</u>	<u>141,150.12</u>	<u>643,081.38</u>	<u>45,115.52</u>
464,000.00	171,550.00	635,550.00	3,146,400.00
(2,100,000.00)	0.00	(2,100,000.00)	0.00
<u>(1,636,000.00)</u>	<u>171,550.00</u>	<u>(1,464,450.00)</u>	<u>3,146,400.00</u>
(1,195,411.81)	312,700.12	(821,368.62)	3,191,515.52
5,301,001.66	3,630,227.67	19,787,889.18	9,024,566.65
0.00	(634.20)	(1,695.46)	0.00
<u>\$ 4,105,589.85</u>	<u>\$ 3,942,293.59</u>	<u>\$ 18,964,825.10</u>	<u>\$ 12,216,082.17</u>

MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
CASH FLOWS FROM OPERATING ACTIVITIES		
Delinquent tax collections	\$ 0.00	\$ 0.00
Delinquent tax disbursements	0.00	0.00
Payments to other funds	(53,957.89)	0.00
Payments to benefit providers	0.00	(2,544,504.35)
Payments from customers	365,035.54	11,464,091.17
Payments to suppliers	(272,488.33)	(3,590,909.94)
Payments to employees	0.00	(6,351,250.57)
Other receipts (payments)	6,012.87	18,590.01
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	44,602.19	(1,003,983.68)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital acquisitions	0.00	(423,303.71)
Property taxes	0.00	1,668,839.55
Lease receivable	47,315.17	0.00
Advances (to) from other funds	(47,315.17)	0.00
Bond payments	0.00	(300,000.00)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	0.00	945,535.84
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	0.00	0.00
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase / maturity of investments	(9,139.64)	(578,908.06)
Proceeds from the sale of fixed assets	0.00	0.00
Unrealized gain (loss) on investments	0.00	(10,132.65)
Interest received	10,255.54	37,981.84
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,115.90	(551,058.87)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,718.09	(609,506.71)
CASH AND CASH EQUIVALENTS, JANUARY 1	276,883.70	4,679,509.81
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 322,601.79	\$ 4,070,003.10

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ 3,441,263.80	\$ 540,175.35	\$ 3,981,439.15	\$ 0.00
(3,049,465.51)	0.00	(3,049,465.51)	0.00
0.00	0.00	(53,957.89)	0.00
0.00	(27,151.15)	(2,571,655.50)	(1,529,248.29)
0.00	212,267.84	12,041,394.55	1,305,544.97
(18,407.09)	(336,949.37)	(4,218,754.73)	(81,381.60)
0.00	(83,038.90)	(6,434,289.47)	(7,081.06)
3,180.58	(28,824.36)	(1,040.90)	(1,030,181.60)
<u>376,571.78</u>	<u>276,479.41</u>	<u>(306,330.30)</u>	<u>(1,342,347.58)</u>
0.00	(72,724.38)	(496,028.09)	(6,275.00)
0.00	0.00	1,668,839.55	0.00
0.00	0.00	47,315.17	0.00
0.00	(43,718.76)	(91,033.93)	91,033.93
0.00	0.00	(300,000.00)	0.00
<u>0.00</u>	<u>(116,443.14)</u>	<u>829,092.70</u>	<u>84,758.93</u>
<u>(1,636,000.00)</u>	<u>171,550.00</u>	<u>(1,464,450.00)</u>	<u>3,146,400.00</u>
1,146,016.88	70,407.87	628,377.05	(1,016,283.99)
0.00	0.00	0.00	2,525.00
(6,831.44)	(0.00)	(16,964.09)	(22,743.93)
17,637.95	5,700.35	71,575.68	140,296.60
<u>1,156,823.39</u>	<u>76,108.22</u>	<u>682,988.64</u>	<u>(896,206.32)</u>
(102,604.83)	407,694.49	(258,698.96)	992,605.03
<u>1,766,503.72</u>	<u>839,266.43</u>	<u>7,562,163.66</u>	<u>5,824,448.32</u>
\$ <u><u>1,663,898.89</u></u>	\$ <u><u>1,246,960.92</u></u>	\$ <u><u>7,303,464.70</u></u>	\$ <u><u>6,817,053.35</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS - Concluded
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 18,944.88	\$ (1,664,546.09)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	28,582.16	258,699.08
Change in assets and liabilities:		
Decrease (Increase) in taxes receivable	4,651.23	(43,826.53)
Decrease (Increase) in accounts receivable	(4,495.54)	35,201.15
Decrease (Increase) in other receivables	(352.41)	167.98
Decrease (Increase) in due from other units	(771.47)	(147,030.70)
Decrease (Increase) in prepayments	0.00	(2,224.26)
Decrease (Increase) in other assets	0.00	(362,398.00)
Increase (Decrease) in accounts payable	2,972.01	(32,083.20)
Increase (Decrease) in due to other governmental units	0.00	0.00
Increase (Decrease) in other liabilities	(4,928.67)	954,056.89
Total adjustments	25,657.31	660,562.41
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 44,602.19	\$ (1,003,983.68)

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
\$ <u>429,781.68</u>	\$ <u>135,449.77</u>	\$ <u>(1,080,369.76)</u>	\$ <u>(74,962.15)</u>
0.00	188,754.59	476,035.83	4,927.48
(67,759.29)	0.00	(106,934.59)	0.00
0.00	818.98	31,524.59	(18,258.38)
(825.11)	0.00	(1,009.54)	(2,449.31)
15,403.52	(54,695.05)	(187,093.70)	0.00
(8.02)	(144.99)	(2,377.27)	431.68
0.00	0.00	(362,398.00)	(1,093,621.82)
(21.00)	2,361.31	(26,770.88)	(3,063.32)
0.00	(17.00)	(17.00)	0.00
0.00	3,951.80	953,080.02	(155,351.76)
<u>(53,209.90)</u>	<u>141,029.64</u>	<u>774,039.46</u>	<u>(1,267,385.43)</u>
\$ <u><u>376,571.78</u></u>	\$ <u><u>276,479.41</u></u>	\$ <u><u>(306,330.30)</u></u>	\$ <u><u>(1,342,347.58)</u></u>

THIS PAGE INTENTIONALLY BLANK

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

ASSETS	
Cash and cash equivalents	\$ 3,423,023.34
Investments	554,691.37
Interest receivable	<u>744.40</u>
TOTAL ASSETS	\$ <u><u>3,978,459.11</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Bonds payable	\$ 14,400.00
Undistributed collections payable	3,260,389.37
Restitution payable	23,360.73
Undistributed taxes	532,768.88
Due to other units	958.94
Other current liabilities	9,790.71
Due to State of Michigan	<u>136,790.48</u>
TOTAL LIABILITIES	<u>3,978,459.11</u>
NET POSITION	
Net assets	
Reserved	0.00
Unreserved	
Designated for capital expenditures	0.00
Undesignated	<u>0.00</u>
TOTAL NET POSITION	<u>0.00</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>3,978,459.11</u></u>

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2016

	DISTRICT LIBRARY	DRAIN
ASSETS		
Cash and cash equivalents	\$ 242,236.77	\$ 72,833.33
Receivables		
Accounts receivable	0.00	0.00
Taxes and special assessments	866,082.00	3,361.60
Interest receivable	0.00	15.63
Due from other governmental units		
Federal/State	0.00	0.00
Local	0.00	0.00
Prepaid items	28,193.99	0.00
Due from other funds	0.00	0.00
Inventories	0.00	0.00
Fixed assets (net of accumulated depreciation)	<u>2,112,291.79</u>	<u>114,748.11</u>
TOTAL ASSETS	<u>3,248,804.55</u>	<u>190,958.67</u>
Deferred outflows of resources		
Pension Investment Experience and Contributions	<u>138,760.00</u>	<u>0.00</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,387,564.55</u>	<u>\$ 190,958.67</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 36,226.02	\$ 0.00
Accrued liabilities	22,113.08	0.00
Advances	0.00	0.00
Due to other funds	0.00	32,670.06
Bond and installment lease payable - current	<u>40,000.00</u>	<u>0.00</u>
	<u>98,339.10</u>	<u>32,670.06</u>
Noncurrent liabilities		
Bond and installment lease payable - long-term	220,000.00	0.00
Net Pension Liability	573,349.00	0.00
Accrued sick and vacation and post employment benefits	<u>0.00</u>	<u>0.00</u>
	<u>793,349.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>891,688.10</u>	<u>32,670.06</u>
Deferred inflows of resources		
Unavailable revenues	<u>866,082.00</u>	<u>3,361.60</u>
NET POSITION		
Net investment in capital assets	1,852,291.79	114,748.11
Fund balances		
Restricted for		
Primary/Local Roads	0.00	0.00
Unreserved		
Undesignated	<u>(222,497.34)</u>	<u>40,178.90</u>
TOTAL NET POSITION	<u>1,629,794.45</u>	<u>154,927.01</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 3,387,564.55</u>	<u>\$ 190,958.67</u>

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

DRAIN REVOLVING	ROAD COMMISSION	LAKE IMPROVEMENT	TOTAL
\$ 136,629.94	\$ 1,782,588.00	\$ 323,954.77	\$ 2,558,242.81
0.00	13,957.00	0.00	13,957.00
0.00	0.00	277,013.39	1,146,456.99
0.00	0.00	0.00	15.63
0.00	801,294.00	0.00	801,294.00
0.00	89,678.00		89,678.00
0.00	45,028.00	2,400.00	75,621.99
32,670.06	0.00	0.00	32,670.06
0.00	540,491.00	0.00	540,491.00
0.00	36,223,102.00	0.00	38,450,141.90
<u>169,300.00</u>	<u>39,496,138.00</u>	<u>603,368.16</u>	<u>43,708,569.38</u>
<u>0.00</u>	<u>406,326.00</u>	<u>0.00</u>	<u>545,086.00</u>
<u>\$ 169,300.00</u>	<u>\$ 39,902,464.00</u>	<u>\$ 603,368.16</u>	<u>\$ 44,253,655.38</u>
\$ 0.00	\$ 71,144.00	\$ 1,125.00	\$ 108,495.02
0.00	32,087.00	0.00	54,200.08
0.00	418,820.00		418,820.00
0.00	0.00	0.00	32,670.06
0.00	467,528.00	0.00	507,528.00
<u>0.00</u>	<u>989,579.00</u>	<u>1,125.00</u>	<u>1,121,713.16</u>
0.00	859,770.00	0.00	1,079,770.00
0.00	2,922,016.00	0.00	3,495,365.00
0.00	423,460.00	0.00	423,460.00
<u>0.00</u>	<u>4,205,246.00</u>	<u>0.00</u>	<u>4,998,595.00</u>
<u>0.00</u>	<u>5,194,825.00</u>	<u>1,125.00</u>	<u>6,120,308.16</u>
	<u>270,403.00</u>	<u>277,013.39</u>	<u>1,416,859.99</u>
0.00	34,895,804.00	0.00	36,862,843.90
0.00	(458,568.00)	0.00	(458,568.00)
<u>169,300.00</u>	<u>0.00</u>	<u>325,229.77</u>	<u>312,211.33</u>
<u>169,300.00</u>	<u>34,437,236.00</u>	<u>325,229.77</u>	<u>36,716,487.23</u>
<u>\$ 169,300.00</u>	<u>\$ 39,902,464.00</u>	<u>\$ 603,368.16</u>	<u>\$ 44,253,655.38</u>

**MASON COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>PROGRAM REVENUES</u>	
REVENUES		CHARGES FOR SERVICES
	EXPENSES	
Drainage districts	\$ 50,025.91	\$ 0.00
Lake Improvement district	187,336.59	0.00
District Library	1,066,556.26	8,072.15
Road Commission	<u>7,065,501.00</u>	<u>722,920.00</u>
TOTAL REVENUES	\$ <u>8,369,419.76</u>	\$ <u>730,992.15</u>

General revenues
Special assessments
Fines and forfeits
Property taxes
Gain on sale of capital assets
Miscellaneous
Unrestricted investment earnings

Total general revenues

Change in net assets

Net assets - January 1

Special item - prior period adjustments

Net assets - December 31

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

PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	LAKE IMPROVEMENT & DRAINAGE DISTRICTS	ROAD COMMISSION	DISTRICT LIBRARY	TOTAL
\$ 0.00	\$ 0.00	\$ (50,025.91)	\$ 0.00	\$ 0.00	\$ (50,025.91)
0.00	0.00	(187,336.59)	0.00	0.00	(187,336.59)
0.00	17,772.48	0.00	0.00	(1,040,711.63)	(1,040,711.63)
<u>4,105,142.00</u>	<u>2,102,700.00</u>	<u>0.00</u>	<u>(134,739.00)</u>	<u>0.00</u>	<u>(134,739.00)</u>
<u>\$ 4,105,142.00</u>	<u>\$ 2,120,472.48</u>	<u>(237,362.50)</u>	<u>(134,739.00)</u>	<u>(1,040,711.63)</u>	<u>(1,412,813.13)</u>
		213,628.22	0.00	0.00	213,628.22
		0.00	0.00	105,974.18	105,974.18
		0.00	0.00	847,089.10	847,089.10
		0.00	150,364.00	0.00	150,364.00
		98.78	5,206.00	37,971.06	43,275.84
		<u>818.75</u>	<u>6,148.00</u>	<u>978.54</u>	<u>7,945.29</u>
		<u>214,545.75</u>	<u>161,718.00</u>	<u>992,012.88</u>	<u>1,368,276.63</u>
		(22,816.75)	26,979.00	(48,698.75)	(44,536.50)
		672,273.53	34,410,257.00	1,679,242.76	36,761,773.29
		<u>0.00</u>	<u>0.00</u>	<u>(749.56)</u>	<u>(749.56)</u>
		<u>\$ 649,456.78</u>	<u>\$ 34,437,236.00</u>	<u>\$ 1,629,794.45</u>	<u>\$ 36,716,487.23</u>

THIS PAGE INTENTIONALLY BLANK

**MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES

The County of Mason, Michigan, having over 25 miles of Lake Michigan shoreline, covers an area of approximately 540 square miles with its county seat located in the City of Ludington. The County operates under a ten member elected Board of Commissioners and provides services to its more than 28,000 residents in areas including law enforcement, administration of justice, community enrichment and development, and human services.

A. Reporting Entity

All funds and account groups under direct control of the County of Mason are included in this report.

The funds and account groups that have been included in this report are those that meet the criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include the appointment of a voting majority of the governing body, legal entity, and fiscal independence or dependence.

Blended Component Units

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as blended component units.

For financial reporting purposes, the following components are reported as if they were part of the County's operations:

Building Authority Construction - Jail.

Discretely Presented Component Units

County Drain Funds - Each of the drainage districts are separate legal entities, with the power to contract, to sue, to hold, manage and dispose of real and personal property, etc. The full faith and credit of the County may be given for the debt of the drainage districts.

County Road Commission Fund - The Road Commission is governed by three appointees of the County's Board who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges and is principally funded by State-collected vehicle fuel and registration taxes under Public Act 51. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised.

District Library Fund – The District Library is a separate legal entity as created by Act 24, of Public Acts of 1989, as amended, and must operate as such pursuant to state law and in accordance with the agreement establishing the District Library. The County has a contractual arrangement with the District Library and thus may include it as a discretely presented component unit.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Under Governmental Accounting Standards Board's Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the annual financial report will now include two separate sets of statements, the government-wide financial statements and the fund financial statements. The measurement focus, basis of accounting and basis of presentation differs between the government-wide financial statements and the fund financial statements. These differences, along with an explanation of the differing purposes and information provided by these separate financial statements, are described in the sections below.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the County's net position. Under the accrual basis of accounting, 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 revenues 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the County's various functions where elimination would distort the direct costs and program revenues reported for the various functions concerned.

Both 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 structure of these two statements is further described in the following two paragraphs.

Statement of Net Position – This statement is designed to display the financial position of the County. The County reports all capital assets, including infrastructure, and all long-term liabilities, such as long-term debt on the Statement of Net Position. The net position of the County is broken down into three categories, 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Restrictions shown are those imposed by parties outside the County, such as creditors, grantors, contributors, laws, and regulations of other governments. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed. Internal service funds have been consolidated into the government or business-type activities that they primarily benefit.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Continued

Government-Wide Financial Statements - Concluded

Statement of Activities – This statement demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. Just as the Statement of Net Position includes all capital assets, the Statement of Activities includes all depreciation expenses. In the Statement of Activities, the operational internal service funds have been consolidated into the government or business-type activities that they primarily benefit.

Fund Financial Statements

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. 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. All individual funds are considered major and are reported as separate columns in the fund financial statements.

As in the government-wide financial statements, as a general rule the effect of interfund activity has been eliminated from the fund financial statements. Exceptions to this general rule are charges between the County’s various functions where elimination would distort the direct costs and program revenues reported for the various functions concerned.

The various funds are grouped, in the financial statements in this report, into seven generic fund types and three broad fund categories:

GOVERNMENTAL FUNDS

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available if they are expected to be received within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, which are recorded when payment is due.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Continued

B. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued

GOVERNMENTAL FUNDS - Concluded

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, and charges for services. Changes in the fair value of investments are recognized in interest revenues at the end of each year. Fines, forfeitures, and licenses and permit revenues are recorded when the County receives cash because they are not generally measurable until actually received. Shared revenues are recorded at the time of receipt or earlier if susceptible to accrual criteria, in which case, they are recorded when those criteria are met. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

PROPRIETARY FUNDS

All proprietary and similar trust funds are accounted for using *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost - reimbursement basis.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Concluded

B. Measurement Focus, Basis of Accounting and Basis of Presentation - Concluded

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include only Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. General Fixed Assets and Long-Term Liabilities

Capital Assets, which include land, buildings, land improvements, equipment, vehicles and infrastructure assets are reported in the applicable governmental, business-type activity or component unit columns in the government-wide financial statements. The capitalization thresholds are \$5,000 for buildings, land improvements, equipment, and vehicles. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of governmental activities are depreciated or amortized using the straight-line method over the following estimated useful lives:

ASSET	DEPRECIABLE LIFE
Buildings and improvements	5-40 years
Equipment and vehicles	3-20 years
Drains and land improvements	8-20 years
Sewer systems	40 years

In the government-wide financial statements and Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on the Proprietary Fund balance sheet. The straight-line depreciation method is applied over the estimated useful lives of fixed assets held by Proprietary Funds. Estimated useful lives are:

ASSET	DEPRECIABLE LIFE
Buildings and improvements	5-40 years
Equipment and vehicles	3-20 years
Drains and land improvements	8-20 years
Sewer systems	40 years

Depreciation is computed on the sum-of-the-years-digits method for road equipment and the straight-line method for all other fixed assets. The Uniform Accounting Procedures Manual for Michigan County Road Commissions provides for recording depreciation in the Road Commission Fund as a charge to various expense accounts and a credit to a depreciation credits account. Accordingly, the annual depreciation expense does not affect the available operating equities of the Road Commission Fund.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

A. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the April board meeting, the County Finance Committee submits to the Board of Commissioners a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is formally adopted by resolution at the October Board of Commissioners' meeting.
4. Any revision to the budget must be approved by the Board of Commissioners.
5. Formal budgetary integration is employed as a management control device for the General Fund, Special Revenue Funds and Debt Service Funds.

Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended. Budget appropriations lapse at year-end.

B. Investments

Investments are stated at cost, which equals market.

C. Advances to other Funds

Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets.

D. Restricted Assets

Certain resources of the County's Post Closure Care Trust Fund are set aside for the payment of post-closure cost of the Mason County Landfill - Scottville site, and are classified as restricted assets on the balance sheet because their use is limited by applicable Michigan Department of Environmental Quality rules.

E. Prepaid Assets

Certain insurance premiums and other expenditures representing costs applicable to future periods are recorded as prepaid assets. These prepaid assets recorded in the governmental fund types do not reflect current appropriable resources and, therefore, an equivalent portion of fund balance is reserved.

F. Accounting Period

All financial presentations are for December 31, 2016 or the year then ended.

G. Inventories

Road Commission inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, equipment repairs and operations as used.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – Concluded

H. Cash and Cash Investments

For the purposes of the statement of cash flows, the County considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash investments.

NOTE 3: ACCUMULATED UNPAID VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFIT AMOUNTS

Accumulated vacation and sick pay represents a contingent liability to the County which is not expected to be liquidated during the current year. Payments to employees for vacation and sick pay will be recorded as expenditures when the vacation and sick time is used and payments are actually made to the employees. Payments of accumulated vacation and sick pay benefits are also made to employees upon termination of employment. The County has accumulated sufficient funds in the Vacation and Sick Pay Trust Fund to provide payments of accumulated benefits to employees who terminate their employment. At December 31, 2016, the total accumulated vacation and sick pay liability was \$563,828.59 for governmental fund types and \$388,007.43 for enterprise fund types.

County Road employee's earn vacation leave in varying amounts depending on the number of years of service. Unpaid vacation leave at December 31, 2016 amounted to \$68,486.00. Sick leave is accumulated at the rate of one day for each month of service with accumulation not to exceed 656 hours or 82 days. Unpaid sick leave at December 31, 2016 amounted to \$0.00. Upon termination of employment, vacation is payable at 100 percent of the accumulated balance. Sick leave is payable at 50 percent only upon death or retirement. For future periods, sick pay will no longer accumulate.

NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

P.A. 621 of 1978 provides that counties and other local units of government shall not incur expenditures in excess of the amounts appropriated in the formal budget document adopted by the County Board of Commissioners. For the year ended December 31, 2016, Mason County had formally adopted a budget for the General Fund, the Special Revenue Fund Types and the Debt Service Fund Types. The following General Fund departments' expenditures exceeded the amounts appropriated in the formal budget document as adopted by the County Board of Commissioners:

	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
None			

The following Special Revenue Funds had expenditures and transfers that exceeded the budgets approved by the County Board of Commissioners:

None

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS - Concluded

The Road Commission follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Act of 1978) as prescribed by the State of Michigan. Public Act 621 of 1978, section 18 (1), as amended, provides that a County Road Commission shall not incur expenditures in excess of amounts appropriated. As presented in the financial statements for the year ended December 31, 2016, the County Road Commission incurred expenditures which were in excess of the amounts appropriated as follows:

Expenditure Line Item	Total Budget	Amount of Expenditures	Budget Variance
Primary Road: Maintenance	\$1,304,003.00	\$1,604,299.00	\$(300,296.00)
Local Road: Maintenance	1,284,680.00	1,948,981.00	(664,301.00)
State Trunkline: Maintenance	658,976.00	665,240.00	(6,264.00)
Administrative Expense – Net	268,361.00	341,964.00	(73,603.00)
Equipment Expense – Net	75,819.00	502,487.00	(426,668.00)
Debt Service – Net	261,632.00	350,045.00	(88,413.00)
Capital Outlay - Net	(84,774.00)	(78,982.00)	(5,792.00)

The budget was exceeded in total by \$908,965.00.

NOTE 5: PROPERTY TAXES

The 2016 property tax revenue includes property taxes levied principally on July 1, 2016 and substantially collected in 2016. The “2016 property taxes” became a lien on July 1, 2016, and were collected by March 1, 2016, except for those taxes that were returned delinquent. Due to the migration of the County property taxes from a December levy to a July levy, the County did not record any property tax receivable or deferred revenue for general operating purposes at December 31, 2016 in the General Fund.

The total 2016 levy for the County was \$12,358,086.50, which was based upon the taxable value as of March 1, 2016 of \$1,750,721,656.00 at a millage rate of 7.0612. The component unit District Library received \$865,721.35 based on the same taxable value at a millage rate of .4947 mills.

By agreement with various taxing authorities in the County, the County purchased, at face value, the real property taxes receivable which became delinquent on March 1, 2016. These taxes, which are recorded in an Enterprise Fund at December 31, 2016, are pledged for repayment of advances, the proceeds of which were used to purchase such amounts due to the General Fund and other local units of government. Subsequent collections by the County, plus interest, fees and investment earnings, are used to repay the loans.

The County Board of Commissioners levied the following millage rates in 2016:

General Operating	5.0967
Oakview Medical Care Facility	0.9715
Mason County Jail Operating	0.5800
Senior Citizen	0.2700
Mason/Oceana 911 Operating	0.1400
Soldier and Sailor Relief	<u>0.0030</u>
Total	<u>7.0612</u>

Component unit Mason County District Library Board levied 0.4947 mills in 2016.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 6: LITIGATION

There is no pending litigation against the County as of December 31, 2016.

NOTE 7: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains six enterprise funds: Medical Care Facility, Park Operation Fund, Airport Fund, Delinquent Taxes Fund, Public Works Operation and Maintenance Fund, and the Delinquent Tax Foreclosure Fund. Segment information for the year ended December 31, 2016 was as follows:

	MEDICAL CARE FACILITY	DELIN- QUENT TAX FORE- CLOSURE	PUBLIC WORKS OPERATIONS AND MAIN- TENANCE	PARK OPERATIONS	AIRPORT	DELINQUENT TAXES	TOTAL
Total assets	\$15,960,561.11	\$1,028,293.68	\$4,130,529.49	\$ 582,798.26	\$2,666,645.23	\$4,105,589.85	\$28,474,417.62
Total liabilities and deferred inflows	7,164,925.96	7,477.89	2,009,222.98	10,294.77	317,670.92	0.00	9,509,592.52
Net Position	8,795,635.15	1,020,815.79	2,121,306.51	572,503.49	2,348,974.31	4,105,589.85	18,964,825.10
Operating revenue	11,273,559.83	540,175.35	322,987.38	134,520.27	174,047.41	448,180.75	12,893,470.99
Operating expenses	12,938,105.92	167,857.82	304,042.50	103,993.50	441,441.94	18,399.07	13,973,840.75
Operating income (loss)	(1,664,546.09)	372,317.53	18,944.88	30,526.77	(267,394.53)	429,781.68	(1,080,369.76)
Nonoperating revenue	1,696,688.74	4,206.52	10,255.54	776.49	717.34	10,806.51	1,723,451.14
Transfers in (out)	0.00	0.00	0.00	0.00	171,550.00	(1,636,000.00)	(1,464,450.00)
Change in net position	32,142.65	376,524.05	29,200.42	31,303.26	(95,127.19)	(1,195,411.81)	(821,368.62)
Net Position							
January 1, 2016	8,764,553.76	644,291.74	2,092,106.09	541,200.23	2,444,735.70	5,301,001.66	19,787,889.18
Prior period adjustment	(1,061.26)	0.00	0.00	0.00	(634.20)	0.00	(1,695.46)
Net Position							
December 31, 2016	8,795,635.15	1,020,815.79	2,121,306.51	572,503.49	2,348,974.31	4,105,589.85	18,964,825.10
Net cash provided by							
Operating activities	(1,003,983.68)	378,058.42	44,602.19	49,805.37	(151,384.38)	376,571.78	(306,330.30)
Noncapital financing Activities	0.00	0.00	0.00	0.00	171,550.00	(1,636,000.00)	(1,464,450.00)
Capital and related financing activities	945,535.84	0.00	0.00	(30,799.38)	(85,643.76)	0.00	829,092.70
Investing activities	(551,058.87)	1,328.04	1,115.90	520.27	74,259.91	1,156,823.39	682,988.64
Net increase (decrease) in cash and cash equivalents	(609,506.71)	379,386.46	45,718.09	19,526.26	8,781.77	(102,604.83)	(258,698.96)
Cash and cash equivalents – January 1	4,679,509.81	394,058.52	276,883.70	247,697.63	197,510.28	1,766,503.72	7,562,163.66
Cash and cash equivalents – December 31	4,070,003.10	773,444.98	322,601.79	267,223.89	206,292.05	1,663,898.89	7,303,464.70

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 8: RENTALS UNDER OPERATING LEASE

The County entered into an agreement with the State of Michigan to provide office space for the Department of Human Services. The original lease was for a fifteen-year period beginning on December 23, 1996. The Department of Human Services exercised their option to renew the lease for five additional years in 2016. The annual rental payments due from the State of Michigan for this lease renewal is \$29,400.00 payable in monthly installments of \$2,450.00. The lease renewal provides for an annual adjustment to reflect the actual cost of operations. The lease provides for the option of one additional five-year lease renewal for a total possible lease period of thirty years.

The following is a schedule of future minimum rental revenues on operating leases as of December 31, 2016:

YEAR ENDING	AMOUNT
December 31, 2017	\$ 29,400.00
December 31, 2018	29,400.00
December 31, 2019	29,400.00
December 31, 2020	29,400.00
December 31, 2021	<u>29,400.00</u>
Total	<u>\$147,000.00</u>

NOTE 9: LONG-TERM ADVANCES

The following are the interfund advances at December 31, 2016:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
General	\$ 883,134.12	Sewer maintenance and operations	\$ 1,964,415.82
Landfill post closure	500,000.00		
Insurance			
Health and life	109,476.15		
Workers Compensation	<u>471,805.55</u>		
Subtotal	<u>1,964,415.82</u>		<u>1,964,415.82</u>
Insurance - Health and life	<u>292,650.78</u>	Airport operations	<u>292,650.78</u>
Insurance - Health and life	<u>1,155,000.00</u>	Insurance - Liability & Property	<u>1,155,000.00</u>
TOTAL	<u>\$ 3,412,066.60</u>	TOTAL	<u>\$ 3,412,066.60</u>

The advances were made for cash flow purposes. The \$1,155,000 advance was eliminated in the government wide statement.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 10: CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for the year ending December 31, 2016:

	<u>Balance</u> <u>January 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2016</u>
GOVERNMENTAL ACTIVITIES				
Internal Service Funds				
Equipment and vehicles	\$ 86,050.81	\$ 6,275.00	\$ (10,051.00)	\$ 82,274.81
Less: accumulated depreciation	<u>(42,900.97)</u>	<u>(4,927.48)</u>	<u>10,051.00</u>	<u>(37,777.45)</u>
Subtotal	<u>43,149.84</u>	<u>1,347.52</u>	<u>0.00</u>	<u>44,497.36</u>
Other governmental funds				
Land	\$ 238,682.00	\$ 0.00	\$ (14,880.00)	\$ 223,802.00
Land improvements	782,210.59	0.00	0.00	782,210.59
Buildings and improvements	17,497,639.60	206,322.00	(55,000.00)	17,648,961.60
Equipment and vehicles	<u>2,566,162.33</u>	<u>175,657.37</u>	<u>(494,375.19)</u>	<u>2,247,444.51</u>
Subtotal	21,084,694.52	381,979.37	(564,255.19)	20,902,418.70
Less: accumulated depreciation	<u>(8,223,593.74)</u>	<u>(736,025.99)</u>	<u>153,060.19</u>	<u>(8,806,559.54)</u>
	<u>12,861,100.78</u>	<u>(354,046.62)</u>	<u>(411,195.00)</u>	<u>12,095,859.16</u>
Total	<u>\$ 12,904,250.62</u>	<u>\$ (352,699.10)</u>	<u>\$ (411,195.00)</u>	<u>\$ 12,140,356.52</u>
BUSINESS-TYPE ACTIVITIES				
Land	\$ 603,456.75	\$ 41,925.00	\$ 0.00	\$ 645,381.75
Land improvements	2,368,770.20	30,799.38	0.00	2,399,569.58
Buildings and improvements	9,390,341.51	14,511.67	0.00	9,404,853.18
Sewer system	708,719.27	0.00	0.00	708,719.27
Rural Development sewer project	412,289.78	0.00	0.00	412,289.78
Parks Commission sewer project	72,642.00	0.00	0.00	72,642.00
Equipment and vehicles	<u>1,627,858.13</u>	<u>408,792.04</u>	<u>(75,515.00)</u>	<u>1,961,135.17</u>
Subtotal	15,184,077.64	496,028.09	(75,515.00)	15,604,590.73
Less: Accumulated Depreciation	<u>(7,333,979.32)</u>	<u>(476,035.83)</u>	<u>75,515.00</u>	<u>(7,734,500.15)</u>
Total	<u>\$ 7,850,098.32</u>	<u>\$ 19,992.26</u>	<u>\$ 0.00</u>	<u>\$ 7,870,090.58</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 10: CAPITAL ASSETS – Continued

	<u>Balance</u> <u>January 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>
<u>Component Unit – District Library:</u>				
Land	\$ 16,800.00	\$ 0.00	\$ 0.00	\$ 16,800.00
Books	210,694.08	102,392.43	0.00	313,086.51
Building	<u>2,097,208.89</u>	<u>19,870.00</u>	<u>0.00</u>	<u>2,117,078.89</u>
Subtotal	2,324,702.97	122,262.43	0.00	2,446,965.40
Less: accumulated depreciation	<u>(227,948.73)</u>	<u>(106,724.88)</u>	<u>0.00</u>	<u>(334,673.61)</u>
Subtotal	<u>2,096,754.24</u>	<u>15,537.55</u>	<u>0.00</u>	<u>2,112,291.79</u>
<u>Component Unit – Drainage Districts:</u>				
Land	\$ 9,800.00	\$ 0.00	\$ 0.00	\$ 9,800.00
Infrastructure	<u>2,042,768.15</u>	<u>0.00</u>	<u>0.00</u>	<u>2,042,768.15</u>
Subtotal	2,052,568.15	0.00	0.00	2,052,568.15
Less: accumulated depreciation	<u>(1,906,144.78)</u>	<u>(31,675.26)</u>	<u>0.00</u>	<u>(1,937,820.04)</u>
Subtotal	<u>146,423.37</u>	<u>(31,675.26)</u>	<u>0.00</u>	<u>114,748.11</u>
<u>Component Unit – Road Commission:</u>				
Land and improvements	\$ 110,375.00	\$ 0.00	\$ 0.00	\$ 110,375.00
Infrastructure land improvements	17,275,551.00	561,519.00	0.00	17,837,070.00
Buildings	1,315,559.00	0.00	0.00	1,315,559.00
Equipment – Road	6,271,685.00	758,764.00	325,812.00	6,704,637.00
Equipment – Shop	58,567.00	0.00	0.00	58,567.00
Equipment – Office	45,431.00	0.00	0.00	45,431.00
Equipment – Engineering	33,895.00	0.00	0.00	33,895.00
Equipment – Yard and storage	144,989.00	0.00	0.00	144,989.00
Infrastructure – Bridges	7,519,437.00	89,616.00	0.00	7,609,053.00
Infrastructure – Roads	<u>26,022,177.00</u>	<u>1,898,400.00</u>	<u>0.00</u>	<u>27,920,577.00</u>
Subtotal	58,797,666.00	3,308,299.00	325,812.00	61,780,153.00
Less: accumulated depreciation	<u>(23,242,829.00)</u>	<u>(2,515,367.00)</u>	<u>(201,145.00)</u>	<u>(25,557,051.00)</u>
Subtotal	<u>35,554,837.00</u>	<u>792,932.00</u>	<u>124,667.00</u>	<u>36,223,102.00</u>
Total Component Units	<u>\$ 37,798,014.61</u>	<u>\$ 776,794.29</u>	<u>\$ 124,667.00</u>	<u>\$ 38,450,141.90</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 10: CAPITAL ASSETS – Concluded

Depreciation expense for governmental activities was charged to the following function and activities of the primary government:

<u>Internal Service Funds</u>	\$ <u>4,927.48</u>
<u>Other Governmental Funds</u>	
Parks, recreation and cultural	124,633.32
Legislative	3,558.14
Judicial	36,897.87
General governmental administration	72,349.13
Public safety	410,131.60
Public works	9,354.62
Health and social services	<u>79,101.31</u>
	<u>736,025.99</u>
TOTAL	\$ <u>740,953.47</u>

NOTE 11: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures no more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

As of December 31, 2016, the carrying amount and bank balance for each type of deposit and investment is as follows:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
Cash deposits	\$ 28,650,726.11	\$ 28,901,559.92	\$ 2,473,908.58
Investments	18,339,046.11	18,347,394.58	1,434,745.82
Imprest cash	<u>2,745.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 46,992,517.22</u>	<u>\$ 47,248,954.50</u>	<u>\$ 3,908,654.40</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 11: CASH AND INVESTMENTS - Continued

Financial Statement Presentation:

	CASH AND CASH EQUIVALENTS	INVESTMENTS (CERTIFICATES OF DEPOSIT)	INVESTMENTS (MARKETABLE SECURITIES)	TOTAL
Governmental funds	\$ 15,368,740.26	\$ 8,252,118.53	\$ 4,207,278.19	\$ 27,828,136.98
Proprietary funds	7,303,464.70	3,997,138.11	1,327,819.91	12,628,422.72
Fiduciary funds	3,423,023.34	554,691.37	0.00	3,977,714.71
Component units	<u>2,558,242.81</u>	<u>0.00</u>	<u>0.00</u>	<u>2,558,242.81</u>
	<u>\$ 28,653,471.11</u>	<u>\$ 12,803,948.01</u>	<u>\$ 5,535,098.10</u>	<u>\$ 46,992,517.22</u>

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2016, the carrying amount of the County's deposits were \$46,989,772.22 and the bank balance was \$47,248,954.50, of which \$3,908,654.40 was covered by federal depository insurance. The remaining balance of \$43,340,300.10 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of December 31, 2016, the carrying amounts and market values for the investments were as follows:

INVESTMENT TYPE	CARRYING AMOUNT	WEIGHTED AVERAGE MATURITY	RATING	PERCENTAGE
Insured or registered for which the securities are held by the County's agent in the County's name:				
Federal Home Loan Mortgage Corporation	\$ 3,087,835.05	4.5 Years	AAA	55.8%
Municipal Bonds	970,672.45	.33 Years	AAA	17.5%
Corporate Bonds	<u>1,476,590.60</u>	0.50 Years	A1	26.7%
	<u>\$ 5,535,098.10</u>			

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 11: CASH AND INVESTMENTS – Concluded

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2016, the County's investments were rated by Moody's as noted above.

Interest Rate Risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Custodial Credit Risk

The County will minimize custodial credit risk, which 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 that are in possession of an outside party by diversifying its investments by institution to ensure that potential losses on individual securities do not exceed the income generated by the remainder of the portfolio.

NOTE 12: LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the primary government and component unit for the year ended December 31, 2016:

	BALANCE JANUARY 1, 2016	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2016	DUE WITHIN ONE YEAR
BUSINESS TYPE ACTIVITIES				
Accrued vacation and sick pay	\$ 402,771.72	\$(14,764.29)	\$388,007.43	
\$2,500,000.00 2008 Mason County General Obligation Limited Tax Bonds due in annual installments of \$200,000.00 to \$300,000.00 through November 1, 2017; interest at 3.80%.	<u>600,000.00</u>	<u>(300,000.00)</u>	<u>300,000.00</u>	<u>\$ 300,000.00</u>
TOTAL BUSINESS-TYPE ACTIVITIES	\$ <u>1,002,771.72</u>	\$ <u>(314,764.29)</u>	\$ 688,007.43	\$ <u>300,000.00</u>
Less: amount payable within one year			<u>(300,000.00)</u>	
LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES			\$ <u>388,007.43</u>	

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 12: LONG-TERM OBLIGATIONS – Continued

	BALANCE JANUARY 1, 2016	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2016	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT				
Accrued post closure landfill costs	\$ 662,058.00	\$(27,897.00)	\$ 634,161.00	\$ 0.00
Accrued vacation and sick pay	<u>541,815.41</u>	<u>22,013.18</u>	<u>563,828.59</u>	<u>0.00</u>
TOTAL PRIMARY GOVERNMENT	<u>\$1,203,873.41</u>	<u>\$(5,883.82)</u>	\$1,197,989.59	<u>\$ 0.00</u>
Less: amount payable within one year			(<u>0.00</u>)	
LONG-TERM DEBT PRIMARY GOVERNMENT			<u>\$ 1,197,989.59</u>	
COMPONENT UNITS				
District Library \$400,000.00 2011 Mason County District Library General Obligation Limited Tax Bonds due in annual installments of \$30,000.00 to \$50,000.00 through April 1, 2022; interest at 5.00%.	<u>\$ 300,000.00</u>	<u>\$(40,000.00)</u>	\$ 260,000.00	<u>\$ 40,000.00</u>
Less: amount payable within one year			(<u>40,000.00</u>)	
LONG-TERM DEBT DISTRICT LIBRARY			<u>\$ 220,000.00</u>	

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 12: LONG-TERM OBLIGATIONS – Continued

	BALANCE, JANUARY 1	ADDITIONS (DEDUCTIONS)	BALANCE, DECEMBER 31	DUE WITHIN ONE YEAR
Road Commission				
PACCAR Financial Corp.	\$ 0.00	\$ 253,058.00	\$ 253,058.00	\$ 253,058.00
John Deere	31,344.00	(31,344.00)	0.00	0.00
Caterpillar Financial Service Corp.	188,988.00	(17,895.00)	171,093.00	18,290.00
Caterpillar Financial Service Corp.	354,128.00	(23,677.00)	330,451.00	22,426.00
Caterpillar Financial Service Corp.	213,764.00	(14,650.00)	199,114.00	13,849.00
John Deere	236,293.00	(11,092.00)	225,201.00	11,524.00
Caterpillar Financial Service Corp.	145,373.00	3,008.00	148,381.00	148,381.00
PACCAR Financial Corp.	251,536.00	(251,536.00)	0.00	0.00
Post employment benefits	329,361.00	25,613.00	354,974.00	0.00
Compensated absences	<u>64,122.00</u>	<u>4,364.00</u>	<u>68,486.00</u>	<u>0.00</u>
TOTAL	<u>\$ 1,814,909.00</u>	<u>\$ (64,151.00)</u>	<u>\$ 1,750,758.00</u>	<u>\$ 467,528.00</u>

The annual requirements to amortize all debt outstanding as of December 31, 2016, including interest payments are as follows:

BUSINESS TYPE ACTIVITIES

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2017	\$ 300,000.00	\$11,400.00	\$311,400.00
Undetermined	<u>388,007.43</u>	<u>0.00</u>	<u>388,007.43</u>
TOTAL	<u>\$ 688,007.43</u>	<u>\$ 11,400.00</u>	<u>\$ 699,407.43</u>

**GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT**

Undetermined	<u>\$1,197,989.59</u>	<u>\$ 0.00</u>	<u>\$1,197,989.59</u>
TOTAL	<u>\$1,197,989.59</u>	<u>\$ 0.00</u>	<u>\$1,197,989.59</u>

COMPONENT UNITS

Road Commission			
2017	\$ 467,528.00	\$41,264.00	\$ 508,792.00
2018	67,902.00	23,652.00	91,554.00
2019	184,767.00	21,487.00	206,254.00
2020	607,101.00	12,711.00	619,812.00
Undetermined	<u>423,460.00</u>	<u>0.00</u>	<u>423,460.00</u>
TOTAL	<u>\$ 1,750,758.00</u>	<u>\$ 99,114.00</u>	<u>\$ 1,849,872.00</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 12: LONG-TERM OBLIGATIONS – Concluded

District Library

DUE DATE	PRINCIPAL	INTEREST	TOTAL
2017	\$ 40,000.00	\$ 12,000.00	\$ 52,000.00
2018	40,000.00	10,000.00	50,000.00
2019	40,000.00	8,000.00	48,000.00
2020	40,000.00	6,000.00	46,000.00
2021	50,000.00	4,000.00	54,000.00
2022	<u>50,000.00</u>	<u>1,250.00</u>	<u>51,250.00</u>
TOTAL	\$ <u>260,000.00</u>	\$ <u>41,250.00</u>	\$ <u>301,250.00</u>

NOTE 13: PRIOR PERIOD ADJUSTMENTS

For the year ended December 31, 2016, the following prior period adjustments have resulted in Fund Balance/Retained Earnings restatements:

GENERAL FUND

Record various revenue corrections	\$ 75.27
Record various expenditure corrections	(3,425.00)
Record tax receivable corrections	(5,624.69)

SPECIAL REVENUE FUNDS

Record various expenditure corrections	
Jail Operations	(3,425.00)
Record various revenue corrections	
Child Care	1,425.99
Record tax receivable corrections	
Jail Operations	(638.88)

ENTERPRISE FUNDS

Record various expenditure corrections	
Airport Operations	(634.20)
Record various revenue corrections	
Medical Care Facility	(1,061.26)

COMPONENTS UNITS

Record tax receivable corrections	(749.56)
-----------------------------------	------------

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 14: TRANSFERS

The following are the transfers for the year ended December 31, 2016:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Friend of the Court	\$ 424,000.00	General	\$ 5,012,517.00
Landfill Post Closure	40,000.00		
Jail Operations	1,514,675.00		
Law Library	15,000.00		
Social Welfare	31,000.00		
Child Care	382,000.00		
Equipment Replacement	333,800.00		
Public Improvement	595,492.00		
Delinquent Tax Revolving	464,000.00		
Airport	171,550.00		
Self-Insurance Liability	41,000.00		
Self-Insurance Workers Compens.	10,000.00		
Health, Life, & Pension Insurance	<u>990,000.00</u>		
Subtotal	<u>5,012,517.00</u>	Subtotal	<u>5,012,517.00</u>
Equipment Replacement	34,725.00	Jail Operations	99,250.00
Jail Construction	59,125.00		
Self-Insurance. – Workers Comp.	<u>5,400.00</u>		
Subtotal	<u>99,250.00</u>	Subtotal	<u>99,250.00</u>
General	<u>327,171.66</u>	State Revenue Sharing	<u>327,171.66</u>
Health, Life, & Pension Insurance	<u>2,100,000.00</u>	Delinquent Tax Revolving	<u>2,100,000.00</u>
TOTAL	<u>\$ 7,538,938.66</u>		<u>\$ 7,538,938.66</u>

These transfers were made for cash flow purposes.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following are the interfund receivables and payables at December 31, 2016:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
Revolving Drain	\$ <u>32,670.06</u>	Drain	\$ <u>32,670.06</u>
General	17,799.03	Emergency Management Grant	11,433.75
	<u> </u>	Public Works Operation & Maintenance	<u>6,365.28</u>
Subtotal	<u>17,799.03</u>	Subtotal	<u>17,799.03</u>
TOTAL	<u>\$ 50,469.09</u>		<u>\$ 50,469.09</u>

The interfund receivables and payables were made for cash flow purposes. The \$32,670.06 interfund receivable and payable was eliminated in the government wide statement.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 16: RISK FINANCING ACTIVITIES

It is the policy of the County of Mason not to purchase commercial insurance for all of the risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Instead, County management believes it is more economical to manage its risks internally and set aside assets for claim settlements in various internal service funds. The Worker's Compensation Insurance Fund has an annual retention of \$400,000.00 for each worker's compensation claim. The Self-Insurance Liability and Property Fund provides coverage for a maximum aggregate annual retention of \$100,000.00 for general liability. The Medical Care Facility Fund is used to account for the worker's compensation claims of the County Medical Care Facility. The County, through its insurance service organization, Michigan Municipal Risk Management Authority, has reinsurance with umbrella coverage for liability and property damage of \$15,000,000.00. The reinsurance for Worker's Compensation is the statutory maximum. Settled claims have not exceeded the retention amount in any of the past three fiscal years.

The County appropriates funds from the General Fund to pay to the Worker's Compensation Insurance Fund and the Self-Insurance Liability Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses in the Worker's Compensation Insurance Fund. The reserve was \$1,290,982.10 at December 31, 2016, and is reported as a designation of the Worker's Compensation Insurance Fund fund balance. The claims liability of \$10,290.00 reported in the Worker's Compensation Insurance Fund at December 31, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Worker's Compensation Insurance Fund' claims liability amount in calendar year 2016 were:

Liability Balance January 1, 2016	\$	1,620.00
Claim payments		(32,389.77)
Changes in estimates		<u>41,059.77</u>
 Liability Balance December 31, 2016	 \$	 <u>10,290.00</u>

The claims liability of \$84,160.20 reported in the Self-Insurance Liability Fund at December 31, 2016, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Self-Insurance Liability Fund's claims liability amount in calendar year 2016 were:

Liability Balance January 1, 2016	\$	61,839.16
Claim payments (net of reimbursements)		(24,106.04)
Changes in estimates		<u>46,427.08</u>
 Liability Balance December 31, 2016	 \$	 <u>84,160.20</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 16: RISK FINANCING ACTIVITIES - Concluded

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 evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The County of Mason is required to maintain a membership retention fund with its insurance service organization, Michigan Municipal Risk Management Authority. The County records this retention amount as a deposit on the balance sheet of the Self-Insurance Liability Fund. The balance at December 31, 2016 is as follows:

Member Retention Deposit	<u>\$ 2,757,727.15</u>
--------------------------	------------------------

Mason County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan that authorize contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts. The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Mason County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions, liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board. Settled claims for the general liability coverages have not exceeded the amount of coverage in any of the past three years. The Road Commission is also self-insured for worker's compensation as a member of the County Road Association Self Insurance Fund.

NOTE 17: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County of Mason has two landfills under its jurisdiction. The Mason County Landfill located in Pere Marquette Charter Township has been closed since 1978. A 1994 settlement with the Environmental Protection Agency requires the County to perform certain maintenance and monitoring functions at the site for thirty years. The County records the liability for these post closure care costs in their General Long-Term Debt Account Group because these costs will be paid over a thirty-year period. The liability for post closure care costs for the landfill in Pere Marquette Charter Township at December 31, 2016 was \$167,565.00. These amounts are based on estimates of the cost to perform all post closure care in 2017. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Mason County Landfill, located in the City of Scottville, discontinued operations in 1998. State and federal laws and regulations required the County to place a final cover on the Scottville landfill site in 1998. The County is also required to perform certain maintenance and monitoring functions at the site for thirty years following closure. The County records the liability for these post closure care costs in the General Long-Term Debt Account Group because these costs will be paid over a thirty-year period. The liability for post closure care cost for the landfill in Scottville at December 31, 2016 was \$466,596.00. These amounts are based on estimates of the cost to perform all the post closure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 17: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS - Concluded

The County was required by state and federal laws and regulations to make quarterly contributions to a trust fund to finance post closure care. At December 31, 2016, a balance of \$99,886.33 was held for this purpose. The County has earmarked an additional \$534,274.67 in the Post Closure Care Trust Fund to finance post closure care costs.

The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by General Fund appropriations.

NOTE 18: CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended December 31, 2016 have not yet been conducted. Accordingly, the County's compliance with the program requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

NOTE 19: JOINTLY GOVERNED ORGANIZATIONS

District Health Department No. 10

The Health Department is a joint venture as created under Public Act 368 of 1978 between ten (10) counties as detailed in the formation agreement between the counties, and was established to provide public health services to the ten (10) participating regions. Each participating unit appoints two (2) of the twenty (20) members to the governing board. All ten (10) counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. Some of the treasury functions of the Health Department rest with the County Treasurer but, for the most part, the relationship is fiduciary in nature. As a result, in accordance with GASB Statement No. 61, the pooled cash and cash equivalents of the Health Department, that are a part of the County's pooled accounts at year-end, are reflected as a fiduciary fund in the financial statements. The financial activities of the Health Department are accounted for and reported separately from the participating units. For the year ended September 30, 2016, the County contributed \$181,033.00 to cover its share of operational costs. Separate audited financial statements for their year ended September 30, 2016, are available at the Health Department's administrative offices.

Community Mental Health System

Mason County, Lake County and Oceana County participate jointly in the operation of the West Michigan Community Mental Health System. The funding formula approved by the counties is based pro rata on each unit's population to the total population.

Member percentages of the net operating budget for the year ended December 31, 2016 were:

Mason County	45.00 percent
Lake County	15.00 percent
Oceana County	40.00 percent

Mason County's appropriation to West Michigan Community Mental Health System for the calendar year was \$139,750.00.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 20: DEFERRED COMPENSATION PLANS

The County of Mason has two deferred compensation plans, created in accordance with the Internal Revenue Code, Section 457. The plans, available to all employees, permit them to defer a portion of their current salary until the employee's termination, retirement, death, or unforeseeable emergency.

The County of Mason adopted a new 457-plan document, which incorporates the recent changes to the law governing 457 deferred compensation plans. The most notable change in the plan provides that the employer establish a plan level trust in which all amounts deferred must be placed and held for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, the plan assets are no longer subject to claims of the County's general creditors. All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are for the exclusive benefit of the employee or their beneficiary.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plans, but it does have the duty of care that would be required of an ordinary prudent investor. Therefore, the deferred compensation assets and liabilities have been removed from the County's fiduciary fund, as it is no longer required to be shown in the statements.

Mason County Road Commission offers all administrative Road Commission employees a deferred compensation plan created in accordance with IRC Section 457. Effective in 2001, the assets of the plan were held in a trust, custodial account, or annuity contract described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the custodian thereof for the exclusive benefit of the participants and beneficiaries of the Section 457 plans, and the assets may not be diverted to any other use.

In 1999, the Deferred Compensation Fund was treated as an expendable trust fund. During 1999, the assets of the Deferred Compensation Fund were placed in a trust and reported in an expendable trust fund. In accordance with GASB Statement No. 32 requirements, these assets are no longer reported in the financial statements.

NOTE 21: POST-EMPLOYMENT BENEFITS

The County of Mason offers post-employment health insurance benefits to its employees. Substantially all employees are eligible to receive post-employment benefits in the form of health care benefits until the age of 70. These benefits are provided by contractual agreement and are paid annually by the General Fund. The County funds these costs on a pay-as-you-go basis. The amounts are recorded as expenditures when the fund liability is incurred. The benefit amounts incurred totaled \$319,208.17 during the year ended December 31, 2016. The total number of eligible retirees amounted to twenty-two at December 31, 2016. The County pays 99.7% of these costs. There are provisions for employee contributions. The County has recorded a OPEB liability of \$4,475,956.00 for this benefit, based on an independent actuarial valuation. The County of Mason has established a Retirement Health Funding Vehicle with the Municipal Employees' Retirement System of Michigan. The Funding Vehicle had a balance of \$3,852,500.82 at December 31, 2016. The County of Mason met its Annual Required Contribution (ARC) requirements in 2016.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 21: POST-EMPLOYMENT BENEFITS - Concluded

The Road Commission provides post retirement health care benefits to employees who retire from the Road Commission after January 1, 1989; are between the ages of 58 and 65; and have ten years of service. The Road Commission will pay \$250.00 of the cost for the employee and spouse. The Road Commission has an OPEB liability of \$331,345.00 for this benefit. The Road Commission currently is not advance funding the liability, but is using a pay-as-you-go policy. The Road Commission's (ARC) requirements are \$35,839.00. During 2016, the Road Commission did not fund any post employment health care benefits for retired employees. The difference of \$354,974.00 is recorded as a liability in long-term debt. There are presently thirty-four active plan members and five retirees participating in the plan.

NOTE 22: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multi-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 by accessing the MERS website at www.mersofmich.com.

Benefits provided include plans with multipliers ranging from 1.50% to 2.75%. Vesting periods range from 6 to 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on 3 years. Member contributions are 0.

Employees covered by benefit terms: At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

	County	Library
Inactive employees or beneficiaries currently receiving benefits	178	10
Inactive employees entitled to but not yet receiving benefits	45	1
Active employees	<u>127</u>	<u>11</u>
TOTAL	<u>350</u>	<u>22</u>

Contributions

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

Employer contributions range from 9.68% to 25.66% based on annual payroll for open divisions.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 22: DEFINED BENEFIT PENSION PLAN – Continued

Net Pension Liability

The employer'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 annual actuarial valuation as of December 31, 2015.

Actuarial Assumptions

The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation 3% - 4%. Salary increases: 4.5% in the long-term (1%, 2%, and 3% for calendar years 2014, 2015 and 2016, respectively). Investment rate of return: 8.0%, net of investment expenses, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation for 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and a 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.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008 (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013).

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

Target Asset Class	Long-Term Expected Allocation	Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.0% in 2016 and thereafter. The projection of cash flows used to determine the discount rate assumes the 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 22: DEFINED BENEFIT PENSION PLAN - Continued

Calculating Net Pension Liability for Mason County

Changes in Net Pension Liability	Increase (Decrease)		
	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
	(a)	(b)	(a) - (b)
Balances at 12/31/15	\$ <u>50,917,673</u>	\$ <u>35,740,087</u>	\$ <u>15,177,586</u>
Changes for the Year			
Service cost	758,736		758,736
Interest on Total Pension Liability	3,992,329		3,992,329
Changes in experience	818,706		818,706
Changes in assumptions	3,050,011		3,050,011
Employer Contributions		2,367,247	(2,367,247)
Net investment income		4,048,534	(4,048,534)
Benefit payments, including employee refunds	(2,785,846)	(2,785,846)	
Other Changes	39,771		39,771
Administrative expense		(79,910)	79,910
Net changes	<u>5,873,707</u>	<u>3,550,025</u>	<u>2,323,682</u>
Balances as of 12/31/16	\$ <u>56,791,380</u>	\$ <u>39,290,112</u>	\$ <u>17,501,268</u>

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

Sensitivity to Changes in Discount Rate

	1% DECREASE 7.00%	CURRENT DISCOUNT RATE (8.00%)	1% INCREASE 9.00%
Net Pension Liability at 12/31/16	\$ 17,501,268	\$ 17,501,268	\$ 17,501,268
Change in Net Pension Liability (NPL)	<u>6,404,002</u>	<u> </u>	<u>(5,420,997)</u>
Calculated NPL for your Notes	\$ <u>23,905,270</u>	\$ <u>17,501,268</u>	\$ <u>12,080,271</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

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

For the year ended December 31, 2016, the employer recognized pension expense of \$1,635,207. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources
Differences in experience	\$ 545,804
Differences in assumptions	2,033,340
Excess (Deficit) Investment Returns	1,187,887
Contributions subsequent to the measurement date	<u>0</u>
Total	\$ <u>3,767,031</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 22: DEFINED BENEFIT PENSION PLAN – Continued

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 December 31, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2017	\$ 1,766,152
2018	1,766,152
2019	476,580
2020	(241,853)

Calculating Net Pension Liability for Mason County District Library

Changes in Net Pension Liability	Increase (Decrease)		
	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY
	(a)	(b)	(a) - (b)
Balances at 12/31/15	\$ <u>2,115,407</u>	\$ <u>1,643,542</u>	\$ <u>471,865</u>
Changes for the Year			
Service cost	36,147		36,147
Interest on Total Pension Liability	165,524		165,524
Changes in experience	769		769
Changes in assumptions	124,925		124,925
Employer Contributions		51,319	(51,319)
Net investment income		184,334	(184,334)
Benefit payments, including employee refunds	(128,858)	(128,858)	
Other Changes	6,132		6,132
Administrative expense		(3,640)	3,640
Net changes	<u>204,639</u>	<u>103,155</u>	<u>101,484</u>
Balances as of 12/31/16	\$ <u>2,320,046</u>	\$ <u>1,746,697</u>	\$ <u>573,349</u>

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

Sensitivity to Changes in Discount Rate

	1% DECREASE 7.00%	CURRENT DISCOUNT RATE (8.00%)	1% INCREASE 9.00%
Net Pension Liability at 12/31/16	\$ 573,349	\$ 573,349	\$ 573,349
Change in Net Pension Liability (NPL)	<u>229,236</u>	<u> </u>	<u>(196,950)</u>
Calculated NPL for your Notes	<u>\$ 802,585</u>	<u>\$ 573,349</u>	<u>\$ 376,399</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 22: DEFINED BENEFIT PENSION PLAN – Continued

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

For the year ended December 31, 2016, the employer recognized pension expense of \$103,045. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources
Differences in experience	\$ 512
Differences in assumptions	83,283
Excess (Deficit) Investment Returns	54,965
Contributions subsequent to the measurement date	0
 Total	 \$ 138,760

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 December 31, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended		
2017	\$	63,959
2018		63,958
2019		22,062
2020		(11,219)

Pension Plan Fiduciary Net Position

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

ROAD COMMISSION

Description of Plan and Plan Assets

The Mason County Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan member and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2015.

General Information about the Pension

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 22: DEFINED BENEFIT PENSION PLAN – Continued

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 by accessing the MERS website at www.mersofmich.com.

Benefits provided include plans with multipliers of 2.00%. Vesting periods of 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on 5 years. Member contributions are 0.

Employees covered by benefit terms: At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>33</u>
TOTAL	<u>58</u>

Funding Policy

The Road Commission is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute. The Road Commission is required to contribute at an actuarially determined rate of 17.87% and 21.16% of payroll for union and nonunion employees respectively.

Net Pension Liability

The Road Commission's Net Pension Liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2015.

Actuarial Assumptions

The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation 2.5%. Salary increases: 3.75% average in the long-term. Investment rate of return: 7.75%, net of investment expense, including inflation. .

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation for 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and a 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.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008 (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013).

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 22: DEFINED BENEFIT PENSION PLAN – Continued

best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Target Asset Class	Long-Term Expected Allocation	Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes the 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.

Calculating Net Pension Liability for the Mason County Road Commission

Changes in Net Pension Liability	<u>Increase (Decrease)</u>		
	TOTAL PENSION LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (a) - (b)
Balances at 12/31/15	\$ <u>7,443,525</u>	\$ <u>4,416,810</u>	\$ <u>3,026,715</u>
Changes for the Year			
Service cost	134,411		134,411
Interest on Total Pension Liability	605,095		605,095
Difference between expected and actual experience	(360,537)		(360,537)
Changes in assumptions	337,511		337,511
Employer Contributions		290,143	(290,143)
Net investment income		501,752	(501,752)
Benefit payments, including employee refunds	(352,484)	(352,484)	
Other Changes	(39,185)	1	(39,186)
Administrative expense		(9,902)	9,902
Net changes	<u>324,811</u>	<u>429,510</u>	<u>(104,699)</u>
Balances as of 12/31/16	\$ <u>7,768,336</u>	\$ <u>4,846,320</u>	\$ <u>2,922,016</u>

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

Sensitivity to Changes in Discount Rate

	1% DECREASE 7.00%	CURRENT DISCOUNT RATE (8.00%)	1% INCREASE 9.00%
Net Pension Liability at 12/31/16	\$ 3,699,335	\$ 2,922,016	\$ 2,252,828

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 22: RETIREMENT SYSTEM - MERS OPERATED – Concluded

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended December 31, 2016, the employer recognized pension expense of \$424,285. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 0	\$ 270,403
Changes in assumptions	253,133	0
Net difference between projected and actual earnings on pension plan investments	153,193	0
Total	\$ 406,326	\$ 270,403

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 December 31, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended		
2017	\$ 122,676	\$ 90,134
2018	122,676	90,134
2019	122,676	90,135
2020	38,298	

Annual Pension Costs - For year ended 2016 the Mason County Road Commission's annual pension cost of \$290,143 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation as of 2013, using the age normal cost method. Significant actuarial assumptions used include: (i) a 8% investment rate of return; (ii) projected salary increases of 4.5 percent per year. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 26 years.

NOTE 23: FEDERAL GRANTS

ROAD COMMISSION

The Michigan Department of Transportation (MDOT) requires that all Road Commissions report all federal and state grants pertaining to their County. During the year ended December 31, 2016, the federal aid received and expended by the Road Commission was \$619,405 for MDOT contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT (they are included in MDOT's single audit). Local force account projects are projects where the Road Commission performs the work and would be subject to single requirements if they expend \$750,000 or more.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 23: FEDERAL GRANTS - Concluded

AIRPORT

The Michigan Department of Transportation (MDOT) requires that all Airports report all federal and state grants pertaining to their County. During the year ended December 31, 2016, the federal aid received and expended by the Airport was \$51,816.36 for MDOT contracted projects.

NOTE 24: ROAD COMMISSION STATE EQUIPMENT PURCHASE ADVANCE/HIGHWAY MAINTENANCE ADVANCE

State equipment purchase advance is determined by a formula applied to the book value of equipment of the previous fiscal year. This amount is adjusted each fiscal year in accordance with the formula, and would be refunded to the State Department of Transportation upon termination of the State Highway Maintenance contract. Equipment advance monies for fiscal year 2016 amounted to \$363,910.00. The State has also advanced \$54,910.00 on the highway maintenance agreement.

NOTE 25: FUND BALANCE DEFICIT

At December 31, 2016, the County did not have any funds with a deficit fund balance.

NOTE 26: DEFERRED INFLOWS

The Deferred Inflows recorded by the County of Mason reflects property taxes that were levied in December, 2016, and recorded as property tax receivable and deferred revenue at December 31, 2016 in various Special Revenue Funds.

NOTE 27: LAND CONTRACT

The County of Mason has a land contract receivable from the West Michigan Community Mental Health System. Principal payments of \$9,000.00 plus interest at 2.42% are due monthly. The current portion is \$108,000.00.

Maturities of long-term land contract receivables are as follows:

YEAR ENDED	AMOUNT
December 31, 2017	\$ 108,000.00
December 31, 2018	108,000.00
December 31, 2019	<u>99,000.00</u>
Total	<u>\$ 315,000.00</u>

NOTE 28: SELF-INSURANCE - HEALTH

The County has a self-insured medical reimbursement plan for eligible elected officials and employees. In general, the County is liable for benefits up to \$50,000 per contract; a family unit is considered one contract. Additionally, the County has stop-loss coverage if claims in the aggregate exceed \$735,356 per contract year. Benefit payments in excess of \$50,000 per contract or \$735,356 in aggregate are payable by an insurance company.

The County utilizes Blue Cross Blue Shield of Michigan (BCBSM) to administer benefits payable under this plan. Medical claim reimbursement payments to BCBSM including administrative fees and stop-loss insurance premiums totaled \$1,263,222 for the year ended December 31, 2016.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 29: FUND BALANCES – GOVERNMENTAL FUNDS

In February, 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved have been replaced with five new classifications: non-spendable, restricted, committed, assigned and unassigned.

Non-spendable – assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact, such as the corpus of a permanent fund or foundation.

Restricted – amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed – amounts constrained on use imposed by formal action of the government’s highest level of decision making authority (i.e., Board, Council, etc.)

Assigned – amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee, or a delegated municipality official.

Unassigned – all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classifications and Procedures

For committed fund balance, Mason County’s highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

For assigned fund balance, the County Commissioners are authorized to assign amounts to a specific purpose. The authorization has been delegated by the County Commissioners to the County Administrator.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 29: FUND BALANCES – GOVERNMENTAL FUNDS - Concluded

	GENERAL FUND	PUBLIC IMPROVEMENT	JAIL OPERATIONS	NON-MAJOR FUNDS	INTERNAL SERVICE FUNDS
Nonspendable					
Prepays	\$123,117.17	\$ 0.00	\$40,049.13	\$23,668.75	\$ 23,853.33
Long-term advance to enterprise fund	883,134.12	0.00	0.00	500,000.00	873,932.48
Committed for					
Loss of revenue sharing	2,214,932.44	0.00	0.00	0.00	0.00
Budget stabilization	1,782,214.07	0.00	0.00	0.00	0.00
Assigned for					
Other	0.00	0.00	0.00	1,491,731.69	0.00
Animal control	4,867.72	0.00	0.00	0.00	0.00
Employee benefits	568,761.63	0.00	0.00	0.00	10,965,306.11
Landfill perpetual care	0.00	0.00	0.00	634,161.00	0.00
Senior citizens	0.00	0.00	0.00	99,660.24	0.00
Jail operations	0.00	0.00	474,955.06	0.00	0.00
Public improvement	0.00	5,064,897.73	0.00	0.00	0.00
Equipment replacement	0.00	0.00	0.00	2,361,068.16	0.00
Jail construction	0.00	0.00	0.00	104,074.17	0.00
Unassigned	2,599,670.62	0.00	0.00	1,347,015.54	352,990.25

NOTE 30: UPCOMING ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued two new pronouncements in June 2015, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which will enhance the note disclosures and schedules of required supplementary information for Other Postemployment Benefit Plans (OPEB). GASB Statement No. 74 will provide information about measures of net OPEB liabilities and an analysis of why those liabilities change from year to year. GASB Statement No. 75 establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB plans. GASB Statement No. 74 will be effective for fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

NOTE 31: SUBSEQUENT EVENTS

During March 2017 the Road Commission executed the purchase of a Roller packer in the amount of \$39,411.

NOTE 32: TAX ABATEMENTS

The County received reduced property tax revenues during 2016 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered by cities, villages, townships, and authorities within the County.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 32: TAX ABATEMENTS - Concluded

The IFT's were entered into based upon the Plan Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements reduced 2016 County tax revenues as follows:

<u>FUND</u>	<u>AMOUNT</u>
General Fund	\$19,005.19
Soldiers and Sailors Fund	11.19
Jail Operations	2,162.77
Medical Care Facility	3,622.65
Senior Citizens	1,006.81
911	<u>552.05</u>
Total	<u>\$26,360.66</u>

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, and amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements reduced 2016 County tax revenues as follows:

<u>FUND</u>	<u>AMOUNT</u>
General Fund	\$21,622.91
Soldiers and Sailors Fund	12.32
Jail Operations	2,460.29
Medical Care Facility	4,121.70
Senior Citizens	1,145.11
911	<u>1,246.74</u>
Total	<u>\$30,609.07</u>

NOTE 33: 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Country's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Concluded
DECEMBER 31, 2016

NOTE 33: FAIR VALUE MEASUREMENT - Concluded

The County has the following recurring fair value measurements as of December 31, 2016:

- Federal Home Loans of \$3,087,835.05 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$1,476,590.60 are valued using quoted market prices (Level 1 inputs)
- Municipal bonds of \$970,672.45 are valued using quoted market prices (Level 1 inputs).

The County has the following recurring fair value measurements as of December 31, 2016:

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

	Fair Value Measurement Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Balance December 31, 2016	\$ <u>5,535,098.10</u>	\$ <u>5,535,098.10</u>	\$ _____

REQUIRED SUPPLEMENTARY INFORMATION

MASON COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>General Fund</u>				
REVENUES				
Taxes	\$ 8,995,300.00	\$ 9,349,250.00	\$ 9,361,448.86	\$ 12,198.86
Permits and regulatory licenses	95,750.00	94,650.00	95,659.30	1,009.30
Intergovernmental				
Federal/State	1,618,375.00	1,900,250.00	1,881,812.15	(18,437.85)
Charges for services	667,450.00	740,450.00	762,507.92	22,057.92
Fines and forfeitures	2,000.00	2,100.00	2,375.00	275.00
Interest and rents	120,250.00	112,675.00	130,704.95	18,029.95
Miscellaneous	767,050.00	1,173,575.00	1,185,889.06	12,314.06
	<u>12,266,175.00</u>	<u>13,372,950.00</u>	<u>13,420,397.24</u>	<u>47,447.24</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Legislative	392,900.00	427,800.00	411,243.81	16,556.19
Judicial	1,740,550.00	1,828,250.00	1,764,208.56	64,041.44
General government administration	3,093,950.00	3,018,700.00	2,939,563.45	79,136.55
Public safety	2,739,850.00	2,764,200.00	2,675,584.82	88,615.18
Public works	54,200.00	45,500.00	44,184.13	1,315.87
Health and social services	516,833.00	507,558.00	494,370.94	13,187.06
Parks, recreation, and cultural	5,800.00	7,275.00	7,217.20	57.80
Miscellaneous	226,900.00	70,200.00	69,816.87	383.13
	<u>8,770,983.00</u>	<u>8,669,483.00</u>	<u>8,406,189.78</u>	<u>263,293.22</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,495,192.00</u>	<u>4,703,467.00</u>	<u>5,014,207.46</u>	<u>310,740.46</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	362,825.00	327,150.00	327,171.66	21.66
Transfers out	<u>(3,840,017.00)</u>	<u>(5,012,517.00)</u>	<u>(5,012,517.00)</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,477,192.00)</u>	<u>(4,685,367.00)</u>	<u>(4,685,345.34)</u>	<u>21.66</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	18,000.00	18,100.00	328,862.12	310,762.12
FUND BALANCE, JANUARY 1	7,856,810.07	7,856,810.07	7,856,810.07	0.00
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(8,974.42)</u>	<u>(8,974.42)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 7,874,810.07</u>	<u>\$ 7,874,910.07</u>	<u>\$ 8,176,697.77</u>	<u>\$ 301,787.70</u>

MASON COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Jail Operations</u>				
REVENUES				
Property taxes	\$ 984,475.00	\$ 992,200.00	\$ 993,152.92	\$ 952.92
Charges for services	196,925.00	213,700.00	237,639.53	23,939.53
Interest and rental	1,000.00	1,825.00	2,120.58	295.58
Other	<u>0.00</u>	<u>750.00</u>	<u>780.35</u>	<u>30.35</u>
TOTAL REVENUES	<u>1,182,400.00</u>	<u>1,208,475.00</u>	<u>1,233,693.38</u>	<u>25,218.38</u>
EXPENDITURES				
Public Safety	<u>2,597,825.00</u>	<u>2,608,625.00</u>	<u>2,521,966.57</u>	<u>86,658.43</u>
TOTAL EXPENDITURES	<u>2,597,825.00</u>	<u>2,608,625.00</u>	<u>2,521,966.57</u>	<u>86,658.43</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,415,425.00)</u>	<u>(1,400,150.00)</u>	<u>(1,288,273.19)</u>	<u>111,876.81</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,514,675.00	1,514,675.00	1,514,675.00	0.00
Operating transfers out	<u>(99,250.00)</u>	<u>(99,250.00)</u>	<u>(99,250.00)</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,415,425.00</u>	<u>1,415,425.00</u>	<u>1,415,425.00</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0.00	15,275.00	127,151.81	111,876.81
FUND BALANCE, JANUARY 1	391,916.26	391,916.26	391,916.26	0.00
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(4,063.88)</u>	<u>(4,063.88)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 391,916.26</u>	<u>\$ 407,191.26</u>	<u>\$ 515,004.19</u>	<u>\$ 107,812.93</u>

**MASON COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY
NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS**

	2016	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 758,736	\$ 744,392
Interest	3,992,329	3,954,611
Benefit payments, including refunds	(2,785,846)	(2,575,225)
Other Changes	39,771	(56,203)
Changes in experience	818,706	-
Changes in assumptions	3,050,011	-
	-	-
NET CHANGE IN TOTAL PENSION LIABILITY	5,873,707	2,067,575
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	50,917,673	48,850,098
TOTAL PENSION LIABILITY - END OF YEAR	\$ 56,791,380	\$ 50,917,673
PLAN FIDUCIARY NET POSTION		
Contributions - employer	\$ 2,367,247	\$ 1,646,746
Net investment income	4,048,534	(556,076)
Benefit payments, including refunds	(2,785,846)	(2,575,225)
Administrative expenses	(79,910)	(81,291)
	3,550,025	(1,565,846)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,550,025	(1,565,846)
PLAN FIDUCIARY NET POSTION - BEGINNING OF YEAR	35,740,087	37,305,933
PLAN FIDUCIARY NET POSTION - END OF YEAR	\$ 39,290,112	\$ 35,740,087
COUNTY'S NET PENSION LIABILITY - ENDING	\$ 17,501,268	\$ 15,177,586
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	69.18%	70.19%
COVERED EMPLOYEE PAYROLL	\$ 5,770,891	\$ 5,730,313
NET PENSION LIABILITY AS A % OF COVERED EMPLOYEE PAYROLL	303.27%	264.86%

THIS PAGE INTENTIONALLY BLANK

**MASON COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,556,342	\$ 1,448,602	\$ 1,363,117	\$ 1,379,864
Contributions in relation to the actuarially determined contribution	<u>2,367,246</u>	<u>1,646,746</u>	<u>1,538,117</u>	<u>1,442,264</u>
CONTRIBUTION EXCESS	<u>\$ (810,904)</u>	<u>\$ (198,144)</u>	<u>\$ (175,000)</u>	<u>\$ (62,400)</u>
COVERED EMPLOYEE PAYROLL	\$ 5,730,313	\$ 5,730,310	\$ 5,833,397	\$ 5,656,128
CONTRIBUTIONS AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	41.31%	28.74%	26.37%	25.50%

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	25 years
Asset valuation method	10-year smoothed
Inflation	2.50%
Salary increases	4.50%
Investment rate of return	8%
Retirement age	60
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table
Other information	None

	2012	2011	2010	2009	2008	2007
\$	1,140,536	\$ 1,004,531	\$ 996,861	\$ 1,019,663	\$ 906,995	\$ 930,666
	<u>1,231,346</u>	<u>1,004,531</u>	<u>996,861</u>	<u>1,019,663</u>	<u>906,995</u>	<u>930,666</u>
\$	<u>(90,810)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	5,656,128	\$ 5,942,012	\$ 5,927,211	\$ 5,777,490	\$ 5,687,806	\$ 5,753,929
	21.77%	16.91%	16.82%	17.65%	15.95%	16.17%

**MASON COUNTY, MICHIGAN
ROAD COMMISSION
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 134,411	\$ 145,384
Interest	605,095	576,243
Benefit payments, including refunds	(352,484)	(336,472)
Other Changes	(39,185)	(21,937)
Differences between expected and actual experience	(360,537)	-
Changes in assumptions	337,511	-
	<u>324,811</u>	<u>363,218</u>
NET CHANGE IN TOTAL PENSION LIABILITY	324,811	363,218
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	<u>7,443,525</u>	<u>7,080,307</u>
TOTAL PENSION LIABILITY - END OF YEAR	<u>\$ 7,768,336</u>	<u>\$ 7,443,525</u>
PLAN FIDUCIARY NET POSTION		
Contributions - employer	\$ 290,143	\$ 252,898
Net investment income	501,752	(68,546)
Benefit payments, including refunds	(352,484)	(336,472)
Other expense	1	(1)
Administrative expenses	(9,902)	(10,009)
	<u>429,510</u>	<u>(162,130)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	429,510	(162,130)
PLAN FIDUCIARY NET POSTION - BEGINNING OF YEAR	<u>4,416,810</u>	<u>4,578,940</u>
PLAN FIDUCIARY NET POSTION - END OF YEAR	<u>\$ 4,846,320</u>	<u>\$ 4,416,810</u>
COUNTY'S NET PENSION LIABILITY - ENDING	<u>\$ 2,922,016</u>	<u>\$ 3,026,715</u>
PLAN FIDUCIARY NET POSTION AS A % OF TOTAL PENSION LIABILITY	62.39%	59.34%
COVERED EMPLOYEE PAYROLL	<u>\$ 1,458,502</u>	<u>\$ 1,575,702</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED - EMPLOYEE PAYROLL	200%	192%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	6%	6%

**MASON COUNTY, MICHIGAN
ROAD COMMISSION
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 290,143	\$ 252,898
CONTRIBUTIONS IN RELATION TO THE		
ACTUARIALLY DETERMINED CONTRIBUTION	<u>(290,143)</u>	<u>(252,898)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>
COVERED - EMPLOYEES PAYROLL	1,458,502	1,575,702
CONTRIBUTIONS AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	20%	16%

NOTES TO SCHEDULE:

ACTUARIALLY DETERMINED CONTRIBUTION RATES ARE CALCULATED AS OF DECEMBER 31ST, TWO YEARS PRIOR TO THE END OF THE FISCAL YEAR IN WHICH CONTRIBUTIONS ARE REPORTED.

METHODS AND ASSUMPTIONS USE TO DETERMINE CONTRIBUTION RATES:

ACTUARIAL COST METHOD	ENTRY AGE
AMORTIZATION METHOD	LEVEL PERCENTAGE OF PAYROLL CLOSED
REMAINING AMORTIZATION PERIOD	24 YEARS
ASSET VALUATION METHOD	5 YEARS SMOOTHED MARKET
INFLATION	2.50%
SALARY INCREASES	3.75% AVERAGE, INCLUDING INFLATION
INVESTMENT RATE OF RETURN	7.75%
RETIREMENT AGE	IN THE 2015 ACTUARIAL VALUATION, EXPECTED RETIREMENT AGES OF GENERAL EMPLOYEES WERE ADJUSTED TO MORE CLOSELY REFLECT ACTUAL EXPERIENCE
MORTALITY	ASSUMPTIONS WERE BASED ON THE RP-2014 GROUP ANNUITY MORTALITY TABLE - BLENDED 50% MALE/ 50% FEMALE

**MASON COUNTY, MICHIGAN
ROAD COMMISSION
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Health Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
2008	\$ -	\$ 545,337	\$ 545,337	0%	Not Available	18.17%
2010	\$ -	\$ 545,377	\$ 545,377	0%	Not Available	5.62%
2013	\$ -	\$ 331,345	\$ 331,345	0%	Not Available	17.16%

MASON COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF CHANGES IN THE DISTRICT LIBRARY
NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2016	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 36,147	\$ 38,799
Interest	165,524	162,167
Benefit payments, including refunds	(128,858)	(113,037)
Other Changes	6,132	4,697
Changes in experience	769	-
Changes in assumptions	124,925	-
	<u>204,639</u>	<u>92,626</u>
NET CHANGE IN TOTAL PENSION LIABILITY	204,639	92,626
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	<u>2,115,407</u>	<u>2,022,781</u>
TOTAL PENSION LIABILITY - END OF YEAR	<u><u>\$ 2,320,046</u></u>	<u><u>\$ 2,115,407</u></u>
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 51,319	\$ 43,584
Net investment income	184,334	(25,676)
Benefit payments, including refunds	(128,858)	(113,037)
Administrative expenses	(3,640)	(3,775)
	<u>103,155</u>	<u>(98,904)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	103,155	(98,904)
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	<u>1,643,542</u>	<u>1,742,446</u>
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 1,746,697</u></u>	<u><u>\$ 1,643,542</u></u>
COUNTY'S NET PENSION LIABILITY - ENDING	<u><u>\$ 573,349</u></u>	<u><u>\$ 471,865</u></u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	75.29%	77.69%
COVERED EMPLOYEE PAYROLL	<u><u>\$ 291,721</u></u>	<u><u>\$ 315,674</u></u>
NET PENSION LIABILITY AS A % OF COVERED EMPLOYEE PAYROLL	196.54%	149.48%

MASON COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
District Library

	2016	2015	2014	2013
Actuarially determined contribution	\$ 51,319	\$ 43,584	\$ 42,231	\$ 38,883
Contributions in relation to the actuarially determined contribution	<u>51,319</u>	<u>43,584</u>	<u>43,325</u>	<u>47,854</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(1,094)</u></u>	<u><u>(8,971)</u></u>
COVERED EMPLOYEE PAYROLL	\$ 296,404	\$ 291,721	\$ 315,674	\$ 272,566
CONTRIBUTIONS AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	17.31%	14.94%	13.72%	17.56%

Notes to Schedule of District Library Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	25 years
Asset valuation method	10-year smoothed
Inflation	2.50%
Salary increases	4.50%
Investment rate of return	8%
Retirement age	60
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table
Other information	None

	2012	2011	2010	2009	2008	2007
\$	39,745	\$ 50,458	\$ 57,203	\$ 47,358	\$ 53,158	\$ 50,207
	<u>48,959</u>	<u>50,458</u>	<u>57,203</u>	<u>47,358</u>	<u>53,158</u>	<u>50,207</u>
	<u>(9,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	277,718	\$ 297,685	\$ 296,535	\$ 276,624	\$ 280,218	\$ 288,505
	17.63%	16.95%	19.29%	17.12%	18.97%	17.40%

THIS PAGE INTENTIONALLY BLANK

GENERAL FUND

The General Fund is used to account for resources traditionally associated with local government, and any other activity for which a special fund has not been created.

**MASON COUNTY, MICHIGAN
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2016**

ASSETS

Cash and cash equivalents	\$ 3,906,226.21
Investments - net	3,309,261.41
Accounts receivable	32,323.50
Interest receivable	5,769.43
Prepaid items	123,117.17
Advances to other funds	883,134.12
Due from other funds	17,799.03
Due from other units	29,142.87
Due from employees	2,376.00
Land contract	315,000.00
Due from federal and state governments	<u>292,364.57</u>
TOTAL ASSETS	<u><u>\$ 8,916,514.31</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 254,229.49
Unearned revenue	329,020.00
Due to individuals	28,471.31
Accrued wages	<u>128,095.74</u>
TOTAL LIABILITIES	<u>739,816.54</u>

FUND BALANCE

Nonspendable	1,006,251.29
Committed	3,997,146.51
Assigned	573,629.35
Undesignated and unreserved	<u>2,599,670.62</u>
TOTAL FUND BALANCE	<u>8,176,697.77</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 8,916,514.31</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUES	
Taxes	\$ 9,361,448.86
Licenses and permits	95,659.30
Intergovernmental	
Federal	417,136.17
State	1,464,675.98
Charges for services	762,507.92
Interest and rents	130,704.95
Fines and forfeits	2,375.00
Other revenue	1,185,889.06
	<u>13,420,397.24</u>
TOTAL REVENUES	13,420,397.24
EXPENDITURES	
Legislative	411,243.81
Judicial	1,764,208.56
General government	2,939,563.45
Public safety	2,675,584.82
Public works	44,184.13
Health and welfare	494,370.94
Recreation and cultural	7,217.20
Other	69,816.87
	<u>8,406,189.78</u>
TOTAL EXPENDITURES	8,406,189.78
EXCESS OF REVENUES OVER EXPENDITURES	5,014,207.46
OTHER FINANCING SOURCES (USES)	
Transfers in	327,171.66
Transfers out	(5,012,517.00)
	<u>(4,685,345.34)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(4,685,345.34)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	328,862.12
FUND BALANCE, JANUARY 1	7,856,810.07
PRIOR PERIOD ADJUSTMENTS	(8,974.42)
FUND BALANCE, DECEMBER 31	\$ 8,176,697.77

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
District Court	\$ \$ 266,125.00	\$ 274,000.00	\$ 277,586.81	\$ 3,586.81
Friend of the Court	28,400.00	38,950.00	38,072.65	(877.35)
Probate Court	11,500.00	15,075.00	15,071.04	(3.96)
Juvenile Court	29,875.00	29,925.00	30,006.27	81.27
Family counseling service	3,325.00	3,325.00	3,345.00	20.00
Equalization Department	18,250.00	21,400.00	21,487.72	87.72
Prosecutor	17,100.00	31,125.00	41,307.16	10,182.16
County Clerk	82,325.00	82,400.00	83,504.62	1,104.62
Register of Deeds	209,375.00	251,825.00	258,120.13	6,295.13
Property tax collections	8,545,550.00	8,880,000.00	8,889,128.50	9,128.50
Personal Property Tax Reimburse.	342,000.00	297,150.00	297,154.72	4.72
Delinquent personal tax	3,000.00	1,775.00	2,930.31	1,155.31
Other taxes	48,750.00	60,700.00	62,592.33	1,892.33
Payment in lieu of tax	56,000.00	109,625.00	109,643.00	18.00
Probate Judge supplement	103,425.00	103,950.00	103,964.82	14.82
Judicial salary standardization	137,150.00	137,150.00	137,172.00	22.00
Court financing reimbursements	136,000.00	128,675.00	127,686.97	(988.03)
Emergency management	20,000.00	22,700.00	21,656.39	(1,043.61)
Sheriff Road Patrol	51,600.00	51,600.00	49,696.52	(1,903.48)
State Revenue Sharing	352,975.00	501,975.00	504,542.68	2,567.68
County Incentive Program	60,725.00	101,725.00	102,371.17	646.17
Marine Patrol	23,500.00	25,500.00	25,500.00	0.00
911 Center	155,000.00	154,400.00	154,541.00	141.00
Drunk driving case flow	8,125.00	7,325.00	7,337.29	12.29
C.R.P. reimbursement	287,000.00	360,500.00	343,587.28	(16,912.72)
Victims' rights	16,200.00	21,975.00	22,175.00	200.00
Convention facility tax	145,525.00	136,350.00	136,358.06	8.06
Township liquor license	14,475.00	14,175.00	14,195.50	20.50
State survey/remonumentation	29,775.00	29,775.00	29,784.00	9.00
Drug case information management	600.00	925.00	943.65	18.65
Investment income	71,850.00	63,475.00	81,253.03	17,778.03
Rents and leases	48,400.00	49,200.00	49,451.92	251.92
Reimbursements - refunds	759,725.00	946,075.00	952,212.91	6,137.91
Friend of the Court - incentive programs	29,500.00	41,750.00	41,750.50	0.50
Other Treasurer's fees	7,875.00	7,650.00	7,774.50	124.50
Sheriff's Department	6,300.00	20,175.00	20,350.85	175.85
S.S.C.E.N.T. program	9,225.00	10,125.00	10,142.00	17.00
Sale of fixed assets	7,250.00	211,850.00	218,028.10	6,178.10
Drain Commissioner	29,000.00	30,325.00	30,409.84	84.84
Animal control	74,325.00	71,000.00	71,863.00	863.00
Zoning department	19,075.00	25,350.00	25,698.00	348.00
TOTAL REVENUES	\$ <u>12,266,175.00</u>	\$ <u>13,372,950.00</u>	\$ <u>13,420,397.24</u>	\$ <u>47,447.24</u>

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Animal control	\$ 198,500.00	\$ 183,000.00	\$ 178,107.51	\$ 4,892.49
Audit	16,250.00	15,400.00	15,366.38	33.62
Board of Commissioners	165,100.00	200,000.00	188,060.00	11,940.00
Circuit Court	364,575.00	349,000.00	344,103.48	4,896.52
Circuit Court appointed attorney	119,425.00	144,000.00	122,552.08	21,447.92
Contingency	60,050.00	0.00	0.00	0.00
County Administrator	216,925.00	216,925.00	212,311.13	4,613.87
County maintenance	137,325.00	113,000.00	111,095.60	1,904.40
Copy machine	17,600.00	14,650.00	11,823.01	2,826.99
County Clerk's Office	441,825.00	426,000.00	417,486.98	8,513.02
County Plat Board	300.00	0.00	0.00	0.00
Courthouse maintenance	157,375.00	151,000.00	143,054.36	7,945.64
Department of Public Works	41,475.00	40,000.00	39,194.07	805.93
District Court	564,525.00	550,000.00	533,905.84	16,094.16
District Court appointed attorney	53,175.00	130,000.00	123,256.80	6,743.20
District Health Dept. #10	181,033.00	181,033.00	181,033.00	0.00
Department of Corrections	7,950.00	7,000.00	4,970.77	2,029.23
Drain Commissioner	280,000.00	283,000.00	276,527.21	6,472.79
Drains at large	12,725.00	5,500.00	4,990.06	509.94
Emergency planning	86,375.00	89,500.00	86,682.03	2,817.97
Employee benefits	64,150.00	63,500.00	61,395.03	2,104.97
Extension office	115,300.00	118,000.00	113,493.95	4,506.05
Election and Board of Canvassers	117,850.00	115,000.00	111,210.64	3,789.36
Equalization Department	413,125.00	411,000.00	401,251.30	9,748.70
Fairgrounds	4,800.00	5,775.00	5,750.20	24.80
Family counseling service	4,000.00	4,000.00	3,000.00	1,000.00
Health Department	60,175.00	55,000.00	52,909.41	2,090.59
Household hazardous waste prog.	6,000.00	6,000.00	6,000.00	0.00
Insurance and surety	3,600.00	2,600.00	2,545.92	54.08
Jail annex maintenance	29,500.00	20,000.00	19,673.17	326.83
Jury Commission	11,250.00	11,250.00	10,543.41	706.59
Juvenile Court	78,800.00	90,000.00	88,922.80	1,077.20
Mason County Growth Alliance	95,000.00	0.00	0.00	0.00
Mason - Lake soil conservation	26,100.00	26,100.00	26,100.00	0.00
Mason - Oceana 911	155,000.00	156,075.00	154,898.39	1,176.61
Medical Examiner	40,000.00	40,000.00	40,000.00	0.00
Mental Health Authority	139,750.00	139,750.00	139,750.00	0.00
Michigan Association of Counties	10,875.00	10,875.00	10,872.68	2.32
Lakeshore Regional Partners	72,775.00	73,775.00	68,178.53	5,596.47
Parks and recreation	1,000.00	1,500.00	1,467.00	33.00
Planning commission and zoning	278,300.00	318,000.00	281,536.26	36,463.74
Probate Court	536,850.00	543,000.00	532,953.38	10,046.62
Prosecutor's Office	656,525.00	661,000.00	645,449.83	15,550.17

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Regional planning	\$ 7,650.00	\$ 7,650.00	\$ 7,633.98	\$ 16.02
Register of Deeds	232,600.00	238,000.00	233,121.71	4,878.29
Remonumentation	29,800.00	30,300.00	30,006.50	293.50
Scottville office maintenance	28,100.00	21,000.00	19,749.70	1,250.30
Service building	12,525.00	38,400.00	38,320.06	79.94
Sheriff Emergency Response Team	11,850.00	11,850.00	8,665.75	3,184.25
Sheriff Road Patrol	1,717,000.00	1,723,600.00	1,688,263.01	35,336.99
Sheriff - marine safety	75,400.00	75,400.00	74,690.47	709.53
Sheriff's Secondary Road Patrol	110,825.00	111,125.00	110,001.62	1,123.38
Sheriff - S.S.C.E.N.T. program	98,650.00	88,000.00	85,105.80	2,894.20
Tax allocation boards	1,400.00	950.00	915.03	34.97
Treasurer's Office	378,850.00	334,000.00	324,793.94	9,206.06
United Way 211 service	2,000.00	2,000.00	2,000.00	0.00
Veterans' burial	21,100.00	16,000.00	10,500.00	5,500.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	\$ <u>8,770,983.00</u>	\$ <u>8,669,483.00</u>	\$ <u>8,406,189.78</u>	\$ <u>263,293.22</u>

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.

Special Revenue Funds in Mason County are the Senior Citizens, Friend of the Court, Solid Waste Management Plan, Brownfield Redevelopment Authority/Economic Development, Building Department, Courthouse Preservation, Register of Deeds Automation, Community Corrections, DARE Program, Victims' Assistance, Drug Law Enforcement, Jail Operations, County Law Library, Community Development Block Grant, Emergency Management Grant, Justice Training, Social Welfare, Child Care, Soldiers' and Sailors' Relief, Veterans' Trust, Building Authority Operations, Junk Ordinance Administration, Landfill Perpetual Care, Principle Residence Exemption, Corrections Officers Training, Concealed Pistol Licensing, and Revenue Sharing Reserve.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2016**

	SENIOR CITIZENS	FRIEND OF THE COURT	LANDFILL PERPETUAL CARE
ASSETS			
Cash and cash equivalents	\$ 102,121.08	\$ 195,628.69	\$ 55,113.01
Investments - net	0.00	0.00	1,906,100.30
Taxes receivable	472,694.85	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Interest receivable	0.00	0.00	5,519.97
Long-term advances	0.00	0.00	500,000.00
Prepaid items	1,131.00	1,057.52	0.00
Due from other units	0.00	0.00	0.00
Due from federal government	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 575,946.93	\$ 196,686.21	\$ 2,466,733.28
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 2,460.84	\$ 428.48	\$ 556.74
Due to individuals	0.00	0.00	0.00
Accrued expenses	0.00	8,967.75	0.00
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	2,460.84	9,396.23	556.74
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS	472,694.85	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Nonspendable for prepaid items	1,131.00	1,057.52	0.00
Nonspendable for advances	0.00	0.00	500,000.00
Assigned	99,660.24	186,232.46	634,161.00
Unassigned	0.00	0.00	1,332,015.54
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	100,791.24	187,289.98	2,466,176.54
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 575,946.93	\$ 196,686.21	\$ 2,466,733.28
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

JUNK ORDINANCE ADMINISTRATION	SOLID WASTE MANAGEMENT PLAN	BROWNFIELD REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT
\$ 71,621.93	\$ 1,233.16	\$ 161,134.66	\$ 155,728.54
0.00	22,952.14	7,756.58	0.00
0.00	0.00	0.00	0.00
0.00	2,196.25	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
1,272.83	0.00	0.00	2,160.58
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>72,894.76</u>	<u>26,381.55</u>	<u>168,891.24</u>	<u>157,889.12</u>
\$ 0.00	\$ 18.39	\$ 0.00	\$ 55,257.99
0.00	0.00	0.00	0.00
0.00	0.00	0.00	2,357.82
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>18.39</u>	<u>0.00</u>	<u>57,615.81</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
1,272.83	0.00	0.00	2,160.58
0.00	0.00	0.00	0.00
56,621.93	26,363.16	168,891.24	98,112.73
15,000.00	0.00	0.00	0.00
<u>72,894.76</u>	<u>26,363.16</u>	<u>168,891.24</u>	<u>100,273.31</u>
<u>\$ 72,894.76</u>	<u>\$ 26,381.55</u>	<u>\$ 168,891.24</u>	<u>\$ 157,889.12</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2016

	COURTHOUSE PRESERVATION	PRINCIPAL RESIDENCE EXEMPTION	REGISTER OF DEEDS AUTOMATION
ASSETS			
Cash and cash equivalents	\$ 235,931.08	\$ 20,633.11	\$ 32,330.53
Investments - net	0.00	0.00	8,900.60
Taxes receivable	0.00	13,237.97	0.00
Accounts receivable	0.00	0.00	0.00
Interest receivable	14.10	0.00	0.00
Long-term advances	0.00	0.00	0.00
Prepaid items	0.00	0.00	15,396.52
Due from other units	0.00	0.01	0.00
Due from federal government	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	\$ <u>235,945.18</u>	\$ <u>33,871.09</u>	\$ <u>56,627.65</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 0.00	\$ 0.00	\$ 7,945.50
Due to individuals	0.00	0.00	0.00
Accrued expenses	0.00	0.00	365.20
Due to other units	0.00	18,823.81	0.00
Due to other funds	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>0.00</u>	<u>18,823.81</u>	<u>8,310.70</u>
DEFERRED INFLOWS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE			
Nonspendable for prepaid items	0.00	0.00	15,396.52
Nonspendable for advances	0.00	0.00	0.00
Assigned	235,945.18	15,047.28	32,920.43
Unassigned	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUND BALANCE	<u>235,945.18</u>	<u>15,047.28</u>	<u>48,316.95</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ <u>235,945.18</u>	\$ <u>33,871.09</u>	\$ <u>56,627.65</u>

COMMUNITY CORRECTIONS	CONCEALED PISTON LICENSING	DARE PROGRAM	CORRECTIONS OFFICERS TRAINING	DRUG LAW ENFORCEMENT
\$ 4,349.51	\$ 12,398.46	\$ 1,395.93	\$ 7,818.29	\$ 6,935.49
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>4,349.51</u>	<u>12,398.46</u>	<u>1,395.93</u>	<u>7,818.29</u>	<u>6,935.49</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
0.00	50.22	0.00	0.00	0.00
0.00	2,048.00	0.00	444.25	0.00
0.00	0.00	0.00	0.00	0.00
<u>0.00</u>	<u>2,098.22</u>	<u>0.00</u>	<u>444.25</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
4,349.51	10,300.24	1,395.93	7,374.04	6,935.49
0.00	0.00	0.00	0.00	0.00
<u>4,349.51</u>	<u>10,300.24</u>	<u>1,395.93</u>	<u>7,374.04</u>	<u>6,935.49</u>
\$ <u>4,349.51</u>	\$ <u>12,398.46</u>	\$ <u>1,395.93</u>	\$ <u>7,818.29</u>	\$ <u>6,935.49</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2016

	JAIL OPERATIONS	COUNTY LAW LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
ASSETS			
Cash and cash equivalents	\$ 270,420.52	\$ 29,864.99	\$ 16,174.04
Investments - net	325,245.34	0.00	0.00
Taxes receivable	1,015,418.56	0.00	0.00
Accounts receivable	5,094.88	0.00	0.00
Interest receivable	0.00	0.00	0.00
Long-term advances	0.00	0.00	0.00
Prepaid items	40,049.13	0.00	0.00
Due from other units	0.00	0.00	0.00
Due from federal government	0.00	0.00	0.00
Due from state	29,027.70	0.00	0.00
	<u>1,685,256.13</u>	<u>29,864.99</u>	<u>16,174.04</u>
TOTAL ASSETS	\$ 1,685,256.13	\$ 29,864.99	\$ 16,174.04
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 67,903.87	\$ 218.15	\$ 0.00
Due to individuals	44,733.40	0.00	0.00
Accrued expenses	42,196.11	0.00	0.00
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00
	<u>154,833.38</u>	<u>218.15</u>	<u>0.00</u>
TOTAL LIABILITIES	154,833.38	218.15	0.00
DEFERRED INFLOWS	<u>1,015,418.56</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE			
Nonspendable for prepaid items	40,049.13	0.00	0.00
Nonspendable for advances	0.00	0.00	0.00
Assigned	474,955.06	29,646.84	16,174.04
Unassigned	0.00	0.00	0.00
	<u>515,004.19</u>	<u>29,646.84</u>	<u>16,174.04</u>
TOTAL FUND BALANCE	515,004.19	29,646.84	16,174.04
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ <u>1,685,256.13</u>	\$ <u>29,864.99</u>	\$ <u>16,174.04</u>

EMERGENCY MANAGEMENT GRANT	VICTIM'S ASSISTANCE	REVENUE SHARING RESERVE	JUSTICE TRAINING
\$ 461.41	\$ 14,963.26	\$ 0.00	\$ 8,295.14
50,530.60	0.00	0.00	0.00
0.00	0.00	0.00	0.00
11,867.78	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
183.88	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>63,043.67</u>	<u>14,963.26</u>	<u>0.00</u>	<u>8,295.14</u>
\$ 38.01	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00
161.87	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>11,433.75</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>11,633.63</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
183.88	0.00	0.00	0.00
0.00	0.00	0.00	0.00
51,226.16	14,963.26	0.00	8,295.14
0.00	0.00	0.00	0.00
<u>51,410.04</u>	<u>14,963.26</u>	<u>0.00</u>	<u>8,295.14</u>
<u>\$ 63,043.67</u>	<u>\$ 14,963.26</u>	<u>\$ 0.00</u>	<u>\$ 8,295.14</u>

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
DECEMBER 31, 2016**

	SOCIAL WELFARE	CHILD CARE
ASSETS		
Cash and cash equivalents	\$ 22,410.41	\$ 293,120.71
Investments - net	0.00	0.00
Taxes receivable	0.00	0.00
Accounts receivable	75.44	0.00
Interest receivable	0.00	0.00
Long-term advances	0.00	0.00
Prepaid items	1,007.93	1,458.49
Due from other units	13,654.76	0.00
Due from federal government	0.00	0.00
Due from state	0.00	139,507.66
	<u>37,148.54</u>	<u>434,086.86</u>
TOTAL ASSETS	\$ <u>37,148.54</u>	\$ <u>434,086.86</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 462.00	\$ 19,476.65
Due to individuals	0.00	0.00
Accrued expenses	90.00	4,466.05
Due to other units	0.00	0.00
Due to other funds	0.00	0.00
	<u>552.00</u>	<u>23,942.70</u>
TOTAL LIABILITIES	<u>552.00</u>	<u>23,942.70</u>
DEFERRED INFLOWS	<u>0.00</u>	<u>0.00</u>
FUND BALANCE		
Nonspendable for prepaid items	1,007.93	1,458.49
Nonspendable for advances	0.00	0.00
Assigned	35,588.61	408,685.67
Unassigned	0.00	0.00
	<u>36,596.54</u>	<u>410,144.16</u>
TOTAL FUND BALANCE	<u>36,596.54</u>	<u>410,144.16</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ <u>37,148.54</u>	\$ <u>434,086.86</u>

SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS	TOTAL
\$ 13,778.88	\$ 371.67	\$ 49,153.15	\$ 1,783,387.65
0.00	0.00	0.00	2,321,485.56
5,252.16	0.00	0.00	1,506,603.54
0.00	0.00	0.00	19,234.35
0.00	0.00	0.00	5,534.07
0.00	0.00	0.00	500,000.00
0.00	0.00	0.00	63,717.88
0.00	0.00	0.00	13,654.77
0.00	0.00	0.00	0.00
0.00	0.00	18,317.38	186,852.74
<u>\$ 19,031.04</u>	<u>\$ 371.67</u>	<u>\$ 67,470.53</u>	<u>\$ 6,400,470.56</u>
\$ 0.00	\$ 0.00	\$ 4,958.73	\$ 159,725.35
0.00	0.00	0.00	44,733.40
0.00	0.00	0.00	58,655.02
0.00	0.00	0.00	21,316.06
0.00	0.00	0.00	11,433.75
<u>0.00</u>	<u>0.00</u>	<u>4,958.73</u>	<u>295,863.58</u>
<u>5,252.16</u>	<u>0.00</u>	<u>0.00</u>	<u>1,493,365.57</u>
0.00	0.00	0.00	63,717.88
0.00	0.00	0.00	500,000.00
13,778.88	371.67	62,511.80	2,700,507.99
0.00	0.00	0.00	1,347,015.54
<u>13,778.88</u>	<u>371.67</u>	<u>62,511.80</u>	<u>4,611,241.41</u>
<u>\$ 19,031.04</u>	<u>\$ 371.67</u>	<u>\$ 67,470.53</u>	<u>\$ 6,400,470.56</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	SENIOR CITIZENS	FRIEND OF THE COURT	LANDFILL PERPETUAL CARE
REVENUES			
Taxes	\$ 461,951.66	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	0.00
Charges for services	0.00	10,756.92	0.00
Unrealized (loss) gain on investments	0.00	0.00	(14,300.86)
Interest and rents	0.00	0.00	43,244.62
Fines and forfeits	0.00	0.00	0.00
Other	0.00	0.00	10,303.75
TOTAL REVENUES	461,951.66	10,756.92	39,247.51
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	0.00	0.00	0.00
Health and welfare	442,049.74	0.00	0.00
Judicial	0.00	412,728.60	0.00
Landfill perpetual care	0.00	0.00	75,446.33
TOTAL EXPENDITURES	442,049.74	412,728.60	75,446.33
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,901.92	(401,971.68)	(36,198.82)
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	424,000.00	40,000.00
Transfers out	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	424,000.00	40,000.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	19,901.92	22,028.32	3,801.18
FUND BALANCE, JANUARY 1	80,889.32	165,261.66	2,462,375.36
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 100,791.24	\$ 187,289.98	\$ 2,466,176.54

JUNK ORDINANCE ADMINISTRATION	SOLID WASTE MANAGEMENT PLAN	BROWNFIELD REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT
\$ 0.00	\$ 0.00	\$ 135,608.68	\$ 0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	2,196.25	0.00	303,060.17
0.00	0.00	0.00	0.00
0.00	161.17	57.91	0.00
215.00	0.00	0.00	0.00
1,774.00	0.00	0.00	0.00
<u>1,989.00</u>	<u>2,357.42</u>	<u>135,666.59</u>	<u>303,060.17</u>
0.00	0.00	78,551.35	309,496.31
0.00	2,066.29	0.00	0.00
4,878.37	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>4,878.37</u>	<u>2,066.29</u>	<u>78,551.35</u>	<u>309,496.31</u>
<u>(2,889.37)</u>	<u>291.13</u>	<u>57,115.24</u>	<u>(6,436.14)</u>
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
(2,889.37)	291.13	57,115.24	(6,436.14)
75,784.13	26,072.03	111,776.00	106,709.45
0.00	0.00	0.00	0.00
<u>\$ 72,894.76</u>	<u>\$ 26,363.16</u>	<u>\$ 168,891.24</u>	<u>\$ 100,273.31</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	COURTHOUSE PRESERVATION	PRINCIPAL RESIDENCE EXEMPTION	REGISTER OF DEEDS AUTOMATION
REVENUES			
Taxes	\$ 0.00	\$ 2,350.26	\$ 0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	0.00
Charges for services	0.00	0.00	34,550.00
Unrealized gain on investments	0.00	0.00	0.00
Interest and rents	441.14	0.00	192.66
Fines and forfeits	19,877.00	0.00	0.00
Other	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	20,318.14	2,350.26	34,742.66
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General government	0.00	622.00	98,600.14
Public safety	0.00	0.00	0.00
Health and welfare	0.00	0.00	0.00
Judicial	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	0.00	622.00	98,600.14
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,318.14	1,728.26	(63,857.48)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	20,318.14	1,728.26	(63,857.48)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1	215,627.04	13,319.02	112,174.43
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 235,945.18	\$ 15,047.28	\$ 48,316.95
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMUNITY CORRECTIONS	CONCEALED PISTOL LICENSING	DARE PROGRAM	CORRECTIONS OFFICERS TRAINING	DRUG LAW ENFORCEMENT
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	14,364.00	0.00	10,222.95	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>0.00</u>	<u>14,364.00</u>	<u>0.00</u>	<u>10,222.95</u>	<u>0.00</u>
0.00	0.00	0.00	0.00	0.00
0.00	5,874.84	0.00	6,099.65	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>0.00</u>	<u>5,874.84</u>	<u>0.00</u>	<u>6,099.65</u>	<u>0.00</u>
0.00	0.00	0.00	0.00	0.00
0.00	8,489.16	0.00	4,123.30	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>0.00</u>	<u>8,489.16</u>	<u>0.00</u>	<u>4,123.30</u>	<u>0.00</u>
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	8,489.16	0.00	4,123.30	0.00
4,349.51	1,811.08	1,395.93	3,250.74	6,935.49
0.00	0.00	0.00	0.00	0.00
<u>\$ 4,349.51</u>	<u>\$ 10,300.24</u>	<u>\$ 1,395.93</u>	<u>\$ 7,374.04</u>	<u>\$ 6,935.49</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	JAIL OPERATIONS	COUNTY LAW LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
REVENUES			
Taxes	\$ 993,152.92	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	0.00
Charges for services	237,639.53	0.00	0.00
Unrealized gain on investments	0.00	0.00	0.00
Interest and rents	2,120.58	0.00	0.00
Fines and forfeits	0.00	3,500.00	0.00
Other	780.35	0.00	0.00
TOTAL REVENUES	<u>1,233,693.38</u>	<u>3,500.00</u>	<u>0.00</u>
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	2,521,966.57	11,160.15	0.00
Health and welfare	0.00	0.00	0.00
Judicial	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>2,521,966.57</u>	<u>11,160.15</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,288,273.19)</u>	<u>(7,660.15)</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,514,675.00	15,000.00	0.00
Transfers out	(99,250.00)	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,415,425.00</u>	<u>15,000.00</u>	<u>0.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	127,151.81	7,339.85	0.00
FUND BALANCE, JANUARY 1	391,916.26	22,306.99	16,174.04
PRIOR PERIOD ADJUSTMENTS	<u>(4,063.88)</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE, DECEMBER 31	<u>\$ 515,004.19</u>	<u>\$ 29,646.84</u>	<u>\$ 16,174.04</u>

EMERGENCY MANAGEMENT GRANT	VICTIM'S ASSISTANCE	REVENUE SHARING RESERVE	JUSTICE TRAINING
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
33,066.55	0.00	0.00	0.00
0.00	0.00	0.00	4,057.60
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
962.68	0.00	59.31	0.00
0.00	0.00	0.00	0.00
0.00	10.00	0.00	0.00
<u>34,029.23</u>	<u>10.00</u>	<u>59.31</u>	<u>4,057.60</u>
0.00	0.00	0.00	0.00
29,244.28	0.00	0.00	5,389.23
0.00	1,120.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>29,244.28</u>	<u>1,120.00</u>	<u>0.00</u>	<u>5,389.23</u>
<u>4,784.95</u>	<u>(1,110.00)</u>	<u>59.31</u>	<u>(1,331.63)</u>
0.00	0.00	0.00	0.00
0.00	0.00	(327,171.66)	0.00
<u>0.00</u>	<u>0.00</u>	<u>(327,171.66)</u>	<u>0.00</u>
4,784.95	(1,110.00)	(327,112.35)	(1,331.63)
46,625.09	16,073.26	327,112.35	9,626.77
0.00	0.00	0.00	0.00
<u>\$ 51,410.04</u>	<u>\$ 14,963.26</u>	<u>\$ 0.00</u>	<u>\$ 8,295.14</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Concluded
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	SOCIAL WELFARE	CHILD CARE
REVENUES		
Taxes	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00
State grants	0.00	326,508.90
Charges for services	0.00	36,342.55
Unrealized gain on investments	0.00	0.00
Interest and rents	0.00	0.00
Fines and forfeits	0.00	0.00
Other	1,911.11	0.00
TOTAL REVENUES	<u>1,911.11</u>	<u>362,851.45</u>
EXPENDITURES		
General government	0.00	0.00
Public safety	0.00	0.00
Health and welfare	32,027.27	702,834.30
Judicial	0.00	0.00
Landfill perpetual care	0.00	0.00
TOTAL EXPENDITURES	<u>32,027.27</u>	<u>702,834.30</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(30,116.16)</u>	<u>(339,982.85)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	31,000.00	382,000.00
Transfers out	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>31,000.00</u>	<u>382,000.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	883.84	42,017.15
FUND BALANCE, JANUARY 1	35,712.70	366,701.02
PRIOR PERIOD ADJUSTMENTS	0.00	1,425.99
FUND BALANCE, DECEMBER 31	<u>\$ 36,596.54</u>	<u>\$ 410,144.16</u>

SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS	TOTAL
\$ 5,019.23	\$ 0.00	\$ 0.00	\$ 1,598,082.75
0.00	0.00	0.00	33,066.55
0.00	0.00	0.00	330,566.50
0.00	0.00	0.00	649,132.37
0.00	0.00	0.00	(14,300.86)
0.00	0.00	55,207.00	102,447.07
0.00	0.00	0.00	23,592.00
0.00	0.00	0.00	14,779.21
<u>5,019.23</u>	<u>0.00</u>	<u>55,207.00</u>	<u>2,737,365.59</u>
0.00	0.00	42,946.14	530,215.94
0.00	0.00	0.00	2,581,801.01
4,558.27	387.52	0.00	1,187,855.47
0.00	0.00	0.00	412,728.60
0.00	0.00	0.00	75,446.33
<u>4,558.27</u>	<u>387.52</u>	<u>42,946.14</u>	<u>4,788,047.35</u>
<u>460.96</u>	<u>(387.52)</u>	<u>12,260.86</u>	<u>(2,050,681.76)</u>
0.00	0.00	0.00	2,406,675.00
0.00	0.00	0.00	(426,421.66)
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,980,253.34</u>
460.96	(387.52)	12,260.86	(70,428.42)
13,317.92	759.19	50,250.94	4,684,307.72
0.00	0.00	0.00	(2,637.89)
<u>\$ 13,778.88</u>	<u>\$ 371.67</u>	<u>\$ 62,511.80</u>	<u>\$ 4,611,241.41</u>

THIS PAGE INTENTIONALLY BLANK

CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to certain purposes are used only for those purposes and further enables them to report to creditors, and other grantors of Capital Projects Fund revenue, that their requirements regarding the use of the revenue were fully satisfied.

In this category, Mason County administers the transactions of the Equipment Replacement Fund, Building Authority – Jail Construction Fund, and Public Improvement Fund.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2016**

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
ASSETS				
Cash and cash equivalents	\$ 939,116.17	\$ 4.96	\$ 1,922,951.92	\$ 2,862,073.05
Investments	1,417,039.40	104,069.21	3,169,234.38	4,690,342.99
Interest receivable	<u>2,928.46</u>	<u>0.00</u>	<u>3,375.43</u>	<u>6,303.89</u>
TOTAL ASSETS	<u>2,359,084.03</u>	<u>104,074.17</u>	<u>5,095,561.73</u>	<u>7,558,719.93</u>
DEFERRED OUTFLOWS	<u>1,984.13</u>	<u>0.00</u>	<u>0.00</u>	<u>1,984.13</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,361,068.16</u>	<u>\$ 104,074.17</u>	<u>\$ 5,095,561.73</u>	<u>\$ 7,560,704.06</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>30,664.00</u>	\$ <u>30,664.00</u>
TOTAL LIABILITIES	<u>0.00</u>	<u>0.00</u>	<u>30,664.00</u>	<u>30,664.00</u>
FUND BALANCE				
Assigned	<u>2,361,068.16</u>	<u>104,074.17</u>	<u>5,064,897.73</u>	<u>7,530,040.06</u>
TOTAL FUND BALANCE	<u>2,361,068.16</u>	<u>104,074.17</u>	<u>5,064,897.73</u>	<u>7,530,040.06</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,361,068.16</u>	<u>\$ 104,074.17</u>	<u>\$ 5,095,561.73</u>	<u>\$ 7,560,704.06</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
REVENUES				
Federal Grant	\$ 4,484.15	\$ 0.00	\$ 0.00	\$ 4,484.15
Interest	17,393.20	495.45	40,637.25	58,525.90
Unrealized gain (loss)	113.75	0.00	(1,576.13)	(1,462.38)
Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL REVENUES	<u>21,991.10</u>	<u>495.45</u>	<u>39,061.12</u>	<u>61,547.67</u>
EXPENDITURES				
Capital outlay	<u>158,570.79</u>	<u>0.00</u>	<u>212,322.00</u>	<u>370,892.79</u>
TOTAL EXPENDITURES	<u>158,570.79</u>	<u>0.00</u>	<u>212,322.00</u>	<u>370,892.79</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(136,579.69)</u>	<u>495.45</u>	<u>(173,260.88)</u>	<u>(309,345.12)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>368,525.00</u>	<u>59,125.00</u>	<u>595,492.00</u>	<u>1,023,142.00</u>
EXCESS (DEFICIENCY) OF OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	231,945.31	59,620.45	422,231.12	713,796.88
FUND BALANCE, JANUARY 1	<u>2,129,122.85</u>	<u>44,453.72</u>	<u>4,642,666.61</u>	<u>6,816,243.18</u>
FUND BALANCE, DECEMBER 31	<u>\$ 2,361,068.16</u>	<u>\$ 104,074.17</u>	<u>\$ 5,064,897.73</u>	<u>\$ 7,530,040.06</u>

THIS PAGE INTENTIONALLY BLANK

INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the County. Since the services and commodities are supplied exclusively to programs under the County's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue and enterprise funds.

The County's Computer Network Fund, DPW Revolving Equipment Fund, Self-Insurance Liability Fund, Self-Insurance Workers' Compensation, and Self-Insurance Health Fund are operated as Internal Service Funds.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2016**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
ASSETS		
Cash	\$ 96,552.21	\$ 48,781.12
Investments	5.37	165,022.99
Prepaid items	5,746.07	0.00
Deferred expense	0.00	0.00
Deposits	0.00	0.00
Accounts receivable	0.00	0.00
Interest receivable	0.00	0.00
Due from employees	0.00	0.00
Long-term advances	0.00	0.00
Vehicles - net	<u>0.00</u>	<u>44,497.36</u>
TOTAL ASSETS	<u>\$ 102,303.65</u>	<u>\$ 258,301.47</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 1,407.24	\$ 219.06
Long-term advances	0.00	0.00
Unearned revenue	0.00	0.00
Accrued expenses	<u>242.50</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>1,649.74</u>	<u>219.06</u>
FUND EQUITY		
Assigned for employee benefits	0.00	0.00
Retained earnings	<u>100,653.91</u>	<u>258,082.41</u>
TOTAL FUND EQUITY	<u>100,653.91</u>	<u>258,082.41</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 102,303.65</u>	<u>\$ 258,301.47</u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	TOTAL
\$ 5,084.92	\$ 52,463.36	\$ 6,614,171.74	\$ 6,817,053.35
59,683.46	762,551.70	1,151,043.24	2,138,306.76
0.00	15,407.26	2,700.00	23,853.33
2,757,727.15	0.00	0.00	2,757,727.15
0.00	0.00	38,335.00	38,335.00
0.00	0.00	44,377.45	44,377.45
646.42	1,511.69	864.69	3,022.80
0.00	0.00	770.41	770.41
0.00	471,805.55	1,557,126.93	2,028,932.48
0.00	0.00	0.00	44,497.36
<u>\$ 2,823,141.95</u>	<u>\$ 1,303,739.56</u>	<u>\$ 9,409,389.46</u>	<u>\$ 13,896,876.09</u>
\$ 2,100.00	\$ 2,467.46	\$ 0.00	\$ 6,193.76
1,155,000.00	0.00	0.00	1,155,000.00
0.00	0.00	424,907.46	424,907.46
84,160.20	10,290.00	0.00	94,692.70
<u>1,241,260.20</u>	<u>12,757.46</u>	<u>424,907.46</u>	<u>1,680,793.92</u>
1,581,881.75	1,290,982.10	8,984,482.00	11,857,345.85
0.00	0.00	0.00	358,736.32
<u>1,581,881.75</u>	<u>1,290,982.10</u>	<u>8,984,482.00</u>	<u>12,216,082.17</u>
<u>\$ 2,823,141.95</u>	<u>\$ 1,303,739.56</u>	<u>\$ 9,409,389.46</u>	<u>\$ 13,896,876.09</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
OPERATING REVENUES		
Charges for services	\$ 79,870.09	\$ 0.00
Equipment rental	0.00	19,590.93
Other	0.00	0.00
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	79,870.09	19,590.93
	<hr/>	<hr/>
EXPENSES		
Claims and benefits	0.00	0.00
Salaries and benefits	8,842.15	0.00
Contracted services	38,811.38	0.00
Utilities	131.24	0.00
Operating expense	480.18	8,763.08
Repairs and maintenance	552.05	1,448.93
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	48,817.00	10,212.01
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	31,053.09	9,378.92
	<hr/>	<hr/>
NONOPERATING INCOME		
Interest	182.19	981.50
Gain on sale of fixed assets	0.00	2,525.00
Unrealized gain (loss) on investments	0.00	0.00
	<hr/>	<hr/>
TOTAL NONOPERATING INCOME	182.19	3,506.50
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	31,235.28	12,885.42
	<hr/>	<hr/>
OTHER FINANCING SOURCES		
Transfers in	0.00	0.00
	<hr/>	<hr/>
NET INCOME (LOSS)	31,235.28	12,885.42
	<hr/>	<hr/>
RETAINED EARNINGS, JANUARY 1	69,418.63	245,196.99
	<hr/>	<hr/>
PRIOR PERIOD ADJUSTMENTS	0.00	0.00
	<hr/>	<hr/>
RETAINED EARNINGS, DECEMBER 31	\$ 100,653.91	\$ 258,082.41
	<hr/> <hr/>	<hr/> <hr/>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	TOTAL
\$ 0.00	\$ 0.00	\$ 0.00	\$ 79,870.09
0.00	0.00	0.00	19,590.93
<u>65,830.00</u>	<u>808.70</u>	<u>126,000.00</u>	<u>192,638.70</u>
<u>65,830.00</u>	<u>808.70</u>	<u>126,000.00</u>	<u>292,099.72</u>
24,106.04	32,389.77	194,358.00	250,853.81
0.00	0.00	0.00	8,842.15
19,619.90	0.00	20,800.00	79,231.28
0.00	0.00	0.00	131.24
4,254.91	8.87	502.71	14,009.75
<u>11,992.66</u>	<u>0.00</u>	<u>0.00</u>	<u>13,993.64</u>
<u>59,973.51</u>	<u>32,398.64</u>	<u>215,660.71</u>	<u>367,061.87</u>
<u>5,856.49</u>	<u>(31,589.94)</u>	<u>(89,660.71)</u>	<u>(74,962.15)</u>
51,477.41	26,662.83	60,992.67	140,296.60
0.00	0.00	0.00	2,525.00
<u>0.00</u>	<u>(8,985.80)</u>	<u>(13,758.13)</u>	<u>(22,743.93)</u>
<u>51,477.41</u>	<u>17,677.03</u>	<u>47,234.54</u>	<u>120,077.67</u>
<u>57,333.90</u>	<u>(13,912.91)</u>	<u>(42,426.17)</u>	<u>45,115.52</u>
<u>41,000.00</u>	<u>15,400.00</u>	<u>3,090,000.00</u>	<u>3,146,400.00</u>
98,333.90	1,487.09	3,047,573.83	3,191,515.52
1,483,547.85	1,289,495.01	5,936,908.17	9,024,566.65
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>\$ 1,581,881.75</u>	<u>\$ 1,290,982.10</u>	<u>\$ 8,984,482.00</u>	<u>\$ 12,216,082.17</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 31,053.09	\$ 9,378.92
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	0.00	4,927.48
Prior period adjustments	0.00	0.00
(Increase) decrease in current assets		
Interest receivable	0.00	0.00
Accounts receivable	0.00	0.00
Prepaid items	2,829.42	0.00
Deferred expenses	0.00	0.00
Due from employees	0.00	0.00
Deposits	0.00	0.00
Increase (decrease) in current liabilities		
Accounts payable	1,399.99	87.84
Deferred revenues	0.00	0.00
Accrued expenses	27.58	0.00
	<u>35,310.08</u>	<u>14,394.24</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	<u>35,310.08</u>	<u>14,394.24</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital purchases	0.00	(6,275.00)
Advances to other funds	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
	<u>0.00</u>	<u>(6,275.00)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investments	(0.04)	(907.12)
Gain on sale of fixed assets	0.00	2,525.00
Unrealized gain (loss) on investments	0.00	0.00
Interest received	182.19	981.50
	<u>182.15</u>	<u>2,599.38</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	<u>182.15</u>	<u>2,599.38</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	<u>35,492.23</u>	<u>10,718.62</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>61,059.98</u>	<u>38,062.50</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 96,552.21</u>	<u>\$ 48,781.12</u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	TOTAL
\$ 5,856.49	\$ (31,589.94)	\$ (89,660.71)	\$ (74,962.15)
0.00	0.00	0.00	4,927.48
0.00	0.00	0.00	0.00
(646.42)	(1,511.69)	(291.20)	(2,449.31)
0.00	0.00	(18,258.38)	(18,258.38)
0.00	302.26	(2,700.00)	431.68
(1,087,327.25)	0.00	0.00	(1,087,327.25)
0.00	0.00	(156.57)	(156.57)
0.00	0.00	(6,138.00)	(6,138.00)
(6,607.77)	2,056.62	0.00	(3,063.32)
0.00	0.00	(186,370.38)	(186,370.38)
<u>22,321.04</u>	<u>8,670.00</u>	<u>0.00</u>	<u>31,018.62</u>
<u>(1,066,403.91)</u>	<u>(22,072.75)</u>	<u>(303,575.24)</u>	<u>(1,342,347.58)</u>
0.00	0.00	0.00	(6,275.00)
<u>961,990.72</u>	<u>6,194.45</u>	<u>(877,151.24)</u>	<u>91,033.93</u>
<u>961,990.72</u>	<u>6,194.45</u>	<u>(877,151.24)</u>	<u>84,758.93</u>
<u>41,000.00</u>	<u>15,400.00</u>	<u>3,090,000.00</u>	<u>3,146,400.00</u>
9,486.86	(226,648.55)	(798,215.14)	(1,016,283.99)
0.00	0.00	0.00	2,525.00
0.00	(8,985.80)	(13,758.13)	(22,743.93)
<u>51,477.41</u>	<u>26,662.83</u>	<u>60,992.67</u>	<u>140,296.60</u>
<u>60,964.27</u>	<u>(208,971.52)</u>	<u>(750,980.60)</u>	<u>(896,206.32)</u>
(2,448.92)	(209,449.82)	1,158,292.92	992,605.03
<u>7,533.84</u>	<u>261,913.18</u>	<u>5,455,878.82</u>	<u>5,824,448.32</u>
<u>\$ 5,084.92</u>	<u>\$ 52,463.36</u>	<u>\$ 6,614,171.74</u>	<u>\$ 6,817,053.35</u>

MASON COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 5,824,448.32	\$ 0.00	\$ 5,824,448.32
NET DECREASE	<u>992,605.03</u>	<u>0.00</u>	<u>992,605.03</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 6,817,053.35</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ 6,817,053.35</u></u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominately self-supporting by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the financial statements of Enterprise Funds are self-contained and creditors, legislators, or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

The County's Park Operations Fund, Public Works Operations and Maintenance Fund, Airport Fund, Delinquent Tax Revolving Fund, Medical Care Facility Fund, and Delinquent Tax Foreclosure Fund are operated as Enterprise Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2016

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
ASSETS			
Cash	\$ 267,223.89	\$ 322,601.79	\$ 206,292.05
Investments	27,130.33	1,269,189.04	35,272.54
Interest receivable	0.00	1,502.94	0.00
Accounts receivable	0.00	28,105.61	221.66
Taxes receivable	0.00	0.00	0.00
Delinquent taxes receivable	0.00	0.00	0.00
Due from state	0.00	0.00	54,695.05
Due from federal	0.00	0.00	0.00
Due from other units	0.00	30,637.13	0.00
Deferred outflows	0.00	0.00	0.00
Special assessment receivable	0.00	3,243.39	0.00
Prepaid items	733.00	0.00	3,683.04
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	295,087.22	1,655,279.90	300,164.34
NONCURRENT ASSETS			
Lease receivable	0.00	1,964,415.82	0.00
Fixed assets - net	287,711.04	510,833.77	2,366,480.89
	<hr/>	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	287,711.04	2,475,249.59	2,366,480.89
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 582,798.26	\$ 4,130,529.49	\$ 2,666,645.23
<hr/>			
LIABILITIES, DEFERRED INFLOWS, AND RETAINED EARNINGS			
LIABILITIES			
Accounts payable	\$ 3,787.77	\$ 35,198.49	\$ 9,339.33
Due to individuals	400.00	0.00	0.00
Due to other funds	0.00	6,365.28	0.00
Compensated absences	0.00	0.00	14,113.73
Accrued expenses	300.00	0.00	1,567.08
Advances from other funds	0.00	1,964,415.82	292,650.78
Pension liability	0.00	0.00	0.00
Accrued interest payable	0.00	0.00	0.00
Bonds payable	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	4,487.77	2,005,979.59	317,670.92
<hr/>			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	5,807.00	3,243.39	0.00
	<hr/>	<hr/>	<hr/>
<hr/>			
RETAINED EARNINGS			
Unrestricted	572,503.49	2,121,306.51	2,348,974.31
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND RETAINED EARNINGS	\$ 582,798.26	\$ 4,130,529.49	\$ 2,666,645.23
	<hr/>	<hr/>	<hr/>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 1,663,898.89	\$ 4,070,003.10	\$ 773,444.98	\$ 7,303,464.70
1,022,715.67	2,715,801.74	254,848.70	5,324,958.02
2,884.37	1,991.74	0.00	6,379.05
2,599.99	242,209.01	0.00	273,136.27
0.00	1,700,826.09	0.00	1,700,826.09
1,385,570.87	0.00	0.00	1,385,570.87
0.00	753,468.41	0.00	808,163.46
0.00	289,316.40	0.00	289,316.40
25,136.10	0.00	0.00	55,773.23
0.00	1,451,001.00	0.00	1,451,001.00
0.00	0.00	0.00	3,243.39
2,783.96	30,878.74	0.00	38,078.74
<u>4,105,589.85</u>	<u>11,255,496.23</u>	<u>1,028,293.68</u>	<u>18,639,911.22</u>
0.00	0.00	0.00	1,964,415.82
<u>0.00</u>	<u>4,705,064.88</u>	<u>0.00</u>	<u>7,870,090.58</u>
<u>0.00</u>	<u>4,705,064.88</u>	<u>0.00</u>	<u>9,834,506.40</u>
\$ <u><u>4,105,589.85</u></u>	\$ <u><u>15,960,561.11</u></u>	\$ <u><u>1,028,293.68</u></u>	\$ <u><u>28,474,417.62</u></u>
\$ 0.00	\$ 198,627.60	\$ 7,477.89	\$ 254,431.08
0.00	17,938.82	0.00	18,338.82
0.00	0.00	0.00	6,365.28
0.00	373,893.70	0.00	388,007.43
0.00	473,026.75	0.00	474,893.83
0.00	0.00	0.00	2,257,066.60
0.00	4,097,763.00	0.00	4,097,763.00
0.00	2,850.00	0.00	2,850.00
0.00	300,000.00	0.00	300,000.00
<u>0.00</u>	<u>5,464,099.87</u>	<u>7,477.89</u>	<u>7,799,716.04</u>
<u>0.00</u>	<u>1,700,826.09</u>	<u>0.00</u>	<u>1,709,876.48</u>
<u>4,105,589.85</u>	<u>8,795,635.15</u>	<u>1,020,815.79</u>	<u>18,964,825.10</u>
\$ <u><u>4,105,589.85</u></u>	\$ <u><u>15,960,561.11</u></u>	\$ <u><u>1,028,293.68</u></u>	\$ <u><u>28,474,417.62</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
REVENUES			
Charges for services	\$ 91,960.50	\$ 120,064.55	\$ 17,063.00
Rentals	0.00	0.00	88,449.37
Reimbursements	0.00	195,028.21	12,539.99
State and federal grants	0.00	0.00	54,695.05
Administration fees and penalties	0.00	0.00	0.00
Other	42,559.77	7,894.62	1,300.00
	<u>134,520.27</u>	<u>322,987.38</u>	<u>174,047.41</u>
TOTAL REVENUES			
EXPENSES			
Salary and benefits	45,381.04	0.00	67,665.64
Interest and fees	0.00	90,407.32	16,899.24
Contracted services	6,177.56	35,601.49	48,357.21
Repairs and maintenance	14,864.34	4,664.80	24,808.55
Utilities and telephone	12,292.17	13,218.91	33,212.88
Other operating expenses	25,278.39	160,149.98	250,498.42
	<u>103,993.50</u>	<u>304,042.50</u>	<u>441,441.94</u>
TOTAL EXPENSES			
OPERATING INCOME (LOSS)	<u>30,526.77</u>	<u>18,944.88</u>	<u>(267,394.53)</u>
NONOPERATING INCOME			
Investment interest	776.49	10,255.54	717.34
Unrealized gain (loss) on investments	0.00	0.00	0.00
Property taxes	0.00	0.00	0.00
	<u>776.49</u>	<u>10,255.54</u>	<u>717.34</u>
TOTAL NONOPERATING INCOME			
INCOME BEFORE TRANSFERS	<u>31,303.26</u>	<u>29,200.42</u>	<u>(266,677.19)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	0.00	171,550.00
Transfers out	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>171,550.00</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET INCOME	31,303.26	29,200.42	(95,127.19)
RETAINED EARNINGS, JANUARY 1	541,200.23	2,092,106.09	2,444,735.70
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	(634.20)
RETAINED EARNINGS, DECEMBER 31	<u>\$ 572,503.49</u>	<u>\$ 2,121,306.51</u>	<u>\$ 2,348,974.31</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 314,418.46	\$ 11,251,756.73	\$ 538,460.35	\$ 12,333,723.59
0.00	0.00	0.00	88,449.37
11.20	0.00	1,715.00	209,294.40
0.00	0.00	0.00	54,695.05
133,751.09	0.00	0.00	133,751.09
0.00	21,803.10	0.00	73,557.49
<u>448,180.75</u>	<u>11,273,559.83</u>	<u>540,175.35</u>	<u>12,893,470.99</u>
0.00	8,492,590.89	0.00	8,605,637.57
0.00	19,950.00	0.00	127,256.56
420.00	451,897.43	50,197.76	592,651.45
0.00	98,641.33	0.00	142,979.02
0.00	297,096.09	0.00	355,820.05
17,979.07	3,577,930.18	117,660.06	4,149,496.10
<u>18,399.07</u>	<u>12,938,105.92</u>	<u>167,857.82</u>	<u>13,973,840.75</u>
<u>429,781.68</u>	<u>(1,664,546.09)</u>	<u>372,317.53</u>	<u>(1,080,369.76)</u>
17,637.95	37,981.84	4,206.52	71,575.68
(6,831.44)	(10,132.65)	0.00	(16,964.09)
0.00	1,668,839.55	0.00	1,668,839.55
<u>10,806.51</u>	<u>1,696,688.74</u>	<u>4,206.52</u>	<u>1,723,451.14</u>
<u>440,588.19</u>	<u>32,142.65</u>	<u>376,524.05</u>	<u>643,081.38</u>
464,000.00	0.00	0.00	635,550.00
(2,100,000.00)	0.00	0.00	(2,100,000.00)
<u>(1,636,000.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,464,450.00)</u>
(1,195,411.81)	32,142.65	376,524.05	(821,368.62)
5,301,001.66	8,764,553.76	644,291.74	19,787,889.18
0.00	(1,061.26)	0.00	(1,695.46)
<u>\$ 4,105,589.85</u>	<u>\$ 8,795,635.15</u>	<u>\$ 1,020,815.79</u>	<u>\$ 18,964,825.10</u>

**MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 30,526.77	\$ 18,944.88	\$ (267,394.53)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	13,148.91	28,582.16	175,605.68
Prior period adjustment	0.00	0.00	(634.20)
(Increase) decrease in current assets			
Accounts receivable	0.00	(4,495.54)	818.98
Taxes receivable	0.00	0.00	0.00
Special assessment receivable	0.00	4,651.23	0.00
Interest receivable	0.00	(352.41)	0.00
Prepaid items	(50.00)	0.00	(94.99)
Due from other units	0.00	(771.47)	(54,695.05)
Deferred outflows	0.00	0.00	0.00
Increase (decrease) in current liabilities			
Accrued payable interest	0.00	0.00	0.00
Due to individuals	50.00	0.00	0.00
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	(277.44)	0.00
Accrued expenses	300.00	0.00	518.80
Accounts payable	2,746.69	2,972.01	(5,509.07)
Deferred revenue	3,083.00	(4,651.23)	0.00
	<u>49,805.37</u>	<u>44,602.19</u>	<u>(151,384.38)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Lease receivable	0.00	47,315.17	0.00
Property taxes	0.00	0.00	0.00
Advances from other funds	0.00	(47,315.17)	(43,718.76)
Capital purchases	(30,799.38)	0.00	(41,925.00)
Bond payment	0.00	0.00	0.00
	<u>(30,799.38)</u>	<u>0.00</u>	<u>(85,643.76)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	0.00	0.00	171,550.00
	<u>0.00</u>	<u>0.00</u>	<u>171,550.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in investments	(256.22)	(9,139.64)	73,542.57
Unrealized gain on investments	0.00	0.00	0.00
Interest received	776.49	10,255.54	717.34
	<u>776.49</u>	<u>10,255.54</u>	<u>717.34</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
	<u>520.27</u>	<u>1,115.90</u>	<u>74,259.91</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,526.26	45,718.09	8,781.77
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>247,697.63</u>	<u>276,883.70</u>	<u>197,510.28</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 267,223.89</u>	<u>\$ 322,601.79</u>	<u>\$ 206,292.05</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 429,781.68	(1,664,546.09)	\$ 372,317.53	\$ (1,080,369.76)
0.00	258,699.08	0.00	476,035.83
0.00	(1,061.26)	0.00	(1,695.46)
0.00	36,262.41	0.00	32,585.85
(67,759.29)	(43,826.53)	0.00	(111,585.82)
0.00	0.00	0.00	4,651.23
(825.11)	167.98	0.00	(1,009.54)
(8.02)	(2,224.26)	0.00	(2,377.27)
15,403.52	(147,030.70)	0.00	(187,093.70)
0.00	(362,398.00)	0.00	(362,398.00)
0.00	(2,850.00)	0.00	(2,850.00)
0.00	(3,058.36)	0.00	(3,008.36)
0.00	0.00	(17.00)	(17.00)
0.00	0.00	0.00	(277.44)
0.00	916,138.72	0.00	916,957.52
(21.00)	(32,083.20)	5,757.89	(26,136.68)
0.00	43,826.53	0.00	42,258.30
<u>376,571.78</u>	<u>(1,003,983.68)</u>	<u>378,058.42</u>	<u>(306,330.30)</u>
0.00	0.00	0.00	47,315.17
0.00	1,668,839.55	0.00	1,668,839.55
0.00	0.00	0.00	(91,033.93)
0.00	(423,303.71)	0.00	(496,028.09)
0.00	(300,000.00)	0.00	(300,000.00)
<u>0.00</u>	<u>945,535.84</u>	<u>0.00</u>	<u>829,092.70</u>
<u>(1,636,000.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,464,450.00)</u>
1,146,016.88	(578,908.06)	(2,878.48)	628,377.05
(6,831.44)	(10,132.65)	0.00	(16,964.09)
17,637.95	37,981.84	4,206.52	71,575.68
<u>1,156,823.39</u>	<u>(551,058.87)</u>	<u>1,328.04</u>	<u>682,988.64</u>
(102,604.83)	(609,506.71)	379,386.46	(258,698.96)
<u>1,766,503.72</u>	<u>4,679,509.81</u>	<u>394,058.52</u>	<u>7,562,163.66</u>
<u>\$ 1,663,898.89</u>	<u>\$ 4,070,003.10</u>	<u>\$ 773,444.98</u>	<u>\$ 7,303,464.70</u>

MASON COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	CASH	INVESTMENTS	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 7,562,163.66	\$ 0.00	\$ 7,562,163.66
NET INCREASE	<u>(258,698.96)</u>	<u>0.00</u>	<u>(258,698.96)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 7,303,464.70</u>	<u>\$ 0.00</u>	<u>\$ 7,303,464.70</u>

FIDUCIARY FUNDS

Fiduciary Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

In this category, Mason County administers the transactions of the Trust and Agency Fund, Current Tax Collection Fund, Library Penal Fund, and Probate Court Trust.

THIS PAGE INTENTIONALLY BLANK

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2016**

	TRUST AND AGENCY	CURRENT TAX COLLECTIONS	LIBRARY PENAL	DISTRICT #10 HEALTH DEPARTMENT	PROBATE COURT TRUST	TOTAL
ASSETS						
Cash & cash						
Equivalents	\$ 718,015.92	\$ 0.00	\$ 53.82	\$ 2,704,953.60	\$ 0.00	\$ 3,423,023.34
Investments	0.00	0.00	0.00	554,691.37	0.00	554,691.37
Interest Receivable	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>744.40</u>	<u>0.00</u>	<u>744.40</u>
TOTAL ASSETS	<u><u>\$ 718,015.92</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ 53.82</u></u>	<u><u>\$ 3,260,389.37</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ 3,978,459.11</u></u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to State						
of Michigan	\$ 136,790.48	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 136,790.48
Bonds payable	14,400.00	0.00	0.00	0.00	0.00	14,400.00
Restitution payable	23,360.73	0.00	0.00	0.00	0.00	23,360.73
Undistributed taxes	532,768.88	0.00	0.00	0.00	0.00	532,768.88
Due to other units	905.12	0.00	53.82	0.00	0.00	958.94
Undistributed collections payable	0.00	0.00	0.00	3,260,389.37	0.00	3,260,389.37
Other current liabilities	<u>9,790.71</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>9,790.71</u>
TOTAL LIABILITIES	<u><u>718,015.92</u></u>	<u><u>0.00</u></u>	<u><u>53.82</u></u>	<u><u>3,260,389.37</u></u>	<u><u>0.00</u></u>	<u><u>3,978,459.11</u></u>
FUND BALANCE						
Unreserved	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUND BALANCE	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 718,015.92</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ 53.82</u></u>	<u><u>\$ 3,260,389.37</u></u>	<u><u>\$ 0.00</u></u>	<u><u>\$ 3,978,459.11</u></u>

THIS PAGE INTENTIONALLY BLANK

GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled “General Long-Term Debt Account Group.”

THIS PAGE INTENTIONALLY BLANK

**MASON COUNTY, MICHIGAN
STATEMENT OF GENERAL
LONG-TERM DEBT ACCOUNT GROUP
DECEMBER 31, 2016**

**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF GENERAL LONG-TERM DEBT**

Amount available for payment of general long-term debt	\$ 1,197,989.59
Amount to be provided by County and other units of government	<u>0.00</u>
TOTAL AMOUNTS AVAILABLE AND TO BE PROVIDED	<u>\$ 1,197,989.59</u>

GENERAL LONG-TERM DEBT PAYABLE

Accumulated compensated absences payable	\$ 563,828.59
Post Closure Care - Pere Marquette Landfill Site	167,565.00
Post Closure Care - Scottville Landfill Site	<u>466,596.00</u>
TOTAL GENERAL LONG-TERM DEBT PAYABLE	<u>\$ 1,197,989.59</u>

THIS PAGE INTENTIONALLY BLANK



Layton & Richardson, P.C.

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
County of Mason, Michigan
Ludington, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mason, Michigan, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County of Mason, Michigan's basic financial statements and have issued our report thereon dated June 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Mason, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Mason, Michigan's internal control. Accordingly we do not express an opinion on the effectiveness of the County of Mason, Michigan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Mason, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Layton & Richardson, P.C." in a cursive style.

Certified Public Accountants

East Lansing, Michigan
June 22, 2017



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Commissioners
County of Mason, Michigan
Ludington, Michigan

In planning and performing our audit of the financial statements of Charter County of Mason, Michigan, as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Charter County of Mason, Michigan's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously communicated to you about the Township's internal control in our letter dated June 22, 2017. This letter does not affect our report dated June 22, 2017 on the financial statements of Charter County of Mason, Michigan.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Charter County of Mason, Michigan's personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Charter County of Mason, Michigan, and others within the Township, and is not intended to be, and should not be, used by anyone other than those specified parties.

East Lansing, Michigan
June 22, 2017

Certified Public Accountants

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

MEMORANDUM

AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS

CASH DISBURSEMENTS

Sheriff's Department

13-04 We noted blank checks are pre-signed by two department personnel. Strong internal controls provide for checks to be signed after they are written, permitting signors the opportunity to review and compare supporting documentation to the check for accuracy. We recommend no checks be pre-signed, rather, they should be signed after they have been written. Current year status: Checks are generated by computer, but no review is done by a check signer.

PAYROLL

Oakview

13-05 Currently, one individual is responsible for input, review and submission of payroll data to the outside vendor for preparation of payroll checks. The detail payroll reports are reviewed by this same individual. Strong internal controls would provide for segregation of duties to help prevent and detect errors. We recommend procedures be reviewed and that a review by a second individual be added to the process to strengthen controls over payroll transactions. Current year status: This recommendation has been implemented.

CAPITALIZATION POLICY

Library Board

13-06 Currently, the Library Board does not have a capitalization policy for books. We recommend the Library Board review the matter and adopt a capitalization policy for books. Current year status: At the June 15, 2016 Board meeting a capitalization policy was adopted for all library books purchased.

CASH RECEIPTS

Equalization Department

14-02 During the audit, we noted there is no review of the receipt book by a second person in the Equalization Department. We recommend a second individual review the receipt book before it is sent to the Treasurer's office. This person should document their review. Current year status: This recommendation has not been implemented. Current year status: This recommendation has not been implemented.

15-01 Narratives statements the clerk reviews the treasurer's receipts and signs them indicating review. We noted a number of unsigned receipts. We recommend controls be followed. Current year status: This recommendation has been implemented.

General

15-02 It was noted during testing several of the smaller departments have one or two employees responsible for the majority of the cash receipting process. We recommend checks put into place to verify the amount deposited and transmitted to the treasurer's office is what was actually received in the department. Such departments include: Drain Commission & DPW, Probate/Juvenile Court, District Court, Sheriff's Department, Zoning, and the Electrical, Mechanical, Plumbing & Building Department. Current year status: This recommendation has not been implemented.

AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS - Concluded

CASH RECEIPTS

Sheriff's Department

- 15-03** During our audit, it was noted while the inmate cash account is reconciled on a monthly basis, no check is in place to ensure the amount of each of the individual inmate accounts in total equals what is in the bank account. We recommend this procedure be performed at least monthly to strengthen internal control over cash disbursements in the inmate account. Current year status: This recommendation has not been implemented.

CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

Equalization Department Cash Receipts

- 16-01** Procedures call for monthly deposits. During our testing we noted instances where deposits were not being transmitted on a monthly basis. We recommend following established procedures and transmitting deposits on a monthly basis, or more frequently if significant amounts are received.

Payroll – Clerk's office

- 16-02** After hours have been entered by the Payroll Clerk into the payroll software, there is not an independent review of data entry to compare hours per payroll reports to the time sheets. We recommend that someone other than the Payroll Clerk perform an independent comparison of time sheets to payroll reports.



Layton & Richardson, P.C.

Certified Public Accountants

Board of Commissioners
County of Mason, Michigan
Ludington, Michigan

We have audited the 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 Mason, Michigan for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 24, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Mason, Michigan are described in Note Two to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2016. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates effecting the financial statements were:

Management's estimate of the allowance for accumulated depreciation is based on management's estimate of useful life. We evaluated the key factors and assumptions used to develop the allowance for accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation balances.

Management's estimate of the accrued OPEB obligation and pension liabilities is based on the actuarial report.

Management's estimate of the post closure landfill costs is based on estimates of the cost to perform all post closure care in 2017.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of upcoming pronouncements in Note 30 to the financial statements, which describes the implementation of GASB 72, *Fair Value Measurement and Application* and GASB 74, *Financial Reporting for Postemployment Benefit Plans & GASB 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

The financial statement disclosures are neutral, consistent, and clear.
Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 22, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, general long-term debt, and capital assets schedule, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissions and management of the County of Mason, Michigan, and is not intended to be, and should not be, used by anyone other than these specified parties.

Layton & Richardson, P.C.

Certified Public Accountants

**June 22, 2017
East Lansing, Michigan**