

MASON COUNTY, MICHIGAN
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2019



CLARK SCHAEFER HACKETT
CPAS & ADVISORS

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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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 92% of the assets, 95% of fund balance, and 88% 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.

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, 2019, 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 and budgetary comparison information, pension and OPEB liabilities and contribution schedules as presented in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 27, 2019, 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.

Clark, Schaefer, Hackett & Co.

East Lansing, Michigan
July 30, 2020

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, 2019. 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 \$62,622,904.93 (*Net Position*). Of this amount \$28,867,352.95 (*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 \$5,666,631.20 compared to 2018.
- * 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 \$25,431,844.94 an increase of \$2,357,193.71 in comparison with the prior year. Of the fund balance amount, \$19,543,852.73 is *available for spending* at the government's discretion (*unassigned and assigned fund balance*.)
- * The general fund had an increase in fund balance of \$508,879.64 for 2019. At the end of the year, unassigned fund balance for the general fund was \$3,189,655.48 or approximately 23.1% of total general fund expenditures and net operating transfers out. Total fund balance for the general fund was \$9,150,135.47.

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, liabilities, and deferred outflows/inflows 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, liabilities and deferred outflows/inflows – 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 2019, the Net Position of the County increased by \$5,666,631.20 compared to 2018. 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 32 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, road patrol, 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, insurance costs, computer, and equipment 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 net investment in capital assets, 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

	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
Revenues	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Program revenues:						
Charges for services	\$ 1,736,197.28	\$ 1,648,434.68	\$13,168,414.17	\$13,072,140.62	\$14,904,611.45	\$ 14,720,575.30
Operating grants and contributions	2,818,666.26	2,290,175.04	0.00	0.00	2,818,666.26	2,290,175.04
Capital grants and contributions	0.00	0.00	256,243.45	43,705.50	256,243.45	43,705.50
General revenues:						
Property taxes and special assessments	12,960,691.83	11,912,171.79	1,934,218.64	1,883,509.12	14,894,910.47	13,795,680.91
Investment earnings	856,968.76	420,105.16	438,091.12	183,772.36	1,295,059.88	603,877.52
Gain (Loss) on sale of capital assets	(4,123.27)	(2,138.00)	1,000.00	0.00	(3,123.27)	(2,138.00)
Other revenues	1,684,051.30	109,980.48	600,384.10	497,241.40	2,284,435.40	607,221.88
Transfers	(186,300.00)	4,400.00	186,300.00	(4,400.00)	0.00	0.00
Total revenues	<u>19,866,152.16</u>	<u>16,383,129.15</u>	<u>16,584,651.48</u>	<u>15,675,969.00</u>	<u>36,450,803.64</u>	<u>32,059,098.15</u>
Expenses						
Legislative	523,106.28	482,035.51	0.00	0.00	523,106.28	482,035.51
Judicial	2,555,918.18	2,332,950.26	0.00	0.00	2,555,918.18	2,332,950.26
General government administration	3,755,969.65	3,790,043.63	0.00	0.00	3,755,969.65	3,790,043.63
Public safety	6,149,630.55	5,894,020.88	0.00	0.00	6,149,630.55	5,894,020.88
Public works	53,117.00	58,818.63	0.00	0.00	53,117.00	58,818.63
Health and welfare	1,925,062.41	1,793,514.77	0.00	0.00	1,925,062.41	1,793,514.77
Parks, recreation, and cultural	133,762.49	130,536.72	0.00	0.00	133,762.49	130,536.72
Miscellaneous	198,201.72	112,745.40	0.00	0.00	198,201.72	112,745.40
Delinquent tax collections and other Business-type activities	0.00	0.00	15,286,137.05	14,334,505.14	15,286,137.05	14,334,505.14
Total Expenses	<u>15,294,768.28</u>	<u>14,594,665.80</u>	<u>15,286,137.05</u>	<u>14,334,505.14</u>	<u>30,580,905.33</u>	<u>28,929,170.94</u>
Increase in net position	4,571,383.88	1,788,463.35	1,298,514.43	1,341,463.86	5,869,898.31	3,129,927.21
Net Position, beginning of year	35,872,217.70	34,099,442.58	21,084,056.03	19,742,592.17	56,956,273.73	53,842,034.75
Prior Period adjustment	(179,689.92)	(15,688.23)	(23,577.19)	0.00	(203,267.11)	(15,688.23)
Total Net Position, end of year	<u>\$40,263,911.66</u>	<u>\$35,872,217.70</u>	<u>\$22,358,993.27</u>	<u>\$21,084,056.03</u>	<u>\$62,622,904.93</u>	<u>\$56,956,273.73</u>

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 work, par operations, delinquent tax, the medical care facility, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$43,804,596.87	\$39,924,264.38	\$22,781,018.32	\$20,585,406.78	\$66,585,615.19	\$60,509,671.16
Noncurrent assets	13,145,824.45	13,446,986.00	6,699,783.94	9,252,947.48	20,303,717.34	22,699,933.48
Total Assets	56,950,421.32	53,371,250.38	29,938,911.21	29,838,354.26	86,889,332.53	83,209,604.64
Deferred outflows of resources	113,143.00	1,555,444.00	0.00	1,242,942.00	113,143.00	2,798,386.00
Current and other liabilities	1,011,455.55	1,416,490.70	948,544.20	1,046,230.67	1,959,999.75	2,462,721.37
Noncurrent liabilities	13,482,841.95	15,430,680.62	4,331,380.64	7,116,310.56	17,814,222.59	22,546,991.18
Total liabilities	14,494,297.50	16,847,171.32	5,278,256.71	8,162,541.23	19,772,554.21	25,009,712.55
Deferred inflows of resources	2,305,355.16	2,207,305.36	2,301,661.23	1,834,699.00	4,607,016.39	4,042,004.36
Net Position:						
Net investment in capital assets	11,223,433.60	11,390,063.20	7,362,587.50	7,457,056.33	18,586,021.10	18,847,119.53
Restricted	173,125.11	18,121,094.03	0.00	0.00	173,125.11	18,121,094.03
Unrestricted	28,867,352.95	6,361,217.70	14,996,405.77	13,626,999.70	43,863,758.72	19,988,060.17
Total Net Position	\$40,263,911.66	\$35,872,217.70	\$22,358,993.27	\$21,084,056.03	\$62,622,904.93	\$56,956,273.73

A portion of the County's net position, \$18,586,021.10 (29.7 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, \$173,125.11 (.2 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$43,863,758.72 (70.1 percent), may be used to meet the government's ongoing obligations to citizens and creditors. The County's net position increased by \$5,666,631.20 during the current fiscal year, \$4,391,693.96 increase for governmental activities and a \$1,274,937.24 increase for business-type activities.

Governmental activities. Governmental activities increased the County's net position by \$4,391,693.96. Key elements of this increase 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 2019 and excellent investment results.
- The amount of the unfunded pension liability decreased due to excellent investment results. This was supplemented by the county providing funding in excess of the Annual Required Contribution (ARC) requirements in 2019.

Business-type activities. Net position of the County's business-type activities increased \$1,274,937.24. This increase in net position reflects excellent financial results in the business-type funds.

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, *unassigned 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, 2019, the County's governmental funds reported combined ending fund balances of \$25,431,844.94 an increase of \$2,357,193.71 in comparison with the prior year. Of the fund balance amount, \$15,289,354.30 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 \$3,189,655.48, while total fund balance was \$9,150,135.47.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 44.8 percent of the total general fund expenditures and transfers.

The fund balance of the County's general fund increased by \$337,987.50 during the current fiscal year. This is primarily attributable to departments keeping their expenditures under budgeted amounts and state reimbursements of lost personal property taxes being higher than expected.

The Public Improvement Fund increased by \$575,467.64 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 \$555,696.26, \$5,567,089.88, \$372,459.16, \$2,509,272.77, \$6,085,232.19, and \$377,889.62, 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 \$832,751.39 from the original budget to actual. Property taxes, state grants, and reimbursements from zoning costs were higher than anticipated.

The revised budget was supported by net expenditure (including transfers out) savings of \$84,977.25 as a result of expenditure savings in several departments and offices including contingency.

Capital Assets

As of December 31, 2019, the County's investment in capital assets for its governmental activities amounted to \$11,223,433.60 (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 1.46 percent. The County's business-type activities' net capital assets decreased by \$94,468.64. See note 9 for additional detail.

Mason County's Capital Assets

		<u>Governmental</u>	<u>Activities</u>
		<u>2019</u>	<u>2018</u>
Land and Improvements		\$ 1,021,673.59	\$ 1,015,298.59
Buildings and Improvements		17,948,840.28	17,727,668.60
Equipment and Vehicles		2,926,985.27	2,687,626.88
Subtotal		21,897,499.14	21,430,594.07
Less: Accumulated Depreciation		(10,674,065.54)	(10,040,530.87)
Total		<u>\$11,223,433.60</u>	<u>\$11,390,063.20</u>

		<u>Business-type</u>	<u>Activities</u>
		<u>2019</u>	<u>2018</u>
Land and Improvements		\$ 3,324,253.34	\$ 3,062,273.23
Buildings and Improvements		9,627,453.45	9,627,453.45
Sewer systems		1,295,909.11	1,236,569.73
Equipment and Vehicles		2,267,844.80	2,194,733.97
Subtotal		16,515,460.70	16,121,030.38
Less: Accumulated Depreciation		(9,152,873.11)	(8,663,974.05)
Total		<u>\$ 7,362,587.59</u>	<u>\$ 7,457,056.33</u>

Economic Factors and next Year's Budgets and Rates

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

- The uncertainty over the Federal and State's budget due to the COVID 19 pandemic will likely result in additional cuts in federal and state funding.
- Slow economic growth as a result of the COVID 19 pandemic and 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 due to the COVID 19 pandemic.
- 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.

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BASIC FINANCIAL STATEMENTS - OVERVIEW

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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, 2019

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,342,427.01	\$ 6,074,064.07	\$ 11,416,491.08	\$ 3,053,079.42
Investments	27,861,397.14	11,754,976.42	39,616,373.56	532,885.70
Receivables				
Property taxes	2,360,619.61	3,214,327.50	5,574,947.11	967,301.31
Accounts (net of allowance for doubtful accounts)	42,870.64	258,126.14	300,996.78	1,222,157.01
Special assessments	0.00	0.00	0.00	230,446.28
Other	95,988.93	48,205.90	144,194.83	2,147.56
Due from other governmental units				
Federal/State	453,610.50	1,037,207.05	1,490,817.55	0.00
Local	72,327.70	273,014.21	345,341.91	0.00
Inventories	0.00	0.00	0.00	547,038.00
Lease receivable	0.00	78,195.00	78,195.00	0.00
Due from employees	11,755.48	0.00	11,755.48	0.00
Internal balances - due from other funds	1,668.13	(1,668.13)	0.00	0.00
Deposits	6,655,791.38	0.00	6,655,791.38	0.00
Net OPEB asset	712,890.00	0.00	712,890.00	136,574.00
Prepayments	193,250.35	44,570.16	237,820.51	129,820.61
TOTAL CURRENT ASSETS	43,804,596.87	22,781,018.32	66,585,615.19	6,821,449.89
Noncurrent assets				
Lease receivable	0.00	1,717,696.15	1,717,696.15	0.00
Internal balance - Advance	1,922,390.85	(1,922,390.85)	0.00	0.00
Capital assets not being depreciated	223,802.00	662,803.65	886,605.65	22,541,943.00
Capital assets (net of accumulated depreciation)	10,999,631.60	6,699,783.94	17,699,415.54	25,119,563.48
TOTAL NONCURRENT ASSETS	13,145,824.45	7,157,892.89	20,303,717.34	47,661,506.48
TOTAL ASSETS	56,950,421.32	29,938,911.21	86,889,332.53	54,482,956.37
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows	113,143.00	0.00	113,143.00	88,601.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 57,063,564.32	\$ 29,938,911.21	\$ 87,002,475.53	\$ 54,571,557.37

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

MASON COUNTY, MICHIGAN
STATEMENT OF NET POSITION - Concluded
DECEMBER 31, 2019

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 333,252.88	\$ 427,368.16	\$ 760,621.04	\$ 174,745.43
Accrued liabilities	457,403.79	493,776.18	951,179.97	76,663.33
Due to individuals/agencies	37,957.20	24,420.48	62,377.68	0.00
Due to other governmental units				
State	56,668.67	0.00	56,668.67	0.00
Local	126,173.01	1,311.25	127,484.26	0.00
Advances from State	0.00	0.00	0.00	367,046.00
Bonds and notes payable	0.00	0.00	0.00	1,056,947.00
TOTAL CURRENT LIABILITIES	1,011,455.55	946,876.07	1,958,331.62	1,675,401.76
Noncurrent liabilities				
General obligation bonds and notes payable	0.00	0.00	0.00	248,010.23
Accrued post closure	604,276.00	0.00	604,276.00	0.00
Net Pension Liability	12,323,101.00	3,931,835.00	16,254,936.00	3,139,937.00
Compensated absences	555,464.95	399,545.64	955,010.59	136,068.00
TOTAL NONCURRENT LIABILITIES	13,482,841.95	4,331,380.64	17,814,222.59	3,524,015.23
TOTAL LIABILITIES	14,494,297.50	5,278,256.71	19,772,554.21	5,199,416.99
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows	0.00	397,418.00	397,418.00	376,052.00
Taxes levied for next fiscal year	2,305,355.16	1,904,243.23	4,209,598.39	1,240,165.59
DEFERRED INFLOWS OF RESOURCES	2,305,355.16	2,301,661.23	4,607,016.39	1,616,217.59
NET POSITION				
Net investment in capital assets	11,223,433.60	7,362,587.59	18,586,021.19	46,356,549.25
Restricted for County Roads	0.00	0.00	0.00	1,261,258.00
Restricted for special purposes	173,125.11	0.00	173,125.11	0.00
Unrestricted	28,867,352.95	14,996,405.68	43,863,758.63	138,115.54
TOTAL NET POSITION	\$ 40,263,911.66	\$ 22,358,993.27	\$ 62,622,904.93	\$ 47,755,922.79

MASON COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Governmental activities			
Legislative	\$ 523,106.28	\$ 0.00	\$ 0.00
Judicial	2,555,918.18	400,894.92	1,312,150.56
General government administration	3,755,969.65	973,510.73	689,977.03
Public safety	6,149,630.55	276,270.87	329,881.18
Public works	53,117.00	0.00	0.00
Health and social services	1,925,062.41	59,763.26	486,657.49
Parks, recreation, and cultural	133,762.49	0.00	0.00
Miscellaneous	198,201.72	25,757.50	0.00
TOTAL GOVERNMENTAL ACTIVITIES	15,294,768.28	1,736,197.28	2,818,666.26
Business-type activities			
Parks operations	113,841.43	118,111.00	0.00
Public works operations and maintenance	461,063.39	135,936.77	0.00
Airport operations	562,323.08	178,908.59	0.00
Delinquent tax collections	18,465.57	289,986.34	0.00
Medical care facility	13,991,070.29	12,127,513.05	0.00
Delinquent tax foreclosure	139,373.29	317,958.42	0.00
TOTAL BUSINESS-TYPE ACTIVITIES	15,286,137.05	13,168,414.17	0.00
TOTAL PRIMARY GOVERNMENT	\$ 30,580,905.33	\$ 14,904,611.45	\$ 2,818,666.26
COMPONENT UNITS			
Drainage Districts	\$ 53,963.32	\$ 0.00	\$ 0.00
Lake Improvement District	200,869.85	0.00	0.00
District Library	1,445,662.93	134,765.34	0.00
Road Commission	8,161,233.00	2,664,272.00	6,466,984.00
TOTAL COMPONENT UNITS	\$ 9,861,729.10	\$ 2,799,037.34	\$ 6,466,984.00

General Revenues and Transfers

Taxes
Property taxes
Internal service fund activity
Unrestricted investment earnings
Unrealized gain (loss) 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

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			
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
CAPITAL GRANTS AND CONTRIBUTIONS				
\$ 0.00	\$ (523,106.28)	\$ 0.00	\$ (523,106.28)	\$ 0.00
0.00	(842,872.70)	0.00	(842,872.70)	0.00
0.00	(2,092,481.89)	0.00	(2,092,481.89)	0.00
0.00	(5,543,478.50)	0.00	(5,543,478.50)	0.00
0.00	(53,117.00)	0.00	(53,117.00)	0.00
0.00	(1,378,641.66)	0.00	(1,378,641.66)	0.00
0.00	(133,762.49)	0.00	(133,762.49)	0.00
0.00	(172,444.22)	0.00	(172,444.22)	0.00
<u>0.00</u>	<u>(10,739,904.74)</u>	<u>0.00</u>	<u>(10,739,904.74)</u>	<u>0.00</u>
44,754.41	0.00	49,023.98	49,023.98	0.00
0.00	0.00	(325,126.62)	(325,126.62)	0.00
211,489.04	0.00	(171,925.45)	(171,925.45)	0.00
0.00	0.00	271,520.77	271,520.77	0.00
0.00	0.00	(1,863,557.24)	(1,863,557.24)	0.00
0.00	0.00	178,585.13	178,585.13	0.00
<u>256,243.45</u>	<u>0.00</u>	<u>(1,861,479.43)</u>	<u>(1,861,479.43)</u>	<u>0.00</u>
<u>\$ 256,243.45</u>	<u>(10,739,904.74)</u>	<u>(1,861,479.43)</u>	<u>(12,601,384.17)</u>	<u>0.00</u>
\$ 0.00	0.00	0.00	0.00	(53,963.32)
0.00	0.00	0.00	0.00	(200,869.85)
0.00	0.00	0.00	0.00	(1,310,897.59)
<u>1,054,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,024,023.00</u>
<u>\$ 1,054,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>458,292.24</u>
	12,960,691.83	1,934,218.64	14,894,910.47	976,868.98
	500,119.62	0.00	500,119.62	0.00
	722,419.13	331,392.42	1,053,811.55	103,271.88
	134,549.63	106,698.70	241,248.33	805.00
	(4,123.27)	1,000.00	(3,123.27)	290,869.00
	456,784.10	600,384.10	1,057,168.20	349,066.23
	263,517.58	0.00	263,517.58	0.00
	463,630.00	0.00	463,630.00	
	(1,202,700.00)	186,300.00	(1,016,400.00)	0.00
	<u>1,016,400.00</u>	<u>0.00</u>	<u>1,016,400.00</u>	<u>0.00</u>
	<u>15,311,288.62</u>	<u>3,159,993.86</u>	<u>18,471,282.48</u>	<u>1,720,881.09</u>
	4,571,383.88	1,298,514.43	5,869,898.31	2,179,173.33
	35,872,217.70	21,084,056.03	56,956,273.73	42,912,728.26
	<u>(179,689.92)</u>	<u>(23,577.19)</u>	<u>(203,267.11)</u>	<u>2,664,021.20</u>
	<u>\$ 40,263,911.66</u>	<u>\$ 22,358,993.27</u>	<u>\$ 62,622,904.93</u>	<u>\$ 47,755,922.79</u>

MASON COUNTY, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	GENERAL	JAIL OPERATIONS
ASSETS		
Cash and cash equivalents	\$ 1,076,997.50	\$ 16,932.79
Investments (Net of premiums/discounts)	7,082,359.94	1,192,368.45
Receivables		
Property taxes	0.00	1,134,090.88
Accounts (net of allowance for doubtful accounts)	9,838.73	6,000.51
Other	29,469.59	1,440.71
Due from state and federal government	207,869.25	17,496.00
Due from other units	65,614.81	0.00
Due from employees	11,755.48	0.00
Due from other funds	31,373.94	0.00
Advances to other funds	897,905.55	0.00
Prepaid expenditures	85,704.44	45,738.77
	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 9,498,889.23	\$ 2,414,068.11
	<u> </u>	<u> </u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 111,231.51	\$ 50,776.09
Accrued liabilities	162,915.06	53,412.93
Due to other funds	0.00	0.00
Due to state	20,934.82	0.00
Due to other governmental units	0.00	0.00
Due to individuals	28,132.37	9,738.41
Unearned revenue	25,540.00	0.00
	<u> </u>	<u> </u>
TOTAL LIABILITIES	348,753.76	113,927.43
	<u> </u>	<u> </u>
Deferred inflows of resources		
Taxes levied for next fiscal year	0.00	1,134,090.88
	<u> </u>	<u> </u>
Fund balances		
Nonspendable	983,609.99	45,738.77
Restricted	0.00	0.00
Committed	4,311,516.56	1,120,311.03
Assigned	665,353.44	0.00
Unassigned	3,189,655.48	0.00
	<u> </u>	<u> </u>
TOTAL FUND BALANCE	9,150,135.47	1,166,049.80
	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 9,498,889.23	\$ 2,414,068.11
	<u> </u>	<u> </u>

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

ROAD PATROL	PUBLIC IMPROVEMENT	GOVERN- MENTAL OTHER	TOTAL GOVERN- MENTAL FUNDS
\$ 87,735.28	\$ 196,331.53	\$ 2,975,316.91	\$ 4,353,314.01
100,000.00	6,297,019.52	4,931,474.42	19,603,222.33
586,598.73	0.00	639,930.00	2,360,619.61
10,994.00	0.00	16,037.40	42,870.64
0.00	13,768.06	13,550.65	58,229.01
52,803.80	0.00	175,441.45	453,610.50
0.00	0.00	6,712.89	72,327.70
0.00	0.00	0.00	11,755.48
0.00	0.00	1,763.09	33,137.03
0.00	0.00	508,363.07	1,406,268.62
29,233.77	0.00	9,530.05	170,207.03
<u>\$ 867,365.58</u>	<u>\$ 6,507,119.11</u>	<u>\$ 9,278,119.93</u>	<u>\$ 28,565,561.96</u>
\$ 12,741.06	\$ 0.00	\$ 157,771.46	\$ 332,520.12
6,466.62	0.00	20,865.77	243,660.38
31,468.90	0.00	0.00	31,468.90
0.00	0.00	35,733.85	56,668.67
0.00	0.00	126,173.01	126,173.01
0.00	0.00	0.00	37,870.78
0.00	0.00	25,320.70	50,860.70
<u>50,676.58</u>	<u>0.00</u>	<u>365,864.79</u>	<u>879,222.56</u>
<u>586,598.73</u>	<u>0.00</u>	<u>533,804.85</u>	<u>2,254,494.46</u>
29,233.77	0.00	517,893.12	1,576,475.65
0.00	0.00	173,125.11	173,125.11
200,856.50	0.00	2,760,205.79	8,392,889.88
0.00	6,507,119.11	4,927,226.27	12,099,698.82
0.00	0.00	0.00	3,189,655.48
<u>230,090.27</u>	<u>6,507,119.11</u>	<u>8,378,450.29</u>	<u>25,431,844.94</u>
<u>\$ 867,365.58</u>	<u>\$ 6,507,119.11</u>	<u>\$ 9,278,119.93</u>	<u>\$ 28,565,561.96</u>

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MASON COUNTY, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total fund balances for governmental funds		\$ 25,431,844.94
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	\$ 1,021,673.59	
Buildings and improvements	17,948,840.28	
Vehicles and equipment	2,926,985.27	
Accumulated depreciation	<u>(10,674,065.54)</u>	11,223,433.60
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.	\$ 16,293,274.49	
Less: net capital assets included above	<u>(27,832.42)</u>	16,265,442.07
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.		(555,464.95)
Net deferred inflows/outflows are not earned expended in the current period and therefore are not reported in the funds. However, these amounts are included in the Statement of Net Position.		113,143.00
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.		(12,323,101.00)
Net OPEB assets are not current financial resources and therefore are reported in the funds. However, these amounts are included in the Statement of Net Position.		712,890.00
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>(604,276.00)</u>
Net position of governmental activities		<u><u>\$ 40,263,911.66</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	GENERAL	JAIL OPERATIONS
REVENUES		
General property taxes	\$ 10,559,481.19	\$ 1,124,362.00
Permits and regulatory licenses	95,207.72	0.00
Intergovernmental		
Federal/State	1,952,542.92	0.00
Charges for services	865,522.64	151,792.45
Fines and forfeitures	3,775.00	0.00
Interest and rents	356,099.73	33,176.88
Unrealized gain (loss) on investments	0.00	33,668.17
Miscellaneous	458,347.19	2,562.41
	<u>14,290,976.39</u>	<u>1,345,561.91</u>
TOTAL REVENUES		
	<u>14,290,976.39</u>	<u>1,345,561.91</u>
EXPENDITURES		
Current		
Legislative	519,548.14	0.00
Judicial	1,722,129.75	0.00
General government administration	3,238,928.75	0.00
Public safety	660,644.87	2,536,116.11
Public works	52,676.07	0.00
Health and social services	646,026.55	0.00
Recreation and cultural	175,507.25	0.00
Miscellaneous	100,219.37	0.00
Capital outlay	0.00	0.00
	<u>7,115,680.75</u>	<u>2,536,116.11</u>
TOTAL EXPENDITURES		
	<u>7,115,680.75</u>	<u>2,536,116.11</u>
Excess (deficiency) of revenues over expenditures	<u>7,175,295.64</u>	<u>(1,190,554.20)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	0.00	1,620,000.00
Transfers out	(6,666,416.00)	(99,250.00)
	<u>(6,666,416.00)</u>	<u>1,520,750.00</u>
TOTAL OTHER FINANCING SOURCES (USES)		
	<u>(6,666,416.00)</u>	<u>1,520,750.00</u>
Change in Fund Balance	508,879.64	330,195.80
FUND BALANCE, JANUARY 1	8,812,147.97	849,929.94
PRIOR PERIOD ADJUSTMENT	(170,892.14)	(14,075.94)
	<u>(170,892.14)</u>	<u>(14,075.94)</u>
FUND BALANCE, DECEMBER 31	<u>\$ 9,150,135.47</u>	<u>\$ 1,166,049.80</u>

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

ROAD PATROL	PUBLIC IMPROVEMENT	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
\$ 561,693.80 0.00	\$ 0.00 0.00	\$ 715,154.84 0.00	\$ 12,960,691.83 95,207.72
77,147.38	0.00	788,975.96	2,818,666.26
4,900.00	0.00	585,141.97	1,607,357.06
0.00	0.00	29,857.50	33,632.50
8,694.11	145,114.01	179,334.40	722,419.13
0.00	57,650.43	43,231.03	134,549.63
29,608.16	3,457.00	52,809.34	546,784.10
<u>682,043.45</u>	<u>206,221.44</u>	<u>2,394,505.04</u>	<u>18,919,308.23</u>
0.00	0.00	0.00	519,548.14
0.00	0.00	800,509.76	2,522,639.51
0.00	0.00	510,037.32	3,748,966.07
2,430,897.70	0.00	55,363.41	5,683,022.09
0.00	0.00	0.00	52,676.07
0.00	0.00	1,199,309.55	1,845,336.10
0.00	0.00	0.00	175,507.25
0.00	0.00	70,594.67	170,814.04
0.00	24,144.80	437,070.53	461,215.33
<u>2,430,897.70</u>	<u>24,144.80</u>	<u>3,072,885.24</u>	<u>15,179,724.60</u>
<u>(1,748,854.25)</u>	<u>182,076.64</u>	<u>(678,380.20)</u>	<u>3,739,583.63</u>
2,088,000.00 (125,325.00)	393,391.00 0.00	1,586,900.00 0.00	5,688,291.00 (6,890,991.00)
<u>1,962,675.00</u>	<u>393,391.00</u>	<u>1,586,900.00</u>	<u>(1,202,700.00)</u>
213,820.75	575,467.64	908,519.80	2,536,883.63
16,269.52	5,931,651.47	7,464,652.33	23,074,651.23
0.00	0.00	5,278.16	(179,689.92)
<u>\$ 230,090.27</u>	<u>\$ 6,507,119.11</u>	<u>\$ 8,378,450.29</u>	<u>\$ 25,431,844.94</u>

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MASON COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balance - total governmental funds		\$ 2,536,883.63
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	\$ 646,989.50	
Depreciation expense	<u>(809,495.83)</u>	(162,506.33)
Governmental funds do not record gains and losses from the disposal of capital assets.		(94,123.27)
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.		463,630.00
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.		263,517.58
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.	\$ 1,516,519.62	
Add: depreciation expense included above	<u>5,554.98</u>	1,522,074.60
Estimates for 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.		<u>41,907.67</u>
Changes in net position of governmental activities		<u><u>\$ 4,571,383.88</u></u>

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

MASON COUNTY, MICHIGAN
BALANCE SHEET - PROPRIETARY FUNDS
DECEMBER 31, 2019

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
ASSETS		
Current assets		
Cash and cash equivalents	\$ 557,906.52	\$ 2,702,943.32
Investments (net of premiums and discounts)	1,439,252.74	7,654,838.07
Receivables		
Property Taxes and Special Assessment Receivable	0.00	1,899,602.23
Accounts (net of allowance for doubtful accounts)	31,974.08	224,241.42
Leases receivable	78,195.00	0.00
Other	6,757.14	33,067.56
Deposit	0.00	0.00
Long-term advances	0.00	0.00
Due from other governmental units		
Other	65,337.85	1,037,207.05
Prepayments	0.00	29,213.53
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	2,179,423.33	13,581,113.18
	<hr/>	<hr/>
Noncurrent assets		
Leases receivable	1,717,696.15	0.00
Land	0.00	562,601.00
Sewer & water systems	1,178,617.11	0.00
Land improvements	0.00	214,224.46
Buildings	0.00	7,766,428.72
Equipment	0.00	1,562,149.24
Accumulated depreciation	(707,382.91)	(5,743,439.66)
	<hr/>	<hr/>
NET NONCURRENT ASSETS	2,188,930.35	4,361,963.76
	<hr/>	<hr/>
 TOTAL ASSETS	 \$ 4,368,353.68	 \$ 17,943,076.94
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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
\$ 2,004,328.13	\$ 808,886.10	\$ 6,074,064.07	\$ 989,113.00
2,031,134.65	629,750.96	11,754,976.42	8,258,174.81
1,314,725.27	0.00	3,214,327.50	0.00
496.60	1,414.04	258,126.14	0.00
0.00	0.00	78,195.00	0.00
7,788.64	592.56	48,205.90	37,759.92
0.00	0.00	0.00	6,655,791.38
0.00	0.00	0.00	516,122.23
207,596.36	80.00	1,310,221.26	0.00
2,936.79	12,419.84	44,570.16	23,043.32
<u>5,569,006.44</u>	<u>1,453,143.50</u>	<u>22,782,686.45</u>	<u>16,480,004.66</u>
0.00	0.00	1,717,696.15	
0.00	100,202.65	662,803.65	0.00
0.00	117,292.00	1,295,909.11	0.00
0.00	2,447,225.23	2,661,449.69	0.00
0.00	1,861,024.73	9,627,453.45	0.00
0.00	705,695.56	2,267,844.80	82,274.81
0.00	(2,702,050.54)	(9,152,873.11)	(54,442.39)
<u>0.00</u>	<u>2,529,389.63</u>	<u>9,080,283.74</u>	<u>27,832.42</u>
<u>\$ 5,569,006.44</u>	<u>\$ 3,982,533.13</u>	<u>\$ 31,862,970.19</u>	<u>\$ 16,507,837.08</u>

MASON COUNTY, MICHIGAN
BALANCE SHEET - PROPRIETARY FUNDS - Concluded
DECEMBER 31, 2019

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 61,521.63	\$ 353,435.34
Accrued liabilities	0.00	490,729.61
Due to other governmental units		
Local	0.00	0.00
Other	0.00	23,315.17
Advances from other funds	1,795,891.15	0.00
Due to other funds	1,668.13	0.00
TOTAL CURRENT LIABILITIES	1,859,080.91	867,480.12
Noncurrent liabilities		
Compensated absences	0.00	399,545.64
Net pension liability	0.00	3,931,835.00
TOTAL NONCURRENT LIABILITIES	0.00	4,331,380.64
TOTAL LIABILITIES	1,859,080.91	5,198,860.76
Deferred inflows of resources		
Pension deferred inflows	0.00	397,418.00
Taxes levied for next fiscal year	0.00	1,899,602.23
TOTAL DEFERRED INFLOWS OF RESOURCES	0.00	2,297,020.23
Net Position		
Net investment in capital assets	471,234.20	4,361,963.76
Unrestricted	2,038,038.57	6,085,232.19
TOTAL NET POSITION	2,509,272.77	10,447,195.95
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 4,368,353.68	\$ 17,943,076.94

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	\$ 12,411.19	\$ 427,368.16	\$ 732.76
0.00	3,046.57	493,776.18	213,743.41
1,311.25	0.00	1,311.25	0.00
605.31	500.00	24,420.48	86.42
0.00	126,499.70	1,922,390.85	0.00
0.00	0.00	1,668.13	0.00
<u>1,916.56</u>	<u>142,457.46</u>	<u>2,870,935.05</u>	<u>214,562.59</u>
0.00	0.00	399,545.64	0.00
0.00	0.00	3,931,835.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>4,331,380.64</u>	<u>0.00</u>
<u>1,916.56</u>	<u>142,457.46</u>	<u>7,202,315.69</u>	<u>214,562.59</u>
0.00	0.00	397,418.00	0.00
0.00	4,641.00	1,904,243.23	0.00
<u>0.00</u>	<u>4,641.00</u>	<u>2,301,661.23</u>	<u>0.00</u>
0.00	2,529,389.63	7,362,587.59	27,832.42
5,567,089.88	1,306,045.04	14,996,405.68	16,265,442.07
<u>5,567,089.88</u>	<u>3,835,434.67</u>	<u>22,358,993.27</u>	<u>16,293,274.49</u>
\$ <u><u>5,569,006.44</u></u>	\$ <u><u>3,982,533.13</u></u>	\$ <u><u>31,862,970.19</u></u>	\$ <u><u>16,507,837.08</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
OPERATING REVENUES		
Charges for services	\$ 135,936.77	\$ 12,127,513.05
Reimbursements	279,448.93	0.00
Rentals	0.00	0.00
Other		
Administrative fees and penalties	0.00	0.00
Miscellaneous	81.76	65,784.33
TOTAL OPERATING REVENUES	415,467.46	12,193,297.38
OPERATING EXPENSES		
Personal services and fringe benefits	0.00	9,780,104.15
Utilities and telephone	13,929.24	272,034.29
Contractual services	117,610.88	560,749.55
Repairs and maintenance	342.50	78,296.54
Depreciation	33,604.50	268,355.48
Other	233,400.18	3,031,530.28
TOTAL OPERATING EXPENSES	398,887.30	13,991,070.29
OPERATING INCOME (LOSS)	16,580.16	(1,797,772.91)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	0.00	1,934,218.64
State and federal grants	0.00	0.00
Unrealized gain (loss) on investments	12,902.70	47,920.37
Gain (Loss) on the sale of capital assets	0.00	0.00
Interest and fees	(62,176.09)	0.00
Interest on investments	37,744.21	193,032.54
TOTAL NONOPERATING REVENUES (EXPENSES)	(11,529.18)	2,175,171.55
INCOME (LOSS) BEFORE TRANSFERS	5,050.98	377,398.64
TRANSFERS IN (OUT)		
Transfers in	257,000.00	0.00
Transfers (out)	0.00	0.00
TOTAL TRANSFERS IN (OUT)	257,000.00	0.00
CHANGE IN NET POSITION	262,050.98	377,398.64
NET POSITION, JANUARY 1	2,247,221.79	10,093,374.50
PRIOR PERIOD ADJUSTMENTS	0.00	(23,577.19)
NET POSITION, DECEMBER 31	\$ 2,509,272.77	\$ 10,447,195.95

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
\$ 289,986.34	\$ 614,978.01	\$ 13,168,414.17	\$ 97,970.00
70.00	17,530.82	297,049.75	0.00
0.00	101,148.17	101,148.17	21,031.12
129,698.14	0.00	129,698.14	0.00
0.00	51,376.36	117,242.45	132,626.06
419,754.48	785,033.36	13,813,552.68	251,627.18
0.00	177,557.31	9,957,661.46	232,697.15
0.00	46,540.37	332,503.90	125.01
11,465.81	101,327.80	791,154.04	129,030.41
0.00	31,021.84	109,660.88	4,769.75
0.00	209,269.08	511,229.06	5,554.98
6,999.76	241,267.35	3,513,197.57	23,229.78
18,465.57	806,983.75	15,215,406.91	395,407.08
401,288.91	(21,950.39)	(1,401,854.23)	(143,779.90)
0.00	0.00	1,934,218.64	0.00
0.00	211,489.04	211,489.04	0.00
45,875.63	(0.00)	106,698.70	167,173.52
0.00	1,000.00	1,000.00	0.00
0.00	(8,554.05)	(70,730.14)	0.00
76,361.59	24,254.08	331,392.42	476,726.00
122,237.22	228,189.07	2,514,068.66	643,899.52
523,526.13	206,238.68	1,112,214.43	500,119.62
76,500.00	302,800.00	636,300.00	1,016,400.00
0.00	(450,000.00)	(450,000.00)	0.00
76,500.00	(147,200.00)	186,300.00	1,016,400.00
600,026.13	59,038.68	1,298,514.43	1,516,519.62
4,967,063.75	3,776,395.99	21,084,056.03	14,776,754.87
0.00	0.00	(23,577.19)	0.00
\$ 5,567,089.88	\$ 3,835,434.67	\$ 22,358,993.27	\$ 16,293,274.49

MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	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 benefit providers	0.00	(2,520,074.12)
Payments from customers	392,821.76	12,204,466.38
Payments to suppliers	(311,211.73)	(3,700,425.38)
Payments to employees	0.00	(6,750,492.18)
Other receipts (payments)	(5,084.14)	25,690.04
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	76,525.89	(740,835.26)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital acquisitions	(14,689.38)	(81,441.98)
Proceeds from the sale of capital assets	0.00	0.00
Interest paid	(62,176.09)	0.00
Lease receivable	76,195.00	0.00
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(670.47)	(81,441.98)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	0.00	1,910,641.45
Operating grants	0.00	0.00
Advances (to) from other funds	(76,195.00)	0.00
Transfers in (out)	257,000.00	0.00
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	180,805.00	1,910,641.45
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase / maturity of investments	(386,849.56)	(4,060,180.51)
Unrealized gain (loss) on investments	12,902.70	47,920.37
Interest received	37,744.21	193,032.54
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(336,202.65)	(3,819,227.60)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(79,542.23)	(2,730,863.39)
CASH AND CASH EQUIVALENTS, JANUARY 1	637,448.75	5,433,806.71
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 557,906.52	\$ 2,702,943.32

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
\$ 4,013,596.26 (3,863,321.63) 0.00 0.00 (18,534.26) 0.00 3,758.65	\$ 322,153.99 (71,582.67) (58,495.80) 617,617.73 (362,782.72) (117,112.57) (151,502.00)	\$ 4,335,750.25 (3,934,904.30) (2,578,569.92) 13,214,905.87 (4,392,954.09) (6,867,604.75) (127,137.45)	\$ 0.00 0.00 (4,066,892.12) 1,552,280.23 (98,418.66) (14,890.38) (71,111.54)
<u>135,499.02</u>	<u>178,295.96</u>	<u>(350,514.39)</u>	<u>(2,699,032.47)</u>
0.00 0.00 0.00 0.00	(320,628.96) 1,000.00 (8,554.05) 0.00	(416,760.32) 1,000.00 (70,730.14) 76,195.00	0.00 0.00 0.00
<u>0.00</u>	<u>(328,183.01)</u>	<u>(410,295.46)</u>	<u>0.00</u>
0.00 0.00 0.00 76,500.00	0.00 211,489.04 (58,336.95) (147,200.00)	1,910,641.45 211,489.04 (134,531.95) 186,300.00	0.00 134,531.95 1,016,400.00
<u>76,500.00</u>	<u>5,952.09</u>	<u>2,173,898.54</u>	<u>1,150,931.95</u>
244,942.34 45,875.63 76,361.59	(262,837.24) 0.00 24,254.08	(4,464,924.97) 106,698.70 331,392.42	895,111.62 167,173.52 476,726.00
<u>367,179.56</u>	<u>(238,583.16)</u>	<u>(4,026,833.85)</u>	<u>1,539,011.14</u>
579,178.58 <u>1,425,149.55</u>	(382,518.12) <u>1,191,404.22</u>	(2,613,745.16) <u>8,687,809.23</u>	(9,089.38) <u>998,202.38</u>
\$ <u><u>2,004,328.13</u></u>	\$ <u><u>808,886.10</u></u>	\$ <u><u>6,074,064.07</u></u>	\$ <u><u>989,113.00</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF CASH FLOWS - Concluded
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	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)	\$ <u>16,580.16</u>	\$ <u>(1,797,772.91)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	33,604.50	268,355.48
Change in assets and liabilities:		
Decrease (Increase) in taxes receivable	0.00	(72,720.23)
Decrease (Increase) in accounts receivable	911.70	95,498.18
Decrease (Increase) in other receivables	(5,165.90)	(22,212.53)
Decrease (Increase) in due from other units	(23,475.64)	(18,637.69)
Decrease (Increase) in prepayments	0.00	(29,213.53)
Decrease (Increase) in other assets	0.00	1,242,942.00
Increase (Decrease) in accounts payable	52,402.94	(43,253.29)
Increase (Decrease) in other liabilities	<u>1,668.13</u>	<u>(363,820.74)</u>
Total adjustments	<u>59,945.73</u>	<u>1,056,937.65</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u><u>76,525.89</u></u>	\$ <u><u>(740,835.26)</u></u>

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>401,288.91</u>	\$ <u>(21,950.39)</u>	\$ <u>(1,401,854.23)</u>	\$ <u>(143,779.90)</u>
0.00	209,269.08	511,229.06	5,554.98
(73,710.82)	0.00	(146,431.05)	0.00
(496.60)	882.85	96,796.13	88,484.59
1,475.95	(592.56)	(26,495.04)	243.48
(194,906.29)	(80.00)	(237,099.62)	0.00
(68.69)	(1,588.06)	(30,870.28)	(16,034.38)
0.00	0.00	1,242,942.00	(2,603,476.06)
0.00	(4,719.03)	4,430.62	(5,803.52)
1,916.56	(2,925.93)	(363,161.98)	(24,221.66)
<u>(265,789.89)</u>	<u>200,246.35</u>	<u>1,051,339.84</u>	<u>(2,555,252.57)</u>
\$ <u><u>135,499.02</u></u>	\$ <u><u>178,295.96</u></u>	\$ <u><u>(350,514.39)</u></u>	\$ <u><u>(2,699,032.47)</u></u>

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MASON COUNTY, MICHIGAN
STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 1,532,025.89
Investments	5,510,651.18
Accounts receivable	587,366.99
Pledges receivable	120,000.00
Interest receivable	18,867.34
Prepaid items	<u>1,089.67</u>
TOTAL ASSETS	\$ <u>7,770,001.07</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable	\$ 1,519.14
Bonds payable	18,400.00
Undistributed collections payable	6,956,619.89
Restitution payable	12,504.60
Undistributed taxes	610,767.55
Due to other units	1,863.25
Other current liabilities	37,199.77
Due to State of Michigan	<u>131,126.87</u>
TOTAL LIABILITIES	\$ <u>7,770,001.07</u>

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

MASON COUNTY, MICHIGAN
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019

	DISTRICT LIBRARY	DRAIN
ASSETS		
Cash and cash equivalents	\$ 127,573.78	\$ 95,218.73
Investments	190,412.50	0.00
Receivables		
Accounts receivable	3,531.01	0.00
Taxes and special assessments	967,301.31	37,632.49
Interest receivable	1,247.31	84.25
Prepaid items	37,820.61	0.00
Due from other component units	0.00	0.00
Inventories	0.00	0.00
Net OPEB asset	0.00	0.00
Capital assets (net of accumulated depreciation)	1,965,670.61	390,825.87
TOTAL ASSETS	3,293,557.13	523,761.34
Deferred outflows of resources		
Pension Investment Experience and Contributions	0.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,293,557.13	\$ 523,761.34
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 37,804.35	\$ 91.08
Accrued liabilities	26,073.33	0.00
Advances from State	0.00	0.00
Due to other component units	0.00	102,711.07
Bond and installment lease payable - current	40,000.00	0.00
	103,877.68	102,802.15
Noncurrent liabilities		
Bond and installment lease payable - long-term	37,932.23	0.00
Net Pension liability	655,244.00	0.00
Net OPEB liability (asset)	0.00	0.00
	693,176.23	0.00
TOTAL LIABILITIES	797,053.91	102,802.15
Deferred inflows of resources		
Deferred inflows	42,418.00	0.00
Unavailable tax revenue	967,301.31	37,632.49
TOTAL DEFERRED INFLOWS OF RESOURCES	1,009,719.31	37,632.49
NET POSITION		
Net investment in capital assets	1,887,738.38	390,825.87
Restricted for		
Primary/Local Roads	0.00	0.00
Unrestricted	(400,954.47)	(7,499.17)
TOTAL NET POSITION	1,486,783.91	383,326.70
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 3,293,557.13	\$ 523,761.34

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

DRAIN REVOLVING	ROAD COMMISSION	LAKE IMPROVEMENT	TOTAL
\$ 57,730.23	\$ 2,729,718.00	\$ 42,838.68	\$ 3,053,079.42
15,176.59	0.00	327,296.61	532,885.70
0.00	1,218,626.00	0.00	1,222,157.01
0.00	0.00	192,813.79	1,197,747.59
2.10	0.00	813.90	2,147.56
0.00	92,000.00	0.00	129,820.61
102,711.07	0.00	0.00	102,711.07
0.00	547,038.00	0.00	547,038.00
0.00	136,574.00	0.00	136,574.00
0.00	45,305,010.00	0.00	47,661,506.48
<u>175,619.99</u>	<u>50,028,966.00</u>	<u>563,762.98</u>	<u>54,585,667.44</u>
<u>0.00</u>	<u>88,601.00</u>	<u>0.00</u>	<u>88,601.00</u>
\$ <u><u>175,619.99</u></u>	\$ <u><u>50,117,567.00</u></u>	\$ <u><u>563,762.98</u></u>	\$ <u><u>54,674,268.44</u></u>
\$ 0.00	\$ 136,850.00	\$ 0.00	\$ 174,745.43
0.00	50,590.00	0.00	76,663.33
0.00	367,046.00	0.00	367,046.00
0.00	0.00	0.00	102,711.07
0.00	1,016,947.00	0.00	1,056,947.00
<u>0.00</u>	<u>1,571,433.00</u>	<u>0.00</u>	<u>1,778,112.83</u>
0.00	210,078.00	0.00	248,010.23
0.00	2,484,693.00	0.00	3,139,937.00
0.00	136,068.00	0.00	136,068.00
<u>0.00</u>	<u>2,830,839.00</u>	<u>0.00</u>	<u>3,524,015.23</u>
<u>0.00</u>	<u>4,402,272.00</u>	<u>0.00</u>	<u>5,302,128.06</u>
0.00	376,052.00	0.00	418,470.00
0.00	0.00	192,813.79	1,197,747.59
<u>0.00</u>	<u>376,052.00</u>	<u>192,813.79</u>	<u>1,616,217.59</u>
0.00	44,077,985.00	0.00	46,356,549.25
0.00	1,261,258.00	0.00	1,261,258.00
175,619.99	0.00	370,949.19	138,115.54
<u>175,619.99</u>	<u>45,339,243.00</u>	<u>370,949.19</u>	<u>47,755,922.79</u>
\$ <u><u>175,619.99</u></u>	\$ <u><u>50,117,567.00</u></u>	\$ <u><u>563,762.98</u></u>	\$ <u><u>54,674,268.44</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2019

		<u>PROGRAM REVENUES</u>
	EXPENSES	CHARGES FOR SERVICES
REVENUES		
Drainage districts	\$ 53,963.32	\$ 54,028.25
Lake Improvement district	200,869.85	119,575.64
District Library	1,445,662.93	134,765.34
Road Commission	<u>8,161,233.00</u>	<u>2,664,272.00</u>
TOTAL REVENUES	\$ <u>9,861,729.10</u>	\$ <u>2,972,641.23</u>
General revenues		
Property taxes		
Gain on sale of capital assets		
Unrealized gain on investments		
Miscellaneous		
Unrestricted investment earnings		
Total general revenues		
Change in net position		
Net position - January 1		
Prior period adjustments		
Net position - 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	\$ 64.93	\$ 0.00	\$ 0.00	\$ 64.93
0.00	0.00	(81,294.21)	0.00	0.00	(81,294.21)
0.00	0.00	0.00	0.00	(1,310,897.59)	(1,310,897.59)
<u>6,466,984.00</u>	<u>1,054,000.00</u>	<u>0.00</u>	<u>2,024,023.00</u>	<u>0.00</u>	<u>2,024,023.00</u>
<u>\$ 6,466,984.00</u>	<u>\$ 1,054,000.00</u>	<u>(81,229.28)</u>	<u>2,024,023.00</u>	<u>(1,310,897.59)</u>	<u>631,896.13</u>
		0.00	0.00	926,687.31	926,687.31
		0.00	290,869.00	0.00	290,869.00
		805.00	0.00	0.00	805.00
		5,736.92	2,117.00	217,790.09	225,644.01
		<u>18,654.67</u>	<u>72,740.00</u>	<u>11,877.21</u>	<u>103,271.88</u>
		<u>25,196.59</u>	<u>365,726.00</u>	<u>1,156,354.61</u>	<u>1,547,277.20</u>
		(56,032.69)	2,389,749.00	(154,542.98)	2,179,173.33
		985,928.57	40,272,617.00	1,654,182.69	42,912,728.26
		<u>0.00</u>	<u>2,676,877.00</u>	<u>(12,855.80)</u>	<u>2,664,021.20</u>
		<u>\$ 929,895.88</u>	<u>\$ 45,339,243.00</u>	<u>\$ 1,486,783.91</u>	<u>\$ 47,755,922.79</u>

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MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 seven 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 under direct control of the County of Mason are included in this report.

The funds 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 component is reported as if it 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, 2019

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 includes 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) net investment in capital assets; 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, 2019

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 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, 2019

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.

Jail Operations - Special Revenue Fund use to account for the financial resources of the operations of the County jail.

Road Patrol - Special Revenue Fund use to account for the financial resources of the sheriff's department road patrol.

Public Improvement - Capital Projects Fund that is 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).

PROPRIETARY FUNDS

All proprietary 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.

Public Works - Enterprise Fund that is used to account for operations of the Mason County Department of Public Works. The Public works is responsible for the care and maintenance of the Mason County Sewage Disposal System as well as the post closure care of the Mason County Landfill and the Pere Marquette Landfill.

Medical Care Facility - An enterprise fund that is used for the operations of Oakview Medical Care Facility. Oakview is a medical care facility that offers a broad range of high quality, long-term health care services.

Delinquent Tax Revolving - An enterprise fund that is used to attempt to collect delinquent taxes within the County. Local units within the County are reimbursed funds they are owed for property taxes and the County then uses their power to collect those taxes.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1: DESCRIPTION OF COUNTY AND FUND TYPES - Concluded

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

FIDUCIARY FUNDS

Agency Funds - 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 Capital 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 acquisition 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 capital 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 capital 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, 2019

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 fair value (See Note 31)

C. Advances to other Funds

Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are equally offset by nonspendable 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 funds do not reflect current appropriable resources and, therefore, an equivalent portion of fund balance is nonspendable.

F. Accounting Period

All financial presentations are for December 31, 2019 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, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES – Concluded

H. Cash and Cash Equivalents

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 equivalents.

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, 2019, the total accumulated vacation and sick pay liability was \$555,464.95 for governmental activities and \$399,545.64 for business-type activities.

County Road employees earn vacation leave in varying amounts depending on the number of years of service. Unpaid vacation leave at December 31, 2019 amounted to \$136,068.00. 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, 2019 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, 2019, 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)
Extension office	\$ 131,000.00	\$ 134,092.01	\$(3,092.01)

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

Building Department	\$373,000.00	\$373,874.14	\$(874.14)
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MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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, 2019, 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: Preservation – Structural Improvements	\$2,749,681.00	\$3,133,070.00	\$(383,389.00)
Primary Road: Maintenance	1,314,577.00	1,434,769.00	(120,192.00)
Local Road: Maintenance	2,026,513.00	2,450,525.00	(424,012.00)
State trunkline maintenance	710,862.00	758,580.00	(47,718.00)
Equipment Expense – Net	757,124.00	797,293.00	(40,169.00)
Capital Outlay – Net	419,522.00	467,457.00	(47,935.00)

NOTE 5: PROPERTY TAXES

The 2019 property tax revenue includes property taxes levied principally on July 1, 2019 and substantially collected in 2019. The “2019 property taxes” became a lien on July 1, 2019, and were collected by March 1, 2019, 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 inflow for general operating purposes at December 31, 2019 in the General Fund.

The total 2019 levy for the County was \$14,255,868.55, which was based upon the taxable value as of March 1, 2019 of \$1,955,329,110.00 at a millage rate of 7.3612. The component unit District Library received \$966,940.53 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, 2019. These taxes, which are recorded in an Enterprise Fund at December 31, 2019, 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 2019:

General Operating	5.0967
Road Patrol	0.3000
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>7.3612</u>

Component unit Mason County District Library Board levied 0.4947 mills in 2019.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 6: LITIGATION

There is no pending litigation against the County as of December 31, 2019.

NOTE 7: 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, 2019:

YEAR ENDING	AMOUNT
December 31, 2020	\$ 29,400.00
December 31, 2021	<u>29,400.00</u>
Total	<u>\$ 58,800.00</u>

NOTE 8: LONG-TERM ADVANCES

The following are the interfund advances at December 31, 2019:

FUND	ADVANCES TO OTHER FUNDS	FUND	ADVANCES FROM OTHER FUNDS
General	\$ 897,905.55	Public works maintenance and operations	\$ 1,795,891.15
Landfill post closure	508,363.07		
Internal service			
Health and life	90,891.15		
Workers Compensation	<u>298,731.38</u>		
Subtotal	<u>1,795,891.15</u>		<u>1,795,891.15</u>
Internal service - Health and life	<u>126,499.70</u>	Airport operations	<u>126,499.70</u>
Internal service - Health and life	<u>4,645,000.00</u>	Internal service - Liability & Property	<u>4,645,000.00</u>
TOTAL	<u>\$ 6,567,390.85</u>	TOTAL	<u>\$ 6,567,390.85</u>

The advances were made for cash flow purposes. The \$4,645,000 advance was eliminated in the government wide statement.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 9: CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for the year ending December 31, 2019:

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2019</u>
GOVERNMENTAL ACTIVITIES				
Internal Service Funds				
Equipment and vehicles	\$ 82,274.81	\$ 0.00	\$ 0.00	\$ 82,274.81
Less: accumulated depreciation	<u>(48,887.41)</u>	<u>(5,554.98)</u>	<u>0.00</u>	<u>(54,442.39)</u>
Subtotal	<u>33,387.40</u>	<u>(5,554.98)</u>	<u>0.00</u>	<u>27,832.42</u>
Other governmental funds				
Capital assets not being depreciated				
Land	\$ 223,802.00	\$ 0.00	\$ 0.00	\$ 223,802.00
Land improvements	<u>791,496.59</u>	<u>6,375.00</u>	<u>0.00</u>	<u>797,871.59</u>
Total capital assets not being depreciated	1,015,298.59	6,375.00	0.00	1,021,673.59
Capital assets being depreciated				
Buildings and improvements	17,727,668.60	221,171.68	0.00	17,948,840.28
Equipment and vehicles	<u>2,605,352.07</u>	<u>419,442.82</u>	<u>(180,084.43)</u>	<u>2,844,710.46</u>
Total capital assets being depreciated	20,333,020.67	640,614.50	(180,084.43)	20,793,550.74
Less: accumulated depreciation	<u>(9,991,643.46)</u>	<u>(803,940.85)</u>	<u>175,961.16</u>	<u>(10,619,623.15)</u>
Net capital assets being depreciated	<u>10,341,377.21</u>	<u>(163,326.35)</u>	<u>(4,123.27)</u>	<u>10,173,927.59</u>
Total	<u>\$ 11,390,063.20</u>	<u>\$ (162,506.33)</u>	<u>\$ (4,123.27)</u>	<u>\$ 11,223,433.60</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	<u>\$ 662,703.65</u>	<u>\$ 100.00</u>	<u>\$ 0.00</u>	<u>\$ 662,803.65</u>
Capital assets being depreciated				
Buildings and improvements	9,627,453.45	0.00	0.00	9,627,453.45
Land improvements	2,399,569.58	261,880.11	0.00	2,661,449.69
Sewer system	708,719.27	14,589.38	0.00	723,308.65
Rural Development sewer project	455,208.46	0.00	0.00	455,208.46
Parks Commission sewer project	72,642.00	0.00	0.00	72,642.00
Parks Commission water project	0.00	44,750.00	0.00	44,750.00
Equipment and vehicles	<u>2,194,733.97</u>	<u>95,440.83</u>	<u>(22,330.00)</u>	<u>2,267,844.80</u>
Total capital assets being depreciated	15,458,326.73	416,660.32	(22,330.00)	15,852,657.05
Less: Accumulated Depreciation	<u>(8,663,974.05)</u>	<u>(511,229.06)</u>	<u>22,330.00</u>	<u>(9,152,873.11)</u>
Net capital assets being depreciated	<u>6,794,352.68</u>	<u>(94,568.74)</u>	<u>0.00</u>	<u>6,699,783.94</u>
Total	<u>\$ 7,457,056.33</u>	<u>\$ (94,468.74)</u>	<u>\$ 0.00</u>	<u>\$ 7,362,587.59</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 9: CAPITAL ASSETS – Continued

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2019</u>
<u>Component Unit – District Library:</u>				
Land– not being depreciated	\$ 16,800.00	\$ 0.00	\$ 0.00	\$ 16,800.00
Books	504,077.47	90,806.74	0.00	594,884.21
Building	<u>2,117,078.89</u>	<u>0.00</u>	<u>0.00</u>	<u>2,117,078.89</u>
Subtotal	2,637,956.36	90,806.74	0.00	2,728,763.10
Less: accumulated depreciation	<u>(607,927.37)</u>	<u>(155,165.12)</u>	<u>0.00</u>	<u>(763,092.49)</u>
Subtotal	<u>2,030,028.99</u>	<u>(64,358.38)</u>	<u>0.00</u>	<u>1,965,670.61</u>
<u>Component Unit – Drainage Districts:</u>				
Land – not being depreciated	\$ 9,800.00	\$ 0.00	\$ 0.00	\$ 9,800.00
Infrastructure	<u>2,042,768.15</u>	<u>366,551.29</u>	<u>0.00</u>	<u>2,409,319.44</u>
Subtotal	2,052,568.15	366,551.29	0.00	2,419,119.44
Less: accumulated depreciation	<u>(1,992,550.07)</u>	<u>(35,743.50)</u>	<u>0.00</u>	<u>(2,028,293.57)</u>
Subtotal	<u>60,018.08</u>	<u>330,807.79</u>	<u>0.00</u>	<u>390,825.87</u>
<u>Component Unit – Road Commission:</u>				
Capital assets not being depreciated				
Land and improvements	\$ 110,375.00	\$ 245,709.00	\$ 0.00	\$ 356,084.00
Infrastructure land improvements	<u>22,159,259.00</u>	<u>0.00</u>	<u>0.00</u>	<u>22,159,259.00</u>
Total capital assets not being depreciated	<u>22,269,634.00</u>	<u>245,709.00</u>	<u>0.00</u>	<u>22,513,343.00</u>
Capital assets being depreciated				
Buildings	1,315,559.00	2,564.00	0.00	1,318,123.00
Equipment – Road	6,920,350.00	804,202.00	400,961.00	7,323,591.00
Equipment – Shop	58,567.00	10,027.00	0.00	68,594.00
Equipment – Office	45,431.00	60,154.00	0.00	105,585.00
Equipment – Engineering	89,914.00	20,562.00	0.00	110,476.00
Equipment – Yard and storage	144,989.00	0.00	0.00	144,989.00
Infrastructure – Bridges	10,160,153.00	1,422,744.00	0.00	11,582,897.00
Infrastructure – Roads	<u>24,126,957.00</u>	<u>3,033,022.00</u>	<u>0.00</u>	<u>27,159,980.00</u>
Total capital assets being depreciated	42,861,920.00	5,353,276.00	400,961.00	47,814,235.00
Less: accumulated depreciation	<u>(22,904,354.00)</u>	<u>(2,345,410.00)</u>	<u>(225,196.00)</u>	<u>(25,024,568.00)</u>
Net capital assets being depreciated	<u>19,957,566.00</u>	<u>3,007,866.00</u>	<u>175,765.00</u>	<u>22,789,667.00</u>
Net capital assets – Road Commission	<u>42,227,200.00</u>	<u>3,253,575.00</u>	<u>175,765.00</u>	<u>45,305,010.00</u>
Total Net Component Units	<u>\$ 44,317,247.07</u>	<u>\$ 3,520,024.41</u>	<u>\$ 175,765.00</u>	<u>\$ 47,661,506.48</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 9: 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>5,554.98</u>
<u>Other Governmental Funds</u>	
Parks, recreation and cultural	126,943.17
Legislative	3,558.14
Judicial	33,278.67
General governmental administration	83,714.92
Public safety	466,608.46
Public works	10,111.18
Health and social services	<u>79,726.31</u>
	<u>803,940.85</u>
TOTAL	\$ <u>809,495.83</u>

NOTE 10: 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, 2019, the carrying amount and bank balance for each type of deposit and investment is as follows:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
Cash deposits	\$ 15,998,601.39	\$ 16,308,557.77	\$ 2,015,473.00
Investments	45,659,910.44	45,602,883.03	7,874,238.91
Imprest cash	<u>2,995.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 61,661,506.83</u>	<u>\$ 61,911,440.80</u>	<u>\$ 9,889,711.91</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 10: CASH AND INVESTMENTS - Continued

Financial Statement Presentation:

	CASH AND CASH EQUIVALENTS	INVESTMENTS (CERTIFICATES OF DEPOSIT)	INVESTMENTS (MARKETABLE SECURITIES)	TOTAL
Governmental				
funds	\$ 5,342,427.01	\$ 17,824,503.17	\$ 10,036,893.97	\$ 33,203,824.15
Proprietary funds	6,074,064.07	8,341,108.95	3,413,867.47	17,829,040.49
Fiduciary funds	1,532,025.89	3,754,939.75	1,755,711.43	7,042,677.07
Component units	<u>3,053,079.42</u>	<u>342,473.20</u>	<u>190,412.50</u>	<u>3,585,965.12</u>
	<u>\$ 16,001,596.39</u>	<u>\$ 30,263,025.07</u>	<u>\$ 15,396,885.37</u>	<u>\$ 61,661,506.83</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, 2019, the carrying amount of the County's deposits were \$16,001,596.39 and the bank balance was \$16,251,530.36, of which \$9,889,711.91 was covered by federal depository insurance. The remaining balance of \$6,361,818.45 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, 2019, 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	\$ 1,250,262.00	3.5 Years	AAA	8.1%
Municipal Bonds	11,890,160.35	5.0 Years	AAA	77.2%
Corporate Bonds	<u>2,256,463.02</u>	0.50 Years	A1	14.7%
	<u>\$ 15,396,885.37</u>			

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, 2019, the County's investments were rated by Moody's as noted above.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 10: CASH AND INVESTMENTS – Concluded

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 11: 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, 2019:

	BALANCE JANUARY 1, 2019	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2019	DUE WITHIN ONE YEAR
BUSINESS TYPE ACTIVITIES				
Accrued vacation and sick pay	\$ 376,553.76	\$ 22,991.88	\$ 399,545.64	
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 376,553.76	\$ 22,991.88	\$ 399,545.64	\$ 0.00
Less: amount payable within one year			(0.00)	
LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES			\$ 399,545.64	
GOVERNMENTAL ACTIVITIES PRIMARY GOVERNMENT				
Accrued post closure landfill costs	\$ 644,750.00	\$(40,474.00)	\$ 604,276.00	\$ 0.00
Accrued vacation and sick pay	556,898.62	(1,433.67)	555,464.95	0.00
TOTAL PRIMARY GOVERNMENT	\$ 1,201,648.62	\$(41,907.67)	\$ 1,159,740.95	\$ 0.00
Less: amount payable within one year			(0.00)	
LONG-TERM DEBT PRIMARY GOVERNMENT			\$ 1,159,740.95	

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 11: LONG-TERM OBLIGATIONS – Continued

COMPONENT UNITS	BALANCE JANUARY 1, 2019	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2019	DUE WITHIN ONE YEAR
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, 2021; interest at 5.00%.	<u>\$ 157,226.57</u>	<u>\$ (79,294.34)</u>	\$ 77,932.23	<u>\$ 40,000.00</u>
Less: amount payable within one year			(40,000.00)	
LONG-TERM DEBT DISTRICT LIBRARY			<u>\$ 37,932.23</u>	
Road Commission				
Installment purchase agreements	\$ 1,314,213.00	\$ (87,188.00)	\$ 1,227,025.00	\$ 1,016,947.00
Compensated absences	<u>82,595.00</u>	<u>53,473.00</u>	<u>136,068.00</u>	<u>0.00</u>
TOTAL	<u>\$ 1,396,808.00</u>	<u>\$ (33,715.00)</u>	<u>\$ 1,363,093.00</u>	<u>\$ 1,016,947.00</u>

The following is a summary of Road Commission outstanding debt at December 31, 2019:

Capital lease payable to Caterpillar Financial Services, Corp., secured by equipment, due in monthly installments of \$2,591, including interest at 2.69% through August 2020 and a \$245,000 balloon payment.	\$ 261,100.00
Capital lease payable to John Deere Financial Services, Corp., secured by equipment, due in monthly installments of \$1,661, including interest at 3.83% through October 2020 and a \$180,192 balloon payment.	189,265.00
Capital Lease Payable to Caterpillar Financial Services, Corp., secured by equipment, due in monthly installments of \$3,240, including interest at 5.07% through November 2024 and a \$103,360 balloon payment.	237,916.00

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 11: LONG-TERM OBLIGATIONS – Concluded

Capital Lease Payable to Caterpillar Financial Services, Corp., secured by equipment, due in monthly installments of \$1,556, including interest at 2.49% through July 2020 and a \$150,000 balloon payment 157,683.00

Capital Lease Payable to Caterpillar Financial Services, Corp., secured by equipment, due in monthly installments of \$1,821, including interest at 2.19% through February 2020 and a \$115,000 balloon payment 118,421.00

Capital Lease Payable to PACCAR Financial Services, Corp., secured by equipment, due in one annual installment of \$262,640, including interest at 6.68% in March 2020. 262,640.00

Subtotal 1,227,025.00
 Compensated absences 136,068.00

Total \$ 1,363,093.00

The annual requirements to amortize all debt outstanding as of December 31, 2019, including interest payments are as follows:

COMPONENT UNITS

Road Commission

2020	\$ 1,016,947.00	\$ 41,713.00	\$ 1,058,660.00
2021	28,399.00	10,479.00	38,878.00
2022	30,085.00	8,384.00	38,469.00
2023	25,187.00	8,781.00	33,968.00
2024	<u>126,407.00</u>	<u>6,640.00</u>	<u>133,047.00</u>
TOTAL	\$ <u>1,227,025.00</u>	\$ <u>75,997.00</u>	\$ <u>1,303,022</u>

District Library

2020	\$ 40,000.00	\$ 2,896.62	\$ 42,896.62
2021	<u>37,932.23</u>	<u>948.31</u>	<u>38,880.54</u>
TOTAL	\$ <u>77,932.23</u>	\$ <u>3,844.93</u>	\$ <u>81,777.16</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 12: PRIOR PERIOD ADJUSTMENTS

For the year ended December 31, 2019, the following prior period adjustments have resulted in Fund Balance/Net Position restatements:

GENERAL FUND

Record refund of prior year property taxes General Fund	\$ (170,892.14)
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SPECIAL REVENUE FUNDS

Record refund of prior year property taxes Jail Operations	\$(14,075.94)
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Record refund of prior year property taxes Senior Citizens	\$(6,552.57)
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Record revenue earned but not recorded Child Care	\$ 11,830.73
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ENTERPRISE FUNDS

Record refund of prior year property taxes Medical Care Facility	\$ (23,577.19)
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DISCRETELY PRESENTED COMPONENT UNITS

Record refund of prior year property taxes Library	\$ (12,855.80)
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Record correction of prior year infrastructure depreciation Road Commission	\$2,676,877.00
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NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following are the interfund receivables and payables at December 31, 2019:

FUND	DUE FROM OTHER FUNDS	FUND	DUE TO OTHER FUNDS
Revolving Drain – Component Unit	\$ 102,711.07	Drain – Component Unit	\$ 102,711.07
General Fund	29,705.81	Road Patrol	29,705.81
Justice Training	1,763.09	Road Patrol	1,763.09
General Fund	1,668.13	Public Works O&M	1,668.13
TOTAL	\$ 135,848.10		\$ 135,848.10

The interfund receivables and payables were made for cash flow purposes. The \$134,179.97 interfund receivable and payable was eliminated in the government wide statement.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 14: TRANSFERS

The following are the transfers for the year ended December 31, 2019:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Road Patrol	\$ 2,088,000.00	General	\$ 6,666,416.00
Friend of the Court	439,000.00		
Landfill Post Closure	40,000.00		
Junk Ordinance Administration	17,000.00		
Indigent Defense	115,125.00		
Jail Operations	1,620,000.00		
Law Library	15,000.00		
Social Welfare	35,000.00		
Child Care	416,000.00		
Equipment Replacement	290,600.00		
Public Improvement	393,391.00		
Airport	302,800.00		
Delinquent Tax Revolving	76,500.00		
Public Works O&M	257,000.00		
Computer Network O&M	10,000.00		
Self-Insurance Liability	41,000.00		
Self-Insurance Workers Comp.	10,000.00		
Health, Life, & Pension Insurance	<u>500,000.00</u>		
Subtotal	<u>6,666,416.00</u>	Subtotal	<u>6,666,416.00</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>
Equipment Replacement	<u>125,325.00</u>	Road Patrol	<u>125,325.00</u>
Health, Life, & Pension Insurance	<u>450,000.00</u>	Delinquent Tax Foreclosure	<u>450,000.00</u>
TOTAL	<u>\$ 7,340,991.00</u>		<u>\$ 7,340,991.00</u>

These transfers were made for cash flow purposes.

NOTE 15: 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 15: RISK FINANCING ACTIVITIES - continued

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 \$1,303,982.58 at December 31, 2019, and is reported as restricted of the Worker's Compensation Insurance Fund net position. The claims liability of \$3,196.00 reported in the Worker's Compensation Insurance Fund at December 31, 2019 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 2019 were:

Liability Balance January 1, 2019	\$ 76,745.20
Claim payments	(57,840.57)
Changes in estimates	<u>(15,708.63)</u>
Liability Balance December 31, 2019	<u>\$ 3,196.00</u>

The claims liability of \$181,152.33 reported in the Self-Insurance Liability Fund at December 31, 2019, 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 2019 were:

Liability Balance January 1, 2019	\$ 130,812.62
Claim payments (net of reimbursements)	(57,462.00)
Changes in estimates	<u>107,801.71</u>
Liability Balance December 31, 2019	<u>\$ 181,152.33</u>

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, 2019 is as follows:

Member Retention Deposit	<u>\$ 6,655,791.38</u>
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MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 15: RISK FINANCING ACTIVITIES – Concluded

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 16: 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 as a long-term liability in governmental activities 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, 2019 was \$120,391.00. These amounts are based on estimates of the cost to perform all post closure care in 2020. 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 as a long-term liability in governmental activities 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, 2019 was \$483,885.00. These amounts are based on estimates of the cost to perform all the post closure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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, 2019, a balance of \$102,188.34 was held for this purpose. The County has assigned an additional \$502,087.66 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 17: 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, 2019 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 18: 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, 2019, the County contributed \$186,084.00 to cover its share of operational costs. Separate audited financial statements for their year ended September 30, 2019, 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, 2019 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.

NOTE 19: 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 19: DEFERRED COMPENSATION PLANS - concluded

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 20: POST-EMPLOYMENT BENEFITS

Plan Administration

The County offers single employer post-employment health insurance benefits to its employees through a defined benefit plan. These benefits are provided by contractual agreement and are paid annually by the General Fund. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$368,388.16 during the year ended December 31, 2019. The total number of eligible retirees amounted to 29 at December 31, 2019. The County pays 96.94% of these costs. There are provisions for employee contributions. The County has a liability of \$4,318,708.00 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 \$5,031,598.00 at December 31, 2019. The County of Mason met its Annual Required Contribution (ARC) requirements in 2019.

Contributions

Annually, the County contributes to the Retirement Health Funding Vehicle 100% of the Annual Required Contribution (ARC). Employee contracts for Teamsters effective January 1, 2016, no longer provide for paid retiree health insurance for new employees upon retirement. Effective October 9, 2012, the County no longer provides paid retiree health insurance for non-union employees hired after that date.

Discount rate. A single discount rate of 6.0 percent was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 20: POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the net OPEB asset to changes in the discount rate. The following presents the net OPEB asset of the County, calculated using the single discount rate of 6.0 percent, as well as what the County's net OPEB asset would be if it were calculated using a single discount rate that is 1 percentage point lower (5.0 percent) or 1 percentage point higher (7.0 percent) than the current rate:

	1% DECREASE (5.0%)	CURRENT SINGLE DISCOUNT RATE (6.0%)	1% INCREASE (7.0%)
Net OPEB asset	\$ (411,973)	\$ (712,890)	\$ (987,438)

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rate. The following presents the net OPEB asset of the County, calculated using the assumed trend rate of 9 percent decreasing to 3.75 percent, as well as what the County's net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (8.0 percent decreasing to 2.75 percent) or 1 percentage point higher (10.0 percent decreasing to 4.75 percent) than the current rate:

	1% DECREASE	CURRENT HEALTHCARE COST TREND RATE	1% INCREASE
Net OPEB asset	\$ (1,084,430)	\$ (712,890)	\$ (289,447)

Funding Progress

For the year ended December 31, 2019, the County has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2017. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Changes in Net OPEB Asset

	Increase (Decrease)		
	TOTAL OPEB LIABILITY	PLAN FIDUCIARY NET POSITION	NET OPEB ASSET
	(a)	(b)	(a) - (b)
Balances at 12/31/18	\$ 4,319,696	\$ 4,754,999	\$ (435,303)
Changes for the Year			
Service cost	120,971		120,971
Interest on Total OPEB Liability	251,759		251,759
Changes in experience	(5,330)		(5,330)
Employer Contributions		492,038	(492,038)
Net investment income		161,677	(161,677)
Benefit payments, including employee refunds	(368,388)	(368,388)	0
Administrative expense		(8,728)	8,728
Net changes	(988)	276,599	(277,587)
Balances as of 12/31/19	\$ 4,318,708	\$ 5,031,598	\$ (712,890)

Deferred Outflows and Inflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	\$ -	\$ 466,490
Changes in Assumptions	274,789	-
Investment Earnings (Gains)/Losses	218,019	-
Total	\$492,808	\$466,490

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 20: POST-EMPLOYMENT BENEFITS - Continued

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

Year Ended December 31:	
2020	\$ 14,209
2021	14,209
2022	14,210
2023	(15,560)
2024	(750)
Thereafter	0

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

The following simplifying assumptions were made:

The valuation used the following actuarial assumptions applied to all periods, unless specified:

Price inflation	2.50%
Wage inflation	3.75%
Salary increase	3.75%-14.75% (including wage inflation)
Investment rate of return	6.00% (Net of OPEB investment expense)
Health care trend rate	9.00% (in the first year gradually decreasing to 3.75% in year 10)

Retirement age is based on an experience based table of rates that are specific to the type of eligibility conditions. Marital status of members at the calculation date was assumed to continue throughout retirement. Life expectancies were based on the RP-2014 Mortality Combined Healthy Tables Projected 20 years with U.S. Projection Scale BB.

The expected rate of increase in healthcare insurance premiums was based on a combination of employer history, national trend surveys and professional judgment.

The payroll growth rate has been updated to be consistent with the assumptions used in the December 31, 2015 MERS actuarial valuation.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 6.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2019 was 15 years.

Investment Policy

The County has chosen to invest in the Short – Term Income Portfolio set up by MERS. The plan is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The County Commission has the authority to establish and amend investment policies as they choose.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 20: POST-EMPLOYMENT BENEFITS - Continued

Concentrations

The Plan did not hold investment other than those explicitly guaranteed by the U.S. government in any one organization that represent 5 percent or more of the total plan's fiduciary net position.

Rate of Return

For the year ended December 31, 2019, the rate of return on plan investments, net of plan investment expenses was 3.40%

Net OPEB Expense

The County's Nets OPEB expense based on GASB Statement No. 75 was \$106,919 for the year ended December 31, 2019.

The following table provides a summary of the number of participants in the plan:

	County
Inactive Plan Members or beneficiaries currently receiving benefits	20
Inactive Plan Members entitled to but not yet receiving benefits	0
Active Plan Members	<u>70</u>
TOTAL	<u><u>90</u></u>

Postemployment Benefits Other than Pensions (OPEB)

Plan Description

The Road Commission provides postemployment health care to eligible employees and / or their spouses who retire from the Road Commission on or after attaining retirement age. This is a single employer defined benefit plan that is administered by the Road Commission. Benefits provided by the plan consist of a fixed payment of \$250 per month to the retiree from age 58 to age 65. The benefits are provided under the collective bargaining agreement for union employees and by resolution of the Board of County Road Commissioners for nonunion employees. The plan does not issue a publicly available report.

Funding Policy

The Mason County Road Commission Retiree Health Care Plan was established and is being funded under the authority of the Road Commission and under agreements with the unions representing various classes of employees. The plan's funding policy is that the employer will contribute \$21,750 for each of the next two years. Currently, benefit payments are made from general operating funds. Active participants do not make contributions to the plan. There is no long-term contract for the contributions to the plan. The plan has no legally required reserves. The Road Commission has no obligation to make contributions in advance of when benefit payments are due (in other words, this may be financed on a "pay-as-you-go" basis).

Annual OPEB Cost and Net OPEB Liability

The Road Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based the *actuarially determined contribution of the employer (ADC)*, an amount actuarially determined in accordance with the parameter of GASB Statement 75. The ADC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of five years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 20: POST-EMPLOYMENT BENEFITS - Continued

Participants Covered by the Benefit Terms

At the measurement Date, the following participants were covered by the benefit terms:

Active members	34
Inactive members	0
Retirees and beneficiaries	<u>6</u>
Total participants	<u><u>40</u></u>

Contributions

Expenditures for postemployment healthcare benefits are recognized as the benefit payments became due. During the year, the Road Commission paid current retiree benefits of \$13,250 and made an advance funding contribution of \$21,750. The postemployment healthcare benefits and the advance funding payment were paid from the recorded as expenditures in the General Operating / Road Fund.

Net OPEB Liability (Asset)

The net OPEB Liability reported at year-end was determined using a measure of the total OPEB liability and OPEB net position as of December 31, 2019. The December 31, 2019 total OPEB asset was determined by an actuarial valuation performed as of that date. Changes in the Road Commission's proportionate share of the net OPEB liability during the year were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances at December 31, 2018	<u>\$ 237,854</u>	<u>\$ 211,949</u>	<u>\$ 25,905</u>
Service cost	12,199	-	12,199
Interest	7,644	-	7,644
Experience (gains)/losses	(49,842)	-	(49,842)
Change in actuarial assumptions	(92,249)	-	(92,249)
Contributions to OPEB trust	-	21,750	(21,750)
Contributions/benefit paid from general operating funds	-	13,250	(13,250)
Net investment income	-	5,294	(5,294)
Benefit payments including refunds of employee contributions	(13,250)	(13,250)	-
Administrative expense	<u>-</u>	<u>(63)</u>	<u>63</u>
Net changes	<u>(135,498)</u>	<u>26,981</u>	<u>(162,479)</u>
Balances as December 31, 2019	<u><u>\$ 102,356</u></u>	<u><u>\$ 238,930</u></u>	<u><u>\$(136,574)</u></u>

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

During the year the Road Commission recognized OPEB expense of \$84,306. At year-end, the Road Commission reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows and Inflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	\$ -	\$ 69,991
Changes in Assumptions	-	85,293
Investment Earnings (Gains)/Losses	<u>8,569</u>	<u>-</u>
Total	<u><u>\$ 8,569</u></u>	<u><u>\$155,284</u></u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 20: POST-EMPLOYMENT BENEFITS - Continued

Road Commission – Continued

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

Year Ended December 31:	
2020	\$ (23,352)
2021	(23,352)
2022	(19,726)
2023	(13,614)
2024	(15,084)
Thereafter	(51,587)

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of December 31, 2019 and the following actuarial assumptions, applies to all periods included in the measurement:

Salary Increases	3.50%
Investment rate of return	7.26% including inflation
20 year Aa municipal bond rate	3.00%
Mortality RP-2014 adjusted to 2006 Total Data Set, with MP-2018 mortality improvement scale.	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.14%. The projection of cash flows used to determine the discount rate assumed contributions of \$21,750 will be made annually. Based on this assumption, the retirement Plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the PA 202 long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability.

The long-term expected rate of return on plan investments was determined using a building block method in which best-estimate ranges of expected future rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the retirement plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Expected Asset Class	Target Allocation	Long-Term Real Rate of Return
County Bonds	100%	3.26%

Sensitivity of the Net OPEB Liability (Asset) to changes in the Discount Rate

The following presents the Road Commission's net OPEB liability (asset), calculated using the discount rate of 3.08%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (2.08%) or 1% higher (4.08%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Current Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	<u>\$(134,414)</u>	<u>\$(136,574)</u>	<u>\$(138,709)</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 20: POST-EMPLOYMENT BENEFITS - Continued

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

The Road Commission's net OPEB asset is not subject to changes in the healthcare cost trend rate due to the fixed monthly benefit amount.

NOTE 21: 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, 2019 valuation date, the following employees were covered by the benefit terms:

	County	Library
Inactive employees or beneficiaries currently receiving benefits	211	13
Inactive employees entitled to but not yet receiving benefits	39	1
Active employees	<u>114</u>	<u>9</u>
TOTAL	<u>364</u>	<u>23</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 3.68% to 32.99% based on annual payroll for open divisions.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2019.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 21: DEFINED BENEFIT PENSION PLAN – Continued

Actuarial Assumptions

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation 3.0%. Salary increases: 3.00% in the long-term. Investment rate of return: 7.35%, net of investment expenses, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation for 2.5%. Mortality rates used were based on the RP-2014 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 of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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	60.0%	3.15%
Global Fixed Income	20.0%	0.25%
Private Investments	20.0%	1.45%

Discount Rate

The discount rate used to measure the total pension liability is 8.00% in 2019 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.

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 12/31/18	\$ 60,224,718	\$ 41,312,852	\$ 18,911,866
Changes for the Year			
Service cost	799,372		799,372
Interest on Total Pension Liability	4,704,620		4,704,620
Changes in experience	371,574		371,574
Employer Contributions		2,961,219	(2,961,219)
Net investment income		5,595,726	(5,595,726)
Benefit payments, including employee refunds	(3,633,308)	(3,633,308)	
Other Changes	(71,967)		(71,967)
Administrative expense		(96,416)	96,416
Net changes	2,170,291	4,827,221	(2,656,930)
Balances as of 12/31/19	\$ 62,395,009	\$ 46,140,073	\$ 16,254,936

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 21: DEFINED BENEFIT PENSION PLAN – Continued

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 12/31/19	<u>\$ 22,923,565</u>	<u>\$ 16,254,936</u>	<u>\$ 10,581,622</u>

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

For the year ended December 31, 2019, the employer recognized pension expense of \$2,161,439.

The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources
Differences in experience	\$ 133,834
Excess (Deficit) Investment Returns	<u>176,759</u>
Total	<u>\$ 310,593</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2019. There were none reported in the current year.

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

Year ended	
2020	\$(75,645)
2021	280,089
2022	570,436
2023	(464,287)

Calculating Net Pension Liability for Mason County District Library

Changes in Net Pension Liability	TOTAL PENSION LIABILITY (a)	INCREASE (DECREASE) PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (a) - (b)
Balances at 12/31/18	<u>\$ 2,464,403</u>	<u>\$ 1,733,735</u>	<u>\$ 730,668</u>
Changes for the Year			
Service cost	37,926		37,926
Interest on Total Pension Liability	192,431		192,431
Changes in experience	(6,789)		(6,789)
Employer Contributions		66,545	(66,545)
Net investment income		231,708	(231,708)
Benefit payments, including employee refunds	(155,968)	(155,968)	
Other Changes	(4,729)		(4,729)
Administrative expense		(3,990)	3,990
Net changes	<u>62,871</u>	<u>138,295</u>	<u>(75,424)</u>
Balances as of 12/31/19	<u>\$ 2,527,274</u>	<u>\$ 1,872,030</u>	<u>\$ 655,244</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 21: DEFINED BENEFIT PENSION PLAN - Continued

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 12/31/19	\$ <u>902,995</u>	\$ <u>655,244</u>	\$ <u>442,912</u>

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

For the year ended December 31, 2019, the employer recognized pension expense of \$68,517. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources
Differences in experience	\$ (11,272)
Excess (Deficit) Investment Returns	<u>53,690</u>
Total	\$ <u>42,418</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2019. There were none reported in the current year.

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

Year ended	
2020	\$ 1,813
2021	19,778
2022	40,176
2023	(19,349)

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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 21: DEFINED BENEFIT PENSION PLAN - Continued

ROAD COMMISSION

Description of Plan and Plan Assets

The Mason County Road Commission participates 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 2.00% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2018.

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 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.

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, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>37</u>
TOTAL	<u>67</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. For the year ended December 31, 2019, the Road Commission's actuarially determined contribution was a combination of an actuarially calculated minimum required contribution and an additional voluntary monthly dollar amount of \$13,000 for the union group and \$7,000 for the staff group

Net Pension Liability

The Road Commission's Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2019.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 21: DEFINED BENEFIT PENSION PLAN - Continued

Actuarial Assumptions

The total pension liability in the December 31, 2019 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 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	Expected Rate of Return
Global Equity	55.5%	4.80%
Global Fixed Income	18.5%	0.70%
Real Assets	13.5%	1.31%
Diversifying Strategies	12.5%	0.94%

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

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 21: DEFINED BENEFIT PENSION PLAN – Continued

Changes in Net Pension Liability	TOTAL PENSION LIABILITY (a)	Increase (Decrease) PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (a) - (b)
Balances at 12/31/18	\$ 8,071,454	\$ 5,159,320	\$ 2,912,134
Changes for the Year			
Service cost	162,474		162,474
Interest on Total Pension Liability	633,665		633,665
Difference between expected and actual experience	73,305		73,305
Changes in assumptions			
Employer Contributions		592,550	(592,550)
Net investment income		710,324	710,324
Benefit payments, including employee refunds	(463,754)	(463,754)	
Other Changes	(6,264)		(6,264)
Administrative expense		(12,253)	12,253
Net changes	399,426	826,867	(427,441)
Balances as of 12/31/19	\$ 8,470,880	\$ 5,986,187	\$ 2,484,693

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 12/31/19	\$ 3,313,585	\$ 2,484,693	\$ 1,770,637

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, 2019, the employer recognized pension expense of \$(223,230). 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	\$ 57,635	\$ 220,768
Net difference between projected and actual earnings on pension plan investments	22,397	0
Total	\$ 80,032	\$ 220,768

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 21: RETIREMENT SYSTEM - MERS OPERATED – Concluded

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, 2019. There were none reported in the current year.

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

Year ended	<u>Net Amount</u>
2020	\$ (98,131)
2021	(72,718)
2022	88,698
2023	<u>(58,585)</u>
Total	\$ <u>(140,736)</u>

NOTE 22: 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, 2019, the federal aid received and expended by the Road Commission was \$887,600 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.

NOTE 23: 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 2019 amounted to \$367,046.00.

NOTE 24: FUND BALANCE DEFICIT

At December 31, 2019, the County did not have any funds with a deficit fund balance.

NOTE 25: DEFERRED INFLOWS

The Deferred Inflows recorded by the County of Mason reflects property taxes that were levied in December, 2019, and recorded as property tax receivable and deferred inflows at December 31, 2019 in various Special Revenue Funds and Enterprise Funds.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 26: 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 \$1,521,003 per contract year. Benefit payments in excess of \$50,000 per contract or \$1,521,003 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 \$1,260,304 for the year ended December 31, 2019.

NOTE 27: 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.

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 27: FUND BALANCES – GOVERNMENTAL FUNDS - Concluded

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.

	GENERAL FUND	ROAD PATROL	PUBLIC IMPROVEMENT	JAIL OPERATIONS	NON-MAJOR FUNDS
Nonspendable					
Prepays	\$ 85,704.44	\$29,233.77	\$ 0.00	\$45,738.77	\$ 9,530.05
Long-term advance to enterprise fund	897,905.55	0.00	0.00	0.00	508,363.07
Restricted for					
Landfill perpetual care	0.00	0.00	0.00	0.00	102,188.34
Other	0.00	0.00	0.00	0.00	70,936.77
Committed for					
Loss of revenue sharing	2,429,302.49	0.00	0.00	0.00	0.00
Budget stabilization	1,882,214.07	0.00	0.00	0.00	0.00
Road Patrol	0.00	200,856.50	0.00	0.00	0.00
Senior citizens	0.00	0.00	0.00	0.00	244,205.72
Jail operations	0.00	0.00	0.00	1,120,311.03	0.00
Other	0.00	0.00	0.00	0.00	2,516,000.07
Assigned for					
	0.00	0.00	0.00	0.00	0.00
Animal control	5,592.72	0.00	0.00	0.00	0.00
Employee benefits	659,760.72	0.00	0.00	0.00	0.00
Public improvement	0.00	0.00	6,507,119.11	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00	1,950,688.81
Jail construction	0.00	0.00	0.00	0.00	290,400.75
Equipment replacement	0.00	0.00	0.00	0.00	2,686,136.71
Unassigned	3,189,655.48	0.00	0.00	0.00	0.00

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 28: UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the 2020 fiscal year.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the 2020 fiscal year.

NOTE 29: SUBSEQUENT EVENTS

Subsequent to the date of the financial statements, there has been an outbreak of a novel strain of coronavirus (COVID-19). The extent of the impact on COVID-19 on the County's operation and financial performance will depend on certain developments, including duration and spread of the outbreak. The extent to which COVID-19 may impact the financial condition or results of operations is uncertain at this time.

NOTE 30: TAX ABATEMENTS

The County received reduced property tax revenues during 2019 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered by cities, villages, townships, and authorities within the County.

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 2019 County tax revenues as follows:

<u>FUND</u>	<u>AMOUNT</u>
General Fund	\$22,088.09
Soldiers and Sailors Fund	13.20
Jail Operations	2,551.39
Medical Care Facility	4,273.14
Senior Citizens	1,187.72
Road Patrol	1,319.69
911	<u>615.85</u>
Total	<u>\$32,049.08</u>

MASON COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 30: TAX ABATEMENTS - Concluded

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 2019 County tax revenues as follows:

<u>FUND</u>	<u>AMOUNT</u>
General Fund	\$28,623.49
Soldiers and Sailors Fund	16.56
Jail Operations	3,276.35
Medical Care Facility	5,488.51
Senior Citizens	1,525.01
Road Patrol	1,710.59
911	<u>791.67</u>
Total	<u>\$41,432.18</u>

NOTE 31: 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 County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County has the following recurring fair value measurements as of December 31, 2019:

- Federal Home Loans of \$1,250,262.00 are valued using quoted market prices (Level 2 inputs).
- Corporate bonds of \$2,256,463.02 are valued using quoted market prices (Level 2 inputs)
- Municipal bonds of \$11,890,160.35 are valued using quoted market prices (Level 2 inputs).

The County has the following recurring fair value measurements as of December 31, 2019:

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

	<u>Fair Value Measurement Using</u>		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Balance December 31, 2019			
\$ <u>15,396,885.37</u>	\$ _____	\$ <u>15,396,885.37</u>	\$ _____

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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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>General Fund</u>				
REVENUES				
Taxes	\$ 10,351,475.00	\$ 10,553,600.00	\$ 10,559,481.19	\$ 5,881.19
Permits and regulatory licenses	94,300.00	93,100.00	95,207.72	2,107.72
Intergovernmental				
Federal/State	1,817,775.00	1,937,625.00	1,952,542.92	14,917.92
Charges for services	790,550.00	860,850.00	865,522.64	4,672.64
Fines and forfeitures	2,100.00	3,125.00	3,775.00	650.00
Interest and rents	112,725.00	183,500.00	356,099.73	172,599.73
Miscellaneous	289,300.00	450,925.00	458,347.19	7,422.19
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	13,458,225.00	14,082,725.00	14,290,976.39	208,251.39
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
Legislative	453,250.00	540,875.00	519,548.14	21,326.86
Judicial	1,755,650.00	1,759,550.00	1,722,129.75	37,420.25
General government administration	3,365,225.00	3,309,875.00	3,238,928.75	70,946.25
Public safety	695,750.00	715,250.00	660,644.87	54,605.13
Public works	61,575.00	55,000.00	52,676.07	2,323.93
Health and social services	630,758.00	674,834.00	646,026.55	28,807.45
Parks, recreation, and cultural	6,925.00	175,550.00	175,507.25	42.75
Miscellaneous	231,525.00	101,250.00	100,219.37	1,030.63
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	7,200,658.00	7,332,184.00	7,115,680.75	216,503.25
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	6,257,567.00	6,750,541.00	7,175,295.64	424,754.64
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	68,875.00	0.00	0.00	0.00
Transfers out	(6,307,342.00)	(6,666,416.00)	(6,666,416.00)	0.00
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(6,238,467.00)	(6,666,416.00)	(6,666,416.00)	0.00
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN FUND BALANCE	19,100.00	84,125.00	508,879.64	424,754.64
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1	8,812,147.97	8,812,147.97	8,812,147.97	0.00
	<hr/>	<hr/>	<hr/>	<hr/>
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	(170,892.14)	(170,892.14)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 8,831,247.97	\$ 8,896,272.97	\$ 9,150,135.47	\$ 253,862.50
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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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Jail Operations</u>				
REVENUES				
Property taxes	\$ 1,106,400.00	\$ 1,107,500.00	\$ 1,124,362.00	\$ 16,862.00
Charges for services	145,775.00	132,550.00	151,792.45	19,242.45
Interest and rental	12,825.00	22,400.00	33,176.88	10,776.88
Unrealized gain on investments	0.00	0.00	33,668.17	33,668.17
Other	0.00	2,550.00	2,562.41	12.41
	<u>1,265,000.00</u>	<u>1,265,000.00</u>	<u>1,345,561.91</u>	<u>80,561.91</u>
TOTAL REVENUES				
EXPENDITURES				
Public Safety	<u>2,785,750.00</u>	<u>2,785,750.00</u>	<u>2,536,116.11</u>	<u>249,633.89</u>
TOTAL EXPENDITURES	<u>2,785,750.00</u>	<u>2,785,750.00</u>	<u>2,536,116.11</u>	<u>249,633.89</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(1,520,750.00)</u>	<u>(1,520,750.00)</u>	<u>(1,190,554.20)</u>	<u>330,195.80</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,620,000.00	1,620,000.00	1,620,000.00	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>1,520,750.00</u>	<u>1,520,750.00</u>	<u>1,520,750.00</u>	<u>0.00</u>
CHANGE IN FUND BALANCE	0.00	0.00	330,195.80	330,195.80
FUND BALANCE, JANUARY 1	849,929.94	849,929.94	849,929.94	0.00
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(14,075.94)</u>	<u>(14,075.94)</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 849,929.94</u></u>	<u><u>\$ 849,929.94</u></u>	<u><u>\$ 1,166,049.80</u></u>	<u><u>\$ 316,119.86</u></u>

MASON COUNTY, MICHIGAN
MAJOR GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONCLUDED
FOR THE YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Road Patrol</u>				
REVENUES				
Taxes	\$ 568,500.00	\$ 561,575.00	\$ 561,693.80	\$ 118.80
State Grants	74,725.00	47,825.00	77,147.38	29,322.38
Charges for services	-	4,900.00	4,900.00	0.00
Interest and rental	-	8,200.00	8,694.11	494.11
Other	0.00	18,600.00	29,608.16	11,008.16
	<u>643,225.00</u>	<u>641,100.00</u>	<u>682,043.45</u>	<u>40,943.45</u>
TOTAL REVENUES				
	<u>643,225.00</u>	<u>641,100.00</u>	<u>682,043.45</u>	<u>40,943.45</u>
EXPENDITURES				
Public Safety	<u>2,731,225.00</u>	<u>2,619,350.00</u>	<u>2,430,897.70</u>	<u>188,452.30</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,088,000.00)</u>	<u>(1,978,250.00)</u>	<u>(1,748,854.25)</u>	<u>229,395.75</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,088,000.00	2,088,000.00	2,088,000.00	0.00
Operating transfers out	<u>0.00</u>	<u>(125,325.00)</u>	<u>(125,325.00)</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,088,000.00</u>	<u>1,962,675.00</u>	<u>1,962,675.00</u>	<u>0.00</u>
CHANGE IN FUND BALANCE	0.00	(15,575.00)	213,820.75	229,395.75
FUND BALANCE, JANUARY 1	<u>16,269.52</u>	<u>16,269.52</u>	<u>16,269.52</u>	<u>0.00</u>
FUND BALANCE, DECEMBER 31	<u>\$ 16,269.52</u>	<u>\$ 694.52</u>	<u>\$ 230,090.27</u>	<u>\$ 229,395.75</u>

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

	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 799,372	\$ 802,461	\$ 811,431	\$ 758,736	\$ 744,392
Interest	4,704,620	4,583,410	4,454,477	3,992,329	3,954,611
Benefit payments, including refunds	(3,633,308)	(3,328,956)	(3,032,275)	(2,785,846)	(2,575,225)
Other Changes	(71,967)	(46,420)	(154,030)	39,771	(56,203)
Changes in experience	371,574	(341,644)	(315,116)	818,706	-
Changes in assumptions	-	-	-	3,050,011	-
NET CHANGE IN TOTAL PENSION LIABILITY	2,170,291	1,668,851	1,764,487	5,873,707	2,067,575
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	60,224,718	58,555,867	56,791,380	50,917,673	48,850,098
TOTAL PENSION LIABILITY - END OF YEAR	\$ 62,395,009	\$ 60,224,718	\$ 58,555,867	\$ 56,791,380	\$ 50,917,673
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 2,961,219	\$ 2,774,978	\$ 2,300,547	\$ 2,367,247	\$ 1,646,746
Net investment income	5,595,726	(1,706,528)	5,181,500	4,048,534	(556,076)
Benefit payments, including refunds	(3,633,308)	(3,328,956)	(3,032,275)	(2,785,846)	(2,575,225)
Administrative expenses	(96,416)	(84,509)	(82,017)	(79,910)	(81,291)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	4,827,221	(2,345,015)	4,367,755	3,550,025	(1,565,846)
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	41,312,852	43,657,867	39,290,112	35,740,087	37,305,933
PLAN FIDUCIARY NET POSITION - END OF YEAR	\$ 46,140,073	\$ 41,312,852	\$ 43,657,867	\$ 39,290,112	\$ 35,740,087
COUNTY'S NET PENSION LIABILITY - ENDING	\$ 16,254,936	\$ 18,911,866	\$ 14,898,000	\$ 17,501,268	\$ 15,177,586
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	73.95%	68.60%	74.56%	69.18%	70.19%
COVERED PAYROLL	\$ 5,691,053	\$ 5,508,706	\$ 5,530,342	\$ 5,613,079	\$ 5,770,891
NET PENSION LIABILITY AS A % OF COVERED PAYROLL	285.62%	343.31%	269.39%	311.79%	263.00%

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

	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,282,445	\$ 1,971,858	\$ 1,827,570	\$ 1,556,342
Contributions in relation to the actuarially determined contribution	<u>2,961,219</u>	<u>2,774,978</u>	<u>2,300,547</u>	<u>2,367,247</u>
CONTRIBUTION EXCESS	\$ <u>(678,774)</u>	\$ <u>(803,120)</u>	\$ <u>(472,977)</u>	\$ <u>(810,905)</u>
COVERED PAYROLL	\$ 5,691,053	\$ 5,508,706	\$ 5,530,342	\$ 5,613,079
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	52.03%	50.37%	41.60%	42.17%

Notes to Schedule of County 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

	2015		2014		2013		2012		2011		2010
\$	1,448,602	\$	1,363,117	\$	1,379,864	\$	1,140,536	\$	1,004,531	\$	996,861
	<u>1,646,746</u>		<u>1,538,117</u>		<u>1,442,264</u>		<u>1,231,346</u>		<u>1,004,531</u>		<u>996,861</u>
\$	<u>(198,144)</u>	\$	<u>(175,000)</u>	\$	<u>(62,400)</u>	\$	<u>(90,810)</u>	\$	<u>-</u>	\$	<u>-</u>
\$	5,770,891	\$	5,730,313	\$	5,833,397	\$	5,656,128	\$	5,942,012	\$	5,927,211
	28.54%		26.84%		24.72%		21.77%		16.91%		16.82%

**MASON COUNTY, MICHIGAN
ROAD COMMISSION
SCHEDULE OF CHANGES IN THE
NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS**

	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 162,474	152,624	\$ 143,552	\$ 134,411	\$ 145,384
Interest	633,665	640,651	612,520	605,095	576,243
Benefit payments, including refunds	(463,754)	(374,857)	(367,230)	(352,484)	(336,472)
Other Changes	(6,264)	(24,686)	(48,544)	(39,185)	(21,937)
Differences between expected and actual experience	73,305	-	10,624	(360,537)	-
Changes in assumptions	-	(441,536)	-	337,511	-
NET CHANGE IN TOTAL PENSION LIABILITY	399,426	(47,804)	350,922	324,811	363,218
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	8,071,454	8,119,258	7,768,336	7,443,525	7,080,307
TOTAL PENSION LIABILITY - END OF YEAR	\$ 8,470,880	8,071,454	\$ 8,119,258	\$ 7,768,336	\$ 7,443,525
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 592,550	347,363	\$ 301,961	\$ 290,143	\$ 252,898
Net investment income	710,324	(213,430)	639,846	501,752	(68,546)
Benefit payments, including refunds	(463,754)	(374,857)	(367,230)	(352,484)	(336,472)
Other expense	-	-	-	1	(1)
Administrative expenses	(12,253)	(10,527)	(10,126)	(9,902)	(10,009)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	826,867	(251,451)	564,451	429,510	(162,130)
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	5,159,320	5,410,771	4,846,320	4,416,810	4,578,940
PLAN FIDUCIARY NET POSITION - END OF YEAR	\$ 5,986,187	5,159,320	\$ 5,410,771	\$ 4,846,320	\$ 4,416,810
COUNTY'S NET PENSION LIABILITY - ENDING	\$ 2,484,693	2,912,134	\$ 2,708,487	\$ 2,922,016	\$ 3,026,715
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	70.67%	63.92%	66.64%	62.39%	59.34%
COVERED EMPLOYEE PAYROLL	\$ 1,768,083	1,616,727	\$ 1,536,826	\$ 1,458,502	\$ 1,575,702
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED -EMPLOYEE PAYROLL	140.53%	180.13%	176.24%	200.34%	192.09%

**MASON COUNTY, MICHIGAN
ROAD COMMISSION
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CONTRIBUTIONS
LAST FIVE FISCAL YEARS**

	2019	2018	2017	2016	2015
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 352,550	\$ 347,363	\$ 301,961	\$ 290,143	\$ 252,898
CONTRIBUTIONS IN RELATION TO THE					
ACTUARIALLY DETERMINED CONTRIBUTION	592,550	(347,363)	(301,961)	(290,143)	(252,898)
CONTRIBUTION DEFICIENCY (EXCESS)	(240,000)	\$ -	\$ -	\$ -	\$ -
COVERED PAYROLL	1,768,083	1,616,727	1,536,826	1,458,502	1,575,702
CONTRIBUTIONS AS A PERCENTAGE					
OF COVERED PAYROLL	33.51%	21.49%	19.65%	19.89%	16.05%

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	22 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 2017 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
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF CHANGES IN THE ROAD COMMISSION
NET OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS**

	2019	2018
TOTAL OPEB LIABILITY		
Service cost	\$ 12,199	\$ 12,765
Interest	7,644	9,446
Benefit payments, including refunds	(13,250)	(8,000)
Changes in experience	(49,842)	(44,576)
Changes in assumptions	<u>(92,249)</u>	<u>(4,971)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(135,498)	(35,336)
TOTAL OPEB LIABILITY - BEGINNING OF YEAR	<u>237,854</u>	<u>273,190</u>
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 102,356</u>	<u>\$ 237,854</u>
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 35,000	\$ 29,750
Net investment income	5,231	2,947
Benefit payments, including refunds	<u>(13,250)</u>	<u>(8,000)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	26,981	24,697
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	<u>211,949</u>	<u>187,252</u>
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 238,930</u>	<u>\$ 211,949</u>
COUNTY'S NET OPEB (ASSET)/LIABILITY - ENDING	<u>\$ (136,574)</u>	<u>\$ 25,905</u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL OPEB LIABILITY	233.43%	89.11%
COVERED PAYROLL	<u>1,768,083</u>	<u>1,616,727</u>
NET OPEB LIABILITY AS A % OF COVERED PAYROLL	<u>-7.72%</u>	<u>1.60%</u>
Schedule of Employer Contributions		
Actuarially determined employer contribution	\$ 173,911	\$ 220,274
Contributions in relation to the actuarially determined contributions	<u>175,577</u>	<u>100,359</u>
Contribution deficiency/(excess)	<u><u>\$ (1,666)</u></u>	<u><u>119,915</u></u>
Covered Payroll	<u>\$ 1,768,083</u>	<u>\$ 1,616,727</u>
Contribution as percentage of covered payroll	<u>9.93%</u>	<u>6.21%</u>

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

	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 37,926	\$ 37,025	\$ 37,210	\$ 36,147	\$ 38,799
Interest	192,431	188,740	181,385	165,524	162,167
Benefit payments, including refunds	(155,968)	(149,571)	(142,681)	(128,858)	(113,037)
Other Changes	(4,729)	(7,079)	(8,068)	6,132	4,697
Changes in experience	(6,789)	(20,239)	27,635	769	-
Changes in assumptions	-	-	-	124,925	-
NET CHANGE IN TOTAL PENSION LIABILITY	62,871	48,876	95,481	204,639	92,626
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	<u>2,464,403</u>	<u>2,415,527</u>	<u>2,320,046</u>	<u>2,115,407</u>	<u>2,022,781</u>
TOTAL PENSION LIABILITY - END OF YEAR	<u>\$ 2,527,274</u>	<u>\$ 2,464,403</u>	<u>\$ 2,415,527</u>	<u>\$ 2,320,046</u>	<u>\$ 2,115,407</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 66,545	\$ 63,212	\$ 68,000	\$ 51,319	\$ 43,584
Net investment income	231,708	(71,974)	227,278	184,334	(25,676)
Benefit payments, including refunds	(155,968)	(149,571)	(142,681)	(128,858)	(113,037)
Administrative expenses	(3,990)	(3,622)	(3,604)	(3,640)	(3,775)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	138,295	(161,955)	148,993	103,155	(98,904)
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	<u>1,733,735</u>	<u>1,895,690</u>	<u>1,746,697</u>	<u>1,643,542</u>	<u>1,742,446</u>
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 1,872,030</u>	<u>\$ 1,733,735</u>	<u>\$ 1,895,690</u>	<u>\$ 1,746,697</u>	<u>\$ 1,643,542</u>
COUNTY'S NET PENSION LIABILITY - ENDING	<u>\$ 655,244</u>	<u>\$ 730,668</u>	<u>\$ 519,837</u>	<u>\$ 573,349</u>	<u>\$ 471,865</u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	74.07%	70.35%	78.48%	75.29%	77.69%
COVERED PAYROLL	<u>\$ 288,046</u>	<u>\$ 302,109</u>	<u>\$ 296,648</u>	<u>\$ 296,404</u>	<u>\$ 291,721</u>
NET PENSION LIABILITY AS A % OF COVERED PAYROLL	227.48%	241.86%	175.24%	193.43%	161.75%

	2019	2018	2017	2016
Actuarially determined contribution	\$ 66,545	\$ 63,212	\$ 68,000	\$ 51,319
Contributions in relation to the actuarially determined contribution	<u>66,545</u>	<u>63,212</u>	<u>68,000</u>	<u>51,319</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
COVERED PAYROLL	\$ 288,046	\$ 302,109	\$ 296,648	\$ 296,404
CONTRIBUTIONS AS A PERCENTAGE OF				
COVERED PAYROLL	23.10%	20.92%	22.92%	17.31%

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

2015	2014	2013	2012	2011	2010
\$ 43,584	\$ 42,231	\$ 38,883	\$ 39,745	\$ 50,458	\$ 57,203
<u>43,584</u>	<u>43,325</u>	<u>47,854</u>	<u>48,959</u>	<u>50,458</u>	<u>57,203</u>
<u>-</u>	<u>(1,094)</u>	<u>(8,971)</u>	<u>(9,214)</u>	<u>-</u>	<u>-</u>
\$ 291,721	\$ 315,674	\$ 272,566	\$ 277,718	\$ 297,685	\$ 296,535
14.94%	13.72%	17.56%	17.63%	16.95%	19.29%

MASON COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF CHANGES IN THE COUNTY
NET OPEB (ASSET)/LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS

	2019	2018	2017
TOTAL OPEB LIABILITY			
Service cost	\$ 120,971	\$ 93,030	\$ 94,462
Interest	251,759	330,227	329,873
Benefit payments, including refunds	(368,388)	(349,258)	(340,813)
Changes in experience	(5,330)	(704,240)	(73,862)
Changes in assumptions	-	418,801	-
NET CHANGE IN TOTAL OPEB LIABILITY	(988)	(211,440)	9,660
TOTAL OPEB LIABILITY - BEGINNING OF YEAR	4,319,696	4,531,136	4,521,476
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 4,318,708</u>	<u>\$ 4,319,696</u>	<u>\$ 4,531,136</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 492,038	\$ 559,475	\$ 567,946
Net investment income	161,677	80,556	405,480
Benefit payments, including refunds	(368,388)	(349,258)	(340,813)
Administrative expenses	(8,728)	(11,051)	(9,837)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	276,599	279,722	622,776
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	4,754,999	4,475,277	3,852,501
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 5,031,598</u>	<u>\$ 4,754,999</u>	<u>\$ 4,475,277</u>
COUNTY'S NET OPEB (ASSET)/LIABILITY - ENDING	<u>\$ (712,890)</u>	<u>\$ (435,303)</u>	<u>\$ 55,859</u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL OPEB LIABILITY	116.51%	110.08%	98.77%
COVERED PAYROLL	<u>\$ 3,604,856</u>	<u>\$ 3,600,087</u>	<u>\$ 3,843,786</u>
NET OPEB LIABILITY AS A % OF COVERED PAYROLL	-19.78%	-12.09%	1.45%

Includes amounts being paid outside of the trust.
Payroll provided separately by the employer.

**MASON COUNTY, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE NET OPEB LIABILITY MULTIYEAR
FOR THE YEAR ENDED DECEMBER 31, 2019**

Health Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
2017	\$ 4,475,277	\$ 4,531,136	\$ 55,859	98.77%	\$ 3,843,786	1.45%
2018	\$ 4,754,999	\$ 4,319,696	\$ (435,303)	110.08%	\$ 3,600,087	-12.09%
2019	\$ 5,031,598	\$ 4,318,708	\$ (712,890)	116.51%	\$ 3,604,856	-19.78%

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

	2019	2018	2017
Actuarially determined contribution	\$ 123,650	\$ 210,217	\$ 202,133
Contributions in relation to the actuarially determined contribution	492,038	559,475	567,946
CONTRIBUTION DEFICIENCY (EXCESS)	(368,388)	(349,258)	(365,813)
COVERED PAYROLL	\$ 3,604,856	\$ 3,600,087	\$ 3,843,786
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	13.65%	15.54%	14.78%

Notes to Schedule of Contributions

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	16 years closed
Asset valuation method	Market Value of Assets
Inflation	2.50%
Wage inflation	3.75%
Salary increases	3.75% to 14.75% including wage inflation
Investment rate of return	6.00% net of OPEB plan investment expense
Retirement age	Experience based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2014 Mortality Combined Healthy Tables Projected 20 years with U.S. Projection Scale BB
Health Care Trend Rates	Initial trend of 9.00% and gradually decreasing to an ultimate trend of 3.75% in year 10
Excise Tax	No load was applied in connection with the "Cadillac" tax
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death" from National Health Care Consultant groups and

Other information There were no new benefit changes reported during this year.

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, 2019**

ASSETS

Cash and cash equivalents	\$ 1,076,997.50
Investments - net	7,082,359.94
Accounts receivable	9,838.73
Interest receivable	29,469.59
Prepaid items	85,704.44
Advances to other funds	897,905.55
Due from other units	65,614.81
Due from employees	11,755.48
Due from other funds	31,373.94
Due from federal and state governments	<u>207,869.25</u>
TOTAL ASSETS	\$ <u><u>9,498,889.23</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 111,231.51
Unearned revenue	25,540.00
Due to individuals	28,132.37
Due to the state	20,934.82
Accrued wages	<u>162,915.06</u>
TOTAL LIABILITIES	<u>348,753.76</u>

FUND BALANCE

Nonspendable	983,609.99
Committed	4,311,516.56
Assigned	665,353.44
Unassigned	<u>3,189,655.48</u>
TOTAL FUND BALANCE	<u>9,150,135.47</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>9,498,889.23</u></u>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES	
Taxes	\$ 10,559,481.19
Licenses and permits	95,207.72
Intergovernmental	
Federal	409,643.77
State	1,542,899.15
Charges for services	865,522.64
Interest and rents	356,099.73
Fines and forfeits	3,775.00
Other revenue	458,347.19
	<hr/>
TOTAL REVENUES	14,290,976.39
	<hr/>
EXPENDITURES	
Legislative	519,548.14
Judicial	1,722,129.75
General government	3,238,928.75
Public safety	660,644.87
Public works	52,676.07
Health and welfare	646,026.55
Recreation and cultural	175,507.25
Other	100,219.37
	<hr/>
TOTAL EXPENDITURES	7,115,680.75
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	7,175,295.64
	<hr/>
OTHER FINANCING SOURCES (USES)	
Transfers out	(6,666,416.00)
	<hr/>
CHANGE IN FUND BALANCE	508,879.64
FUND BALANCE, JANUARY 1	8,812,147.97
PRIOR PERIOD ADJUSTMENTS	(170,892.14)
	<hr/>
FUND BALANCE, DECEMBER 31	\$ 9,150,135.47
	<hr/> <hr/>

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
District Court	\$ 278,700.00	\$ 317,825.00	\$ 318,883.78	\$ 1,058.78
Friend of the Court	36,425.00	35,450.00	35,415.07	(34.93)
Probate Court	16,425.00	15,775.00	16,380.63	605.63
Juvenile Court	27,450.00	27,725.00	27,757.54	32.54
Family counseling service	3,500.00	2,950.00	2,970.00	20.00
Equalization Department	18,250.00	18,050.00	18,827.98	777.98
Prosecutor	51,900.00	21,800.00	21,628.35	(171.65)
County Clerk	84,025.00	85,675.00	87,825.58	2,150.58
Register of Deeds	279,425.00	333,625.00	334,258.41	633.41
Property tax collections	9,845,225.00	9,822,925.00	9,828,069.83	5,144.83
Personal Property Tax Reimburse.	326,000.00	545,250.00	545,250.13	0.13
Delinquent personal tax	3,000.00	2,075.00	2,078.85	3.85
Other taxes	60,850.00	61,050.00	61,765.38	715.38
Payment in lieu of tax	116,400.00	122,300.00	122,317.00	17.00
Probate Judge supplement	105,375.00	113,450.00	113,452.46	2.46
Judicial salary standardization	137,150.00	137,150.00	137,172.00	22.00
Court financing reimbursements	126,850.00	129,275.00	132,558.00	3,283.00
Emergency management	21,000.00	21,600.00	21,616.26	16.26
Veterans' Affairs Grant	0.00	40,375.00	40,377.12	2.12
State Revenue Sharing	515,725.00	522,500.00	522,517.04	17.04
County Incentive Program	125,775.00	125,775.00	125,790.46	15.46
Medical Marijuana Oversight Grant	0.00	9,500.00	9,515.00	15.00
911 Center	155,000.00	155,000.00	158,640.00	3,640.00
Drunk driving case flow	7,025.00	5,325.00	5,335.20	10.20
C.R.P. reimbursement	306,800.00	352,000.00	353,481.78	1,481.78
Victims' rights	22,900.00	40,325.00	39,636.86	(688.14)
Convention facility tax	153,700.00	154,550.00	154,555.10	5.10
Township liquor license	14,250.00	14,800.00	14,806.55	6.55
State survey/remonumentation	41,700.00	41,700.00	41,669.53	(30.47)
Drug case information management	775.00	475.00	489.39	14.39
Investment income	58,800.00	129,325.00	301,911.18	172,586.18
Rents and leases	53,925.00	54,175.00	54,188.55	13.55
Reimbursements - refunds	278,550.00	343,550.00	350,261.09	6,711.09
Friend of the Court - incentive programs	36,100.00	27,400.00	34,545.73	7,145.73
Other Treasurer's fees	7,950.00	7,100.00	7,182.25	82.25
Sheriff's Department	2,700.00	3,275.00	3,280.22	5.22
Sale of capital assets	9,600.00	104,425.00	104,426.00	1.00
Drain Commissioner	37,450.00	44,550.00	45,634.59	1,084.59
Animal control	66,400.00	70,675.00	71,096.00	421.00
Zoning department	25,150.00	21,975.00	23,409.50	1,434.50
TOTAL REVENUES	\$ 13,458,225.00	\$ 14,082,725.00	\$ 14,290,976.39	\$ 208,251.39

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Animal control	\$ 224,575.00	\$ 214,000.00	\$ 209,580.13	\$ 4,419.87
Audit	16,925.00	17,600.00	17,566.20	33.80
Board of Commissioners	199,300.00	278,000.00	268,609.86	9,390.14
Circuit Court	429,800.00	399,000.00	384,454.32	14,545.68
Contingency	97,900.00	0.00	0.00	0.00
County Administrator	243,075.00	252,000.00	240,065.60	11,934.40
County maintenance	154,300.00	135,000.00	131,105.55	3,894.45
Copy machine	17,600.00	12,400.00	11,762.64	637.36
County Clerk's Office	481,800.00	509,000.00	500,293.58	8,706.42
County Plat Board	300.00	0.00	0.00	0.00
Courthouse maintenance	167,175.00	170,000.00	162,595.15	7,404.85
Department of Public Works	51,775.00	41,000.00	40,098.65	901.35
District Court	607,575.00	633,000.00	622,507.88	10,492.12
District Health Dept. #10	181,033.00	186,084.00	186,084.00	0.00
Department of Corrections	8,025.00	6,000.00	4,996.93	1,003.07
Drain Commissioner	282,150.00	280,000.00	273,812.42	6,187.58
Drains at large	9,800.00	14,000.00	12,577.42	1,422.58
Emergency planning	98,400.00	107,000.00	100,659.70	6,340.30
Employee benefits	113,525.00	171,350.00	165,937.55	5,412.45
Extension office	125,725.00	131,000.00	134,092.01	(3,092.01)
Election and Board of Canvassers	73,800.00	38,000.00	36,310.51	1,689.49
Equalization Department	466,250.00	482,000.00	474,013.89	7,986.11
Fairgrounds	5,925.00	174,900.00	174,876.57	23.43
Family counseling service	4,000.00	3,000.00	3,000.00	0.00
Health Department	64,000.00	89,000.00	79,982.39	9,017.61
Household hazardous waste prog.	6,000.00	7,000.00	7,000.00	0.00
Insurance and surety	3,600.00	2,000.00	1,608.93	391.07
Jail annex maintenance	29,500.00	20,500.00	18,677.02	1,822.98
Jury Commission	13,050.00	12,550.00	11,321.59	1,228.41
Juvenile Court	90,000.00	103,000.00	97,238.38	5,761.62
Mason County Growth Alliance	30,000.00	0.00	0.00	0.00
Mason - Lake soil conservation	18,500.00	18,500.00	18,500.00	0.00
Mason - Oceana 911	155,000.00	160,000.00	158,640.00	1,360.00
Medical Examiner	146,000.00	137,000.00	126,102.16	10,897.84
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	76,875.00	81,000.00	77,277.55	3,722.45
Parks and recreation	1,000.00	650.00	630.68	19.32
Planning commission and zoning	209,825.00	226,600.00	184,131.07	42,468.93
Probate Court	603,200.00	603,000.00	598,610.65	4,389.35
Prosecutor's Office	764,875.00	699,000.00	681,235.04	17,764.96

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Regional planning	\$ 7,650.00	\$ 7,650.00	\$ 7,633.97	\$ 16.03
Register of Deeds	267,625.00	258,000.00	251,251.57	6,748.43
Remonumentation	41,725.00	42,000.00	41,724.93	275.07
Scottville office maintenance	28,100.00	23,500.00	21,117.56	2,382.44
Tax allocation boards	1,400.00	1,275.00	1,225.69	49.31
Treasurer's Office	408,275.00	393,000.00	389,317.88	3,682.12
United Way 211 service	2,000.00	2,000.00	2,000.00	0.00
Veterans' Affairs Grant	0.00	28,000.00	26,430.45	1,569.55
Veterans' burial	<u>21,100.00</u>	<u>12,000.00</u>	<u>8,400.00</u>	<u>3,600.00</u>
TOTAL EXPENDITURES	\$ <u>7,200,658.00</u>	\$ <u>7,332,184.00</u>	\$ <u>7,115,680.75</u>	\$ <u>216,503.25</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 Road Patrol, Senior Citizens, Friend of the Court, Solid Waste Management Plan, Brownfield Redevelopment Authority/Economic Development, Building Department, Courthouse Preservation, Register of Deeds Automation, Indigent Defense, 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, and Concealed Pistol Licensing.

**MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2019**

	ROAD PATROL	SENIOR CITIZENS	FRIEND OF THE COURT	LANDFILL PERPETUAL CARE
ASSETS				
Cash and cash equivalents	\$ 87,735.28	\$ 256,666.56	\$ 133,065.88	\$ 69,959.84
Investments - net	100,000.00	0.00	26,137.79	1,986,130.91
Taxes receivable	586,598.73	527,938.86	0.00	0.00
Accounts receivable	10,994.00	0.00	0.00	0.00
Interest receivable	0.00	0.00	0.00	5,626.68
Long-term advances	0.00	0.00	0.00	508,363.07
Prepaid items	29,233.77	1,092.75	2,933.85	0.00
Due from other units	0.00	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
Due from state	52,803.80	0.00	0.00	0.00
TOTAL ASSETS	\$ 867,365.58	\$ 785,698.17	\$ 162,137.52	\$ 2,570,080.50
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 12,741.06	\$ 12,460.84	\$ 135.89	\$ 8,840.28
Due to individuals	0.00	0.00	0.00	0.00
Accrued expenses	6,466.62	0.00	11,418.37	0.00
Due to other units	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	31,468.90	0.00	0.00	0.00
TOTAL LIABILITIES	50,676.58	12,460.84	11,554.26	8,840.28
DEFERRED INFLOWS	586,598.73	527,938.86	0.00	0.00
FUND BALANCE				
Nonspendable for prepaid items	29,233.77	1,092.75	2,933.85	0.00
Nonspendable for advances	0.00	0.00	0.00	508,363.07
Restricted	0.00	0.00	0.00	102,188.34
Committed	200,856.50	244,205.72	147,649.41	0.00
Assigned	0.00	0.00	0.00	1,950,688.81
TOTAL FUND BALANCE	230,090.27	245,298.47	150,583.26	2,561,240.22
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 867,365.58	\$ 785,698.17	\$ 162,137.52	\$ 2,570,080.50

JUNK ORDINANCE ADMINISTRATION	SOLID WASTE MANAGEMENT PLAN	BROWNFIELD REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT
\$ 79,223.88	\$ 26,561.56	\$ 266,631.44	\$ 342,495.44
0.00	0.00	5,090.99	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
1,807.67	0.00	0.00	1,248.88
6,712.89	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>87,744.44</u>	<u>26,561.56</u>	<u>271,722.43</u>	<u>343,744.32</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 86,755.30
0.00	0.00	0.00	0.00
0.00	0.00	0.00	2,948.25
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>0.00</u>	<u>0.00</u>	<u>89,703.55</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
1,807.67	0.00	0.00	1,248.88
0.00	0.00	0.00	0.00
70,936.77	0.00	0.00	0.00
15,000.00	26,561.56	271,722.43	252,791.89
0.00	0.00	0.00	0.00
<u>87,744.44</u>	<u>26,561.56</u>	<u>271,722.43</u>	<u>254,040.77</u>
\$ <u>87,744.44</u>	\$ <u>26,561.56</u>	\$ <u>271,722.43</u>	\$ <u>343,744.32</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2019

	COURTHOUSE PRESERVATION	PRINCIPAL RESIDENCE EXEMPTION	REGISTER OF DEEDS AUTOMATION	INDIGENT DEFENSE
ASSETS				
Cash and cash equivalents	\$ 129,391.49	\$ 46,587.73	\$ 25,067.45	\$ 299,098.86
Investments - net	186,069.69	0.00	0.00	0.00
Taxes receivable	0.00	106,125.15	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Interest receivable	1,926.70	0.00	0.00	0.00
Long-term advances	0.00	0.00	0.00	0.00
Prepaid items	0.00	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
Due from state	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$ 317,387.88	\$ 152,712.88	\$ 25,067.45	\$ 299,098.86
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 24,400.34
Due to individuals	0.00	0.00	0.00	0.00
Accrued expenses	0.00	0.00	225.72	4.70
Due to other units	0.00	125,888.72	0.00	0.00
Due to state	0.00	0.00	0.00	8.00
Due to other funds	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	0.00	125,888.72	225.72	24,413.04
DEFERRED INFLOWS	0.00	0.00	0.00	0.00
FUND BALANCE				
Nonspendable for prepaid items	0.00	0.00	0.00	0.00
Nonspendable for advances	0.00	0.00	0.00	0.00
Restricted	0.00	0.00	0.00	0.00
Committed	317,387.88	26,824.16	24,841.73	274,685.82
Assigned	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE	317,387.88	26,824.16	24,841.73	274,685.82
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 317,387.88	\$ 152,712.88	\$ 25,067.45	\$ 299,098.86

COMMUNITY CORRECTIONS	CONCEALED PISTOL LICENSING	DARE PROGRAM	CORRECTIONS OFFICERS TRAINING	DRUG LAW ENFORCEMENT
\$ 4,349.51	\$ 40,106.21	\$ 1,395.93	\$ 17,605.63	\$ 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
0.00	288.00	0.00	0.00	0.00
<u>4,349.51</u>	<u>40,394.21</u>	<u>1,395.93</u>	<u>17,605.63</u>	<u>6,935.49</u>
\$ <u>4,349.51</u>	\$ <u>40,394.21</u>	\$ <u>1,395.93</u>	\$ <u>17,605.63</u>	\$ <u>6,935.49</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 129.09	\$ 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	284.29	0.00
0.00	2,483.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>0.00</u>	<u>2,483.00</u>	<u>0.00</u>	<u>413.38</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
0.00	0.00	0.00	0.00	0.00
4,349.51	37,911.21	1,395.93	17,192.25	6,935.49
0.00	0.00	0.00	0.00	0.00
<u>4,349.51</u>	<u>37,911.21</u>	<u>1,395.93</u>	<u>17,192.25</u>	<u>6,935.49</u>
\$ <u>4,349.51</u>	\$ <u>40,394.21</u>	\$ <u>1,395.93</u>	\$ <u>17,605.63</u>	\$ <u>6,935.49</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2019

	JAIL OPERATIONS	COUNTY LAW LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
ASSETS			
Cash and cash equivalents	\$ 16,932.79	\$ 50,867.91	\$ 45,733.39
Investments - net	1,192,368.45	0.00	0.00
Taxes receivable	1,134,090.88	0.00	0.00
Accounts receivable	6,000.51	0.00	0.00
Interest receivable	1,440.71	0.00	0.00
Long-term advances	0.00	0.00	0.00
Prepaid items	45,738.77	0.00	0.00
Due from other units	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00
Due from state	17,496.00	0.00	0.00
	<u>2,414,068.11</u>	<u>50,867.91</u>	<u>45,733.39</u>
TOTAL ASSETS	\$ 2,414,068.11	\$ 50,867.91	\$ 45,733.39
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 50,776.09	\$ 1,026.59	\$ 0.00
Due to individuals	9,738.41	0.00	0.00
Accrued expenses	53,412.93	0.00	0.00
Due to other units	0.00	0.00	0.00
Due to state	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00
	<u>113,927.43</u>	<u>1,026.59</u>	<u>0.00</u>
TOTAL LIABILITIES	113,927.43	1,026.59	0.00
DEFERRED INFLOWS	<u>1,134,090.88</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE			
Nonspendable for prepaid items	45,738.77	0.00	0.00
Nonspendable for advances	0.00	0.00	0.00
Restricted	0.00	0.00	0.00
Committed	1,120,311.03	49,841.32	45,733.39
Assigned	0.00	0.00	0.00
	<u>1,166,049.80</u>	<u>49,841.32</u>	<u>45,733.39</u>
TOTAL FUND BALANCE	1,166,049.80	49,841.32	45,733.39
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ <u>2,414,068.11</u>	\$ <u>50,867.91</u>	\$ <u>45,733.39</u>

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MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
DECEMBER 31, 2019

	SOCIAL WELFARE	CHILD CARE
ASSETS		
Cash and cash equivalents	\$ 37,583.40	\$ 644,042.39
Investments - net	0.00	0.00
Taxes receivable	0.00	0.00
Accounts receivable	0.00	0.00
Interest receivable	0.00	0.00
Long-term advances	0.00	0.00
Prepaid items	1,007.93	1,438.97
Due from other units	0.00	0.00
Due from other funds	0.00	0.00
Due from state	0.00	164,351.91
	<hr/>	<hr/>
TOTAL ASSETS	\$ 38,591.33	\$ 809,833.27
	<hr/>	<hr/>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 120.00	\$ 23,087.10
Due to individuals	0.00	0.00
Accrued expenses	0.00	5,553.85
Due to other units	0.00	0.00
Due to the state	0.00	33,242.85
Due to other funds	0.00	0.00
	<hr/>	<hr/>
TOTAL LIABILITIES	120.00	61,883.80
	<hr/>	<hr/>
DEFERRED INFLOWS	0.00	0.00
	<hr/>	<hr/>
FUND BALANCE		
Nonspendable for prepaid items	1,007.93	1,438.97
Nonspendable for advances	0.00	0.00
Restricted	0.00	0.00
Committed	37,463.40	746,510.50
Assigned	0.00	0.00
	<hr/>	<hr/>
TOTAL FUND BALANCE	38,471.33	747,949.47
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 38,591.33	\$ 809,833.27
	<hr/>	<hr/>

SOLDIERS' AND SAILORS' RELIEF	BUILDING AUTHORITY OPERATIONS	TOTAL
\$ 27,811.63	\$ 97,725.59	\$ 2,780,834.70
0.00	0.00	3,527,132.26
5,865.99	0.00	2,360,619.61
0.00	0.00	33,031.91
0.00	0.00	8,994.09
0.00	0.00	508,363.07
0.00	0.00	84,502.59
0.00	0.00	6,712.89
0.00	0.00	1,763.09
0.00	10,801.54	245,741.25
<u>\$ 33,677.62</u>	<u>\$ 108,527.13</u>	<u>\$ 9,557,695.46</u>
\$ 0.00	\$ 439.32	\$ 221,288.61
0.00	0.00	9,738.41
0.00	0.00	80,745.32
0.00	0.00	126,173.01
0.00	0.00	35,733.85
0.00	0.00	31,468.90
<u>0.00</u>	<u>439.32</u>	<u>505,148.10</u>
<u>5,865.99</u>	<u>0.00</u>	<u>2,254,494.46</u>
0.00	0.00	84,502.59
0.00	0.00	508,363.07
0.00	0.00	173,125.11
27,811.63	108,087.81	4,081,373.32
0.00	0.00	1,950,688.81
<u>27,811.63</u>	<u>108,087.81</u>	<u>6,798,052.90</u>
<u>\$ 33,677.62</u>	<u>\$ 108,527.13</u>	<u>\$ 9,557,695.46</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	ROAD PATROL	SENIOR CITIZENS	FRIEND OF THE COURT	LANDFILL PERPETUAL CARE
REVENUES				
Taxes	\$ 561,693.80	\$ 537,466.53	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	77,147.38	0.00	0.00	0.00
Charges for services	4,900.00	0.00	9,040.00	0.00
Unrealized (loss) gain on investments	0.00	0.00	0.00	23,519.21
Interest and rents	8,694.11	8,828.37	490.90	56,614.63
Fines and forfeits	0.00	0.00	0.00	0.00
Other	29,608.16	0.00	183.84	4,592.54
TOTAL REVENUES	682,043.45	546,294.90	9,714.74	84,726.38
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	2,430,897.70	0.00	0.00	0.00
Health and welfare	0.00	478,600.05	0.00	0.00
Judicial	0.00	0.00	477,243.07	0.00
Landfill perpetual care	0.00	0.00	0.00	70,594.67
TOTAL EXPENDITURES	2,430,897.70	478,600.05	477,243.07	70,594.67
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,748,854.25)	67,694.85	(467,528.33)	14,131.71
OTHER FINANCING SOURCES (USES)				
Transfers in	2,088,000.00	0.00	439,000.00	40,000.00
Transfers out	(125,325.00)	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	1,962,675.00	0.00	439,000.00	40,000.00
CHANGE IN FUND BALANCE	213,820.75	67,694.85	(28,528.33)	54,131.71
FUND BALANCE, JANUARY 1	16,269.52	184,156.19	179,111.59	2,507,108.51
PRIOR PERIOD ADJUSTMENTS	0.00	(6,552.57)	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 230,090.27	\$ 245,298.47	\$ 150,583.26	\$ 2,561,240.22

JUNK ORDINANCE ADMINISTRATION	SOLID WASTE MANAGEMENT PLAN	BROWNFIELD REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT
\$ 0.00	\$ 0.00	\$ 170,843.91	\$ 0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	300.00	456,925.51
0.00	0.00	0.00	0.00
0.00	0.00	119.43	184.30
600.00	0.00	0.00	0.00
8,758.89	0.00	0.00	24.40
<u>9,358.89</u>	<u>0.00</u>	<u>171,263.34</u>	<u>457,134.21</u>
0.00	0.00	76,881.79	373,874.14
0.00	0.00	0.00	0.00
20,176.80	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>20,176.80</u>	<u>0.00</u>	<u>76,881.79</u>	<u>373,874.14</u>
(10,817.91)	0.00	94,381.55	83,260.07
17,000.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>17,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
6,182.09	0.00	94,381.55	83,260.07
81,562.35	26,561.56	177,340.88	170,780.70
0.00	0.00	0.00	0.00
<u>\$ 87,744.44</u>	<u>\$ 26,561.56</u>	<u>\$ 271,722.43</u>	<u>\$ 254,040.77</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	COURTHOUSE PRESERVATION	PRINCIPAL RESIDENCE EXEMPTION	REGISTER OF DEEDS AUTOMATION	INDIGENT DEFENSE
REVENUES				
Taxes	\$ 0.00	\$ 296.51	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	0.00	0.00	0.00	449,094.70
Charges for services	0.00	0.00	36,095.00	0.00
Unrealized gain on investments	0.00	0.00	0.00	0.00
Interest and rents	5,600.66	0.00	322.17	1,935.32
Fines and forfeits	25,757.50	0.00	0.00	0.00
Other	0.00	0.00	0.00	12,255.03
TOTAL REVENUES	31,358.16	296.51	36,417.17	463,285.05
EXPENDITURES				
General government	0.00	656.00	32,851.89	0.00
Public safety	0.00	0.00	0.00	0.00
Health and welfare	0.00	0.00	0.00	0.00
Judicial	0.00	0.00	0.00	323,266.69
Landfill perpetual care	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	0.00	656.00	32,851.89	323,266.69
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,358.16	(359.49)	3,565.28	140,018.36
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	0.00	115,125.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00	115,125.00
CHANGE IN FUND BALANCE	31,358.16	(359.49)	3,565.28	255,143.36
FUND BALANCE, JANUARY 1	286,029.72	27,183.65	21,276.45	19,542.46
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 317,387.88	\$ 26,824.16	\$ 24,841.73	\$ 274,685.82

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	15,476.00	0.00	8,022.20	0.00
0.00	0.00	0.00	0.00	0.00
0.00	695.84	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>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>16,171.84</u>	<u>0.00</u>	<u>8,022.20</u>	<u>0.00</u>
0.00	0.00	0.00	0.00	0.00
0.00	6,285.84	0.00	4,636.26	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>6,285.84</u>	<u>0.00</u>	<u>4,636.26</u>	<u>0.00</u>
0.00	9,886.00	0.00	3,385.94	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	9,886.00	0.00	3,385.94	0.00
4,349.51	28,025.21	1,395.93	13,806.31	6,935.49
0.00	0.00	0.00	0.00	0.00
<u>\$ 4,349.51</u>	<u>\$ 37,911.21</u>	<u>\$ 1,395.93</u>	<u>\$ 17,192.25</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, 2019

	JAIL OPERATIONS	COUNTY LAW LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT
REVENUES			
Taxes	\$ 1,124,362.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	0.00
Charges for services	151,792.45	0.00	0.00
Unrealized gain on investments	33,668.17	0.00	0.00
Interest and rents	33,176.88	0.00	0.00
Fines and forfeits	0.00	3,500.00	0.00
Other	2,562.41	0.00	25,000.00
TOTAL REVENUES	1,345,561.91	3,500.00	25,000.00
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	2,536,116.11	12,073.25	0.00
Health and welfare	0.00	0.00	60.65
Judicial	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00
TOTAL EXPENDITURES	2,536,116.11	12,073.25	60.65
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,190,554.20)	(8,573.25)	24,939.35
OTHER FINANCING SOURCES (USES)			
Transfers in	1,620,000.00	15,000.00	0.00
Transfers out	(99,250.00)	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	1,520,750.00	15,000.00	0.00
CHANGE IN FUND BALANCE	330,195.80	6,426.75	24,939.35
FUND BALANCE, JANUARY 1	849,929.94	43,414.57	20,794.04
PRIOR PERIOD ADJUSTMENTS	(14,075.94)	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 1,166,049.80	\$ 49,841.32	\$ 45,733.39

EMERGENCY MANAGEMENT GRANT	VICTIM'S ASSISTANCE	JUSTICE TRAINING
\$ 0.00	\$ 0.00	\$ 0.00
27,408.42	0.00	0.00
0.00	0.00	3,372.00
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>27,408.42</u>	<u>0.00</u>	<u>3,372.00</u>
0.00	0.00	0.00
26,621.70	0.00	5,746.36
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
<u>26,621.70</u>	<u>0.00</u>	<u>5,746.36</u>
786.72	0.00	(2,374.36)
0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
786.72	0.00	(2,374.36)
51,980.67	17,143.26	7,766.46
0.00	0.00	0.00
<u>\$ 52,767.39</u>	<u>\$ 17,143.26</u>	<u>\$ 5,392.10</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Concluded
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	SOCIAL WELFARE	CHILD CARE
REVENUES		
Taxes	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00
State grants	0.00	307,780.84
Charges for services	0.00	59,163.26
Unrealized gain on investments	0.00	0.00
Interest and rents	0.00	0.00
Fines and forfeits	0.00	0.00
Other	1,994.64	0.00
	<hr/>	<hr/>
TOTAL REVENUES	1,994.64	366,944.10
	<hr/>	<hr/>
EXPENDITURES		
General government	0.00	0.00
Public safety	0.00	0.00
Health and welfare	22,402.70	676,611.59
Judicial	0.00	0.00
Landfill perpetual care	0.00	0.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	22,402.70	676,611.59
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,408.06)	(309,667.49)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	35,000.00	416,000.00
Transfers out	0.00	0.00
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	35,000.00	416,000.00
	<hr/>	<hr/>
CHANGE IN FUND BALANCE	14,591.94	106,332.51
FUND BALANCE, JANUARY 1	23,879.39	629,786.23
PRIOR PERIOD ADJUSTMENTS	0.00	11,830.73
	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 38,471.33	\$ 747,949.47
	<hr/> <hr/>	<hr/> <hr/>

SOLDIERS' AND SAILORS' RELIEF	BUILDING AUTHORITY OPERATIONS	TOTAL
\$ 6,547.89	\$ 0.00	\$ 2,401,210.64
0.00	0.00	27,408.42
0.00	0.00	837,394.92
0.00	0.00	741,714.42
0.00	0.00	57,187.38
0.00	39,175.54	155,838.15
0.00	0.00	29,857.50
0.00	0.00	84,979.91
<u>6,547.89</u>	<u>39,175.54</u>	<u>4,335,591.34</u>
0.00	25,773.50	510,037.32
0.00	0.00	5,022,377.22
1,457.76	0.00	1,199,309.55
0.00	0.00	800,509.76
0.00	0.00	70,594.67
<u>1,457.76</u>	<u>25,773.50</u>	<u>7,602,828.52</u>
<u>5,090.13</u>	<u>13,402.04</u>	<u>(3,267,237.18)</u>
0.00	0.00	4,785,125.00
0.00	0.00	(224,575.00)
<u>0.00</u>	<u>0.00</u>	<u>4,560,550.00</u>
5,090.13	13,402.04	1,293,312.82
22,721.50	94,685.77	5,513,537.86
0.00	0.00	(8,797.78)
<u>\$ 27,811.63</u>	<u>\$ 108,087.81</u>	<u>\$ 6,798,052.90</u>

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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, 2019**

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
ASSETS				
Cash and cash equivalents	\$ 206,783.33	\$ 92,366.95	\$ 196,331.53	\$ 495,481.81
Investments	2,499,483.27	197,227.34	6,297,019.52	8,993,730.13
Interest receivable	<u>5,190.81</u>	<u>806.46</u>	<u>13,768.06</u>	<u>19,765.33</u>
TOTAL ASSETS	\$ <u>2,711,457.41</u>	\$ <u>290,400.75</u>	\$ <u>6,507,119.11</u>	\$ <u>9,508,977.27</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
UNEARNED REVENUE	<u>25,320.70</u>	<u>0.00</u>	<u>0.00</u>	<u>25,320.70</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OR RESOURCES	<u>25,320.70</u>	<u>0.00</u>	<u>0.00</u>	<u>25,320.70</u>
FUND BALANCE				
Assigned	<u>2,686,136.71</u>	<u>290,400.75</u>	<u>6,507,119.11</u>	<u>9,483,656.57</u>
TOTAL FUND BALANCE	<u>2,686,136.71</u>	<u>290,400.75</u>	<u>6,507,119.11</u>	<u>9,483,656.57</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>2,711,457.41</u>	\$ <u>290,400.75</u>	\$ <u>6,507,119.11</u>	\$ <u>9,508,977.27</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
REVENUES				
Federal Grant	\$ 1,320.00	\$ 0.00	\$ 0.00	\$ 1,320.00
Interest	60,032.77	5,334.47	145,114.01	210,481.25
Unrealized gain (loss)	19,711.82	0.00	57,650.43	77,362.25
Charges for services	120.00	0.00	0.00	120.00
Other	0.00	0.00	3,457.00	3,457.00
TOTAL REVENUES	81,184.59	5,334.47	206,221.44	292,740.50
EXPENDITURES				
Capital outlay	437,070.53	0.00	24,144.80	461,215.33
TOTAL EXPENDITURES	437,070.53	0.00	24,144.80	461,215.33
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(355,885.94)	5,334.47	182,076.64	(168,474.83)
OTHER FINANCING SOURCES				
Transfers in	450,650.00	59,125.00	393,391.00	903,166.00
CHANGE IN FUND BALANCE	94,764.06	64,459.47	575,467.64	734,691.17
FUND BALANCE, JANUARY 1	2,591,372.65	225,941.28	5,931,651.47	8,748,965.40
FUND BALANCE, DECEMBER 31	\$ 2,686,136.71	\$ 290,400.75	\$ 6,507,119.11	\$ 9,483,656.57

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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, 2019**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
ASSETS		
Cash	\$ 185,912.50	\$ 90,210.03
Investments	2.60	172,981.52
Prepaid items	7,314.85	0.00
Deposits	0.00	0.00
Interest receivable	0.00	505.82
Long-term advances	0.00	0.00
Vehicles - net	<u>0.00</u>	<u>27,832.42</u>
TOTAL ASSETS	<u>\$ 193,229.95</u>	<u>\$ 291,529.79</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	\$ 170.52	\$ 283.61
Due to individuals	0.00	0.00
Long-term advances	0.00	0.00
Accrued expenses	<u>766.64</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>937.16</u>	<u>283.61</u>
NET POSITION		
Net investment in capital assets	0.00	27,832.42
Restricted for employee benefits	0.00	0.00
Unrestricted	<u>192,292.79</u>	<u>263,413.76</u>
TOTAL NET POSITION	<u>192,292.79</u>	<u>291,246.18</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 193,229.95</u>	<u>\$ 291,529.79</u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH, LIFE, AND PENSION	TOTAL
\$ 21,137.19	\$ 249,991.90	\$ 441,861.38	\$ 989,113.00
81.80	741,437.35	7,343,671.54	8,258,174.81
0.00	15,728.47	0.00	23,043.32
6,655,791.38	0.00	0.00	6,655,791.38
0.00	1,469.90	35,784.20	37,759.92
0.00	298,731.38	4,862,390.85	5,161,122.23
0.00	0.00	0.00	27,832.42
<u>\$ 6,677,010.37</u>	<u>\$ 1,307,359.00</u>	<u>\$ 12,683,707.97</u>	<u>\$ 21,152,837.08</u>
\$ 98.21	\$ 180.42	\$ 0.00	\$ 732.76
0.00	0.00	86.42	86.42
4,645,000.00	0.00	0.00	4,645,000.00
181,152.33	3,196.00	28,628.44	213,743.41
<u>4,826,250.54</u>	<u>3,376.42</u>	<u>28,714.86</u>	<u>4,859,562.59</u>
0.00	0.00	0.00	27,832.42
1,850,759.83	1,303,982.58	12,654,993.11	15,809,735.52
0.00	0.00	0.00	455,706.55
<u>1,850,759.83</u>	<u>1,303,982.58</u>	<u>12,654,993.11</u>	<u>16,293,274.49</u>
<u>\$ 6,677,010.37</u>	<u>\$ 1,307,359.00</u>	<u>\$ 12,683,707.97</u>	<u>\$ 21,152,837.08</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
OPERATING REVENUES		
Charges for services	\$ 97,970.00	\$ 0.00
Equipment rental	0.00	21,031.12
Other	450.00	0.00
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	98,420.00	21,031.12
	<hr/>	<hr/>
OPERATING EXPENSES		
Claims and benefits	0.00	0.00
Salaries and benefits	19,033.86	0.00
Contracted services	52,204.27	0.00
Utilities	125.01	0.00
Operating expense	12,039.07	5,029.89
Depreciation	0.00	5,554.98
Repairs and maintenance	0.00	3,708.62
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	83,402.21	14,293.49
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	15,017.79	6,737.63
	<hr/>	<hr/>
NONOPERATING INCOME		
Interest	0.07	6,819.48
Unrealized gain (loss) on investments	0.00	0.00
	<hr/>	<hr/>
TOTAL NONOPERATING INCOME	0.07	6,819.48
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	15,017.86	13,557.11
	<hr/>	<hr/>
TRANSFERS IN	10,000.00	0.00
	<hr/>	<hr/>
CHANGE IN NET POSITION	25,017.86	13,557.11
	<hr/>	<hr/>
NET POSITION, JANUARY 1	167,274.93	277,689.07
	<hr/>	<hr/>
NET POSITION, DECEMBER 31	\$ 192,292.79	\$ 291,246.18
	<hr/> <hr/>	<hr/> <hr/>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH, LIFE, AND PENSION	TOTAL
\$ 0.00	\$ 0.00	\$ 0.00	\$ 97,970.00
0.00	0.00	0.00	21,031.12
131,187.54	988.52	0.00	132,626.06
<u>131,187.54</u>	<u>988.52</u>	<u>0.00</u>	<u>251,627.18</u>
174,834.21	(40,071.55)	76,537.43	211,300.09
0.00	2,363.20	0.00	21,397.06
40,131.87	2,544.27	34,150.00	129,030.41
0.00	0.00	0.00	125.01
5,466.34	694.48	0.00	23,229.78
0.00	0.00	0.00	5,554.98
1,061.13	0.00	0.00	4,769.75
<u>221,493.55</u>	<u>(34,469.60)</u>	<u>110,687.43</u>	<u>395,407.08</u>
<u>(90,306.01)</u>	<u>35,458.12</u>	<u>(110,687.43)</u>	<u>(143,779.90)</u>
111,822.32	29,941.59	328,142.54	476,726.00
0.00	15,268.32	151,905.20	167,173.52
<u>111,822.32</u>	<u>45,209.91</u>	<u>480,047.74</u>	<u>643,899.52</u>
<u>21,516.31</u>	<u>80,668.03</u>	<u>369,360.31</u>	<u>500,119.62</u>
<u>41,000.00</u>	<u>15,400.00</u>	<u>950,000.00</u>	<u>1,016,400.00</u>
62,516.31	96,068.03	1,319,360.31	1,516,519.62
<u>1,788,243.52</u>	<u>1,207,914.55</u>	<u>11,335,632.80</u>	<u>14,776,754.87</u>
\$ <u><u>1,850,759.83</u></u>	\$ <u><u>1,303,982.58</u></u>	\$ <u><u>12,654,993.11</u></u>	\$ <u><u>16,293,274.49</u></u>

**MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 15,017.79	\$ 6,737.63
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	0.00	5,554.98
(Increase) decrease in current assets		
Interest receivable	0.00	(505.82)
Accounts receivable	0.00	0.00
Prepaid items	(305.91)	0.00
Deposits	0.00	0.00
Increase (decrease) in current liabilities		
Accounts payable	(2.52)	30.44
Due to individuals	0.00	0.00
Accrued expenses	409.91	0.00
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	15,119.27	11,817.23
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances to other funds	0.00	0.00
Transfers in	10,000.00	0.00
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	10,000.00	0.00
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investments	2.88	(4,988.57)
Unrealized gain (loss) on investments	0.00	0.00
Interest received	0.07	6,819.48
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2.95	1,830.91
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,122.22	13,648.14
CASH AND CASH EQUIVALENTS, JANUARY 1	160,790.28	76,561.89
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 185,912.50	\$ 90,210.03
	<hr/> <hr/>	<hr/> <hr/>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH, LIFE, AND PENSION	TOTAL
\$ (90,306.01)	\$ 35,458.12	\$ (110,687.43)	\$ (143,779.90)
0.00	0.00	0.00	5,554.98
0.00	(11.55)	760.85	243.48
0.00	0.00	88,484.59	88,484.59
0.00	(15,728.47)	0.00	(16,034.38)
(2,618,892.06)	0.00	15,416.00	(2,603,476.06)
98.21	(3,327.15)	(2,602.50)	(5,803.52)
0.00	0.00	86.42	86.42
<u>50,339.71</u>	<u>(73,549.20)</u>	<u>(1,508.50)</u>	<u>(24,308.08)</u>
<u>(2,658,760.15)</u>	<u>(57,158.25)</u>	<u>(10,050.57)</u>	<u>(2,699,032.47)</u>
2,515,000.00	70,000.00	(2,450,468.05)	134,531.95
<u>41,000.00</u>	<u>15,400.00</u>	<u>950,000.00</u>	<u>1,016,400.00</u>
<u>2,556,000.00</u>	<u>85,400.00</u>	<u>(1,500,468.05)</u>	<u>1,150,931.95</u>
(1.54)	(18,974.07)	919,072.92	895,111.62
0.00	15,268.32	151,905.20	167,173.52
<u>111,822.32</u>	<u>29,941.59</u>	<u>328,142.54</u>	<u>476,726.00</u>
<u>111,820.78</u>	<u>26,235.84</u>	<u>1,399,120.66</u>	<u>1,539,011.14</u>
9,060.63	54,477.59	(111,397.96)	(9,089.38)
<u>12,076.56</u>	<u>195,514.31</u>	<u>553,259.34</u>	<u>998,202.38</u>
\$ <u><u>21,137.19</u></u>	\$ <u><u>249,991.90</u></u>	\$ <u><u>441,861.38</u></u>	\$ <u><u>989,113.00</u></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, 2019

		CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$	998,202.38	\$ 0.00	\$ 998,202.38
NET DECREASE		<u>(9,089.38)</u>	<u>0.00</u>	<u>(9,089.38)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$	<u><u>989,113.00</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>989,113.00</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, 2019

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
ASSETS			
Cash	\$ 72,170.97	\$ 557,906.52	\$ 435,459.40
Investments	311,112.57	1,439,252.74	55,943.37
Interest receivable	592.56	6,757.14	0.00
Accounts receivable	0.00	31,974.08	1,414.04
Taxes receivable	0.00	0.00	0.00
Delinquent taxes receivable	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
Due from federal	0.00	0.00	0.00
Due from other units	0.00	65,337.85	0.00
Lease receivable - current portion	0.00	78,195.00	0.00
Prepaid items	0.00	0.00	12,419.84
TOTAL CURRENT ASSETS	<u>383,876.10</u>	<u>2,179,423.33</u>	<u>505,236.65</u>
NONCURRENT ASSETS			
Lease receivable	0.00	1,717,696.15	0.00
Capital assets - net	316,749.63	471,234.20	2,212,640.00
TOTAL NONCURRENT ASSETS	<u>316,749.63</u>	<u>2,188,930.35</u>	<u>2,212,640.00</u>
TOTAL ASSETS	<u>\$ 700,625.73</u>	<u>\$ 4,368,353.68</u>	<u>\$ 2,717,876.65</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 530.48	\$ 61,521.63	\$ 3,546.22
Due to individuals	500.00	0.00	0.00
Due to other funds	0.00	1,668.13	0.00
Compensated absences	0.00	0.00	0.00
Accrued expenses	315.00	0.00	2,731.57
Advances from other funds	0.00	1,795,891.15	126,499.70
Net pension liability	0.00	0.00	0.00
Due to other units	0.00	0.00	0.00
TOTAL LIABILITIES	<u>1,345.48</u>	<u>1,859,080.91</u>	<u>132,777.49</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows	0.00	0.00	0.00
Unavailable revenue	4,641.00	0.00	0.00
TOTAL DEFERRED INFLOWS	<u>4,641.00</u>	<u>0.00</u>	<u>0.00</u>
NET POSITION			
Net investment in capital assets	316,749.63	471,234.20	2,212,640.00
Unrestricted	377,889.62	2,038,038.57	372,459.16
TOTAL NET POSITION	<u>694,639.25</u>	<u>2,509,272.77</u>	<u>2,585,099.16</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 700,625.73</u>	<u>\$ 4,368,353.68</u>	<u>\$ 2,717,876.65</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 2,004,328.13	\$ 2,702,943.32	\$ 301,255.73	\$ 6,074,064.07
2,031,134.65	7,654,838.07	262,695.02	11,754,976.42
7,788.64	33,067.56	0.00	48,205.90
496.60	224,241.42	0.00	258,126.14
0.00	1,899,602.23	0.00	1,899,602.23
1,314,725.27	0.00	0.00	1,314,725.27
0.00	811,062.67	0.00	811,062.67
0.00	226,144.38	0.00	226,144.38
207,596.36	0.00	80.00	273,014.21
0.00	0.00	0.00	78,195.00
2,936.79	29,213.53	0.00	44,570.16
<u>5,569,006.44</u>	<u>13,581,113.18</u>	<u>564,030.75</u>	<u>22,782,686.45</u>
0.00	0.00	0.00	1,717,696.15
<u>0.00</u>	<u>4,361,963.76</u>	<u>0.00</u>	<u>7,362,587.59</u>
<u>0.00</u>	<u>4,361,963.76</u>	<u>0.00</u>	<u>9,080,283.74</u>
\$ <u><u>5,569,006.44</u></u>	\$ <u><u>17,943,076.94</u></u>	\$ <u><u>564,030.75</u></u>	\$ <u><u>31,862,970.19</u></u>
\$ 0.00	\$ 353,435.34	\$ 8,334.49	\$ 427,368.16
605.31	23,315.17	0.00	24,420.48
0.00	0.00	0.00	1,668.13
0.00	399,545.64	0.00	399,545.64
0.00	490,729.61	0.00	493,776.18
0.00	0.00	0.00	1,922,390.85
0.00	3,931,835.00	0.00	3,931,835.00
1,311.25	0.00	0.00	1,311.25
<u>1,916.56</u>	<u>5,198,860.76</u>	<u>8,334.49</u>	<u>7,202,315.69</u>
0.00	397,418.00	0.00	397,418.00
<u>0.00</u>	<u>1,899,602.23</u>	<u>0.00</u>	<u>1,904,243.23</u>
<u>0.00</u>	<u>2,297,020.23</u>	<u>0.00</u>	<u>2,301,661.23</u>
0.00	4,361,963.76	0.00	7,362,587.59
<u>5,567,089.88</u>	<u>6,085,232.19</u>	<u>555,696.26</u>	<u>14,996,405.68</u>
<u>5,567,089.88</u>	<u>10,447,195.95</u>	<u>555,696.26</u>	<u>22,358,993.27</u>
\$ <u><u>5,569,006.44</u></u>	\$ <u><u>17,943,076.94</u></u>	\$ <u><u>564,030.75</u></u>	\$ <u><u>31,862,970.19</u></u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
OPERATING REVENUES			
Charges for services	\$ 118,111.00	\$ 135,936.77	\$ 178,908.59
Rentals	0.00	0.00	101,148.17
Reimbursements	0.00	279,448.93	13,335.25
Administration fees and penalties	0.00	0.00	0.00
Other	44,754.41	81.76	6,561.95
TOTAL REVENUES	<u>162,865.41</u>	<u>415,467.46</u>	<u>299,953.96</u>
OPERATING EXPENSES			
Salary and benefits	55,392.22	0.00	122,165.09
Contracted services	1,103.07	117,610.88	49,512.23
Repairs and maintenance	5,311.97	342.50	25,709.87
Utilities and telephone	15,633.99	13,929.24	30,906.38
Depreciation	20,136.85	33,604.50	189,132.23
Other operating expenses	16,263.33	233,400.18	136,343.23
TOTAL EXPENSES	<u>113,841.43</u>	<u>398,887.30</u>	<u>553,769.03</u>
OPERATING INCOME (LOSS)	<u>49,023.98</u>	<u>16,580.16</u>	<u>(253,815.07)</u>
NONOPERATING INCOME (EXPENSE)			
Investment interest	6,928.61	37,744.21	4,467.35
Interest and fees	0.00	(62,176.09)	(8,554.05)
Federal Grant	0.00	0.00	200,358.00
State Grant	0.00	0.00	11,131.04
Unrealized gain (loss) on investments	0.00	12,902.70	0.00
Gain on sale of capital assets	1,000.00	0.00	0.00
Property taxes	0.00	0.00	0.00
TOTAL NONOPERATING INCOME (EXPENSE)	<u>7,928.61</u>	<u>(11,529.18)</u>	<u>207,402.34</u>
INCOME BEFORE TRANSFERS	<u>56,952.59</u>	<u>5,050.98</u>	<u>(46,412.73)</u>
TRANSFERS IN (OUT)			
Transfers in	0.00	257,000.00	302,800.00
Transfers out	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>257,000.00</u>	<u>302,800.00</u>
CHANGES IN NET POSITION	56,952.59	262,050.98	256,387.27
NET POSITION, JANUARY 1	637,686.66	2,247,221.79	2,328,711.89
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
NET POSITION, DECEMBER 31	<u>\$ 694,639.25</u>	<u>\$ 2,509,272.77</u>	<u>\$ 2,585,099.16</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 289,986.34	\$ 12,127,513.05	\$ 317,958.42	\$ 13,168,414.17
0.00	0.00	0.00	101,148.17
70.00	0.00	4,195.57	297,049.75
129,698.14	0.00	0.00	129,698.14
0.00	65,784.33	60.00	117,242.45
<u>419,754.48</u>	<u>12,193,297.38</u>	<u>322,213.99</u>	<u>13,813,552.68</u>
0.00	9,780,104.15	0.00	9,957,661.46
11,465.81	560,749.55	50,712.50	791,154.04
0.00	78,296.54	0.00	109,660.88
0.00	272,034.29	0.00	332,503.90
0.00	269,314.98	0.00	512,188.56
6,999.76	3,030,570.78	88,660.79	3,512,238.07
<u>18,465.57</u>	<u>13,991,070.29</u>	<u>139,373.29</u>	<u>15,215,406.91</u>
<u>401,288.91</u>	<u>(1,797,772.91)</u>	<u>182,840.70</u>	<u>(1,401,854.23)</u>
76,361.59	193,032.54	12,858.12	331,392.42
0.00	0.00	0.00	(70,730.14)
0.00	0.00	0.00	200,358.00
0.00	0.00	0.00	11,131.04
45,875.63	47,920.37	0.00	106,698.70
0.00	0.00	0.00	1,000.00
0.00	1,934,218.64	0.00	1,934,218.64
<u>122,237.22</u>	<u>2,175,171.55</u>	<u>12,858.12</u>	<u>2,514,068.66</u>
<u>523,526.13</u>	<u>377,398.64</u>	<u>195,698.82</u>	<u>1,112,214.43</u>
76,500.00	0.00	0.00	636,300.00
0.00	0.00	(450,000.00)	(450,000.00)
<u>76,500.00</u>	<u>0.00</u>	<u>(450,000.00)</u>	<u>186,300.00</u>
600,026.13	377,398.64	(254,301.18)	1,298,514.43
4,967,063.75	10,093,374.50	809,997.44	21,084,056.03
0.00	(23,577.19)	0.00	(23,577.19)
<u>\$ 5,567,089.88</u>	<u>\$ 10,447,195.95</u>	<u>\$ 555,696.26</u>	<u>\$ 22,358,993.27</u>

**MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 49,023.98	\$ 16,580.16	\$ (253,815.07)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	20,136.85	33,604.50	189,132.23
(Increase) decrease in current assets			
Accounts receivable	0.00	911.70	882.85
Taxes receivable	0.00	0.00	0.00
Interest receivable	(592.56)	(5,165.90)	0.00
Prepaid items	265.83	0.00	(1,853.89)
Due from other units	0.00	(23,475.64)	0.00
Deferred outflows	0.00	0.00	0.00
Increase (decrease) in current liabilities			
Deferred inflows	0.00	0.00	0.00
Due to individuals	0.00	0.00	0.00
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	1,668.13	0.00
Accrued expenses	(25.00)	0.00	275.07
Accounts payable	(1,640.17)	52,402.94	(2,607.15)
Unavailable revenue	(3,176.00)	0.00	0.00
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>63,992.93</u>	<u>76,525.89</u>	<u>(67,985.96)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Lease receivable	0.00	76,195.00	0.00
Interest paid	0.00	(62,176.09)	(8,554.05)
Gain on the sale of capital assets	1,000.00	0.00	0.00
Capital purchases	(75,725.64)	(14,689.38)	(244,903.32)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(74,725.64)</u>	<u>(670.47)</u>	<u>(253,457.37)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	0.00	257,000.00	302,800.00
Advances from other funds	0.00	(76,195.00)	(58,336.95)
Operating grants	0.00	0.00	211,489.04
Property taxes	0.00	0.00	0.00
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>0.00</u>	<u>180,805.00</u>	<u>455,952.09</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in investments	(283,294.52)	(386,849.56)	23,808.19
Unrealized gain on investments	0.00	12,902.70	0.00
Interest received	6,928.61	37,744.21	4,467.35
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(276,365.91)</u>	<u>(336,202.65)</u>	<u>28,275.54</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(287,098.62)	(79,542.23)	162,784.30
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>359,269.59</u>	<u>637,448.75</u>	<u>272,675.10</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 72,170.97</u>	<u>\$ 557,906.52</u>	<u>\$ 435,459.40</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
\$ 401,288.91	\$ (1,797,772.91)	\$ 182,840.70	\$ (1,401,854.23)
0.00	268,355.48	0.00	511,229.06
(496.60)	95,498.18	0.00	96,796.13
(73,710.82)	(72,720.23)	0.00	(146,431.05)
1,475.95	(22,212.53)	0.00	(26,495.04)
(68.69)	(29,213.53)	0.00	(30,870.28)
(194,906.29)	(18,637.69)	(80.00)	(237,099.62)
0.00	1,242,942.00	0.00	1,242,942.00
0.00	397,418.00	0.00	397,418.00
605.31	(202.26)	0.00	403.05
1,311.25	0.00	0.00	1,311.25
0.00	0.00	0.00	1,668.13
0.00	(833,756.71)	0.00	(833,506.64)
0.00	(43,253.29)	(471.71)	4,430.62
0.00	72,720.23	0.00	69,544.23
<u>135,499.02</u>	<u>(740,835.26)</u>	<u>182,288.99</u>	<u>(350,514.39)</u>
0.00	0.00	0.00	76,195.00
0.00	0.00	0.00	(70,730.14)
0.00	0.00	0.00	1,000.00
0.00	(81,441.98)	0.00	(416,760.32)
<u>0.00</u>	<u>(81,441.98)</u>	<u>0.00</u>	<u>(410,295.46)</u>
76,500.00	0.00	(450,000.00)	186,300.00
0.00	0.00	0.00	(134,531.95)
0.00	0.00	0.00	211,489.04
0.00	1,910,641.45	0.00	1,910,641.45
<u>76,500.00</u>	<u>1,910,641.45</u>	<u>(450,000.00)</u>	<u>2,173,898.54</u>
244,942.34	(4,060,180.51)	(3,350.91)	(4,464,924.97)
45,875.63	47,920.37	0.00	106,698.70
76,361.59	193,032.54	12,858.12	331,392.42
<u>367,179.56</u>	<u>(3,819,227.60)</u>	<u>9,507.21</u>	<u>(4,026,833.85)</u>
579,178.58	(2,730,863.39)	(258,203.80)	(2,613,745.16)
<u>1,425,149.55</u>	<u>5,433,806.71</u>	<u>559,459.53</u>	<u>8,687,809.23</u>
\$ <u><u>2,004,328.13</u></u>	\$ <u><u>2,702,943.32</u></u>	\$ <u><u>301,255.73</u></u>	\$ <u><u>6,074,064.07</u></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, 2019

	CASH	INVESTMENTS	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 8,687,809.23	\$ 0.00	\$ 8,687,809.23
NET DECREASE	<u>(2,613,745.16)</u>	<u>0.00</u>	<u>(2,613,745.16)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ <u><u>6,074,064.07</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>6,074,064.07</u></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.

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2019

	TRUST AND AGENCY	CURRENT TAX COLLECTIONS	LIBRARY PENAL	DISTRICT #10 HEALTH DEPARTMENT	PROMISE ZONE AUTHORITY	TOTAL
ASSETS						
Cash & cash						
Equivalents	\$ 809,446.73	\$ 191.35	\$ 55.27	\$ 722,332.54	\$ 0.00	\$ 1,532,025.89
Investments	0.00	0.00	0.00	5,510,651.18	0.00	5,510,651.18
Accounts Receivable	0.00	0.00	0.00	0.00	587,366.99	587,366.99
Pledges Receivable	0.00	0.00	0.00	0.00	120,000.00	120,000.00
Interest Receivable	0.00	0.00	0.00	18,867.34	0.00	18,867.34
Prepaid Expenses	0.00	0.00	0.00	0.00	1,089.67	1,089.67
TOTAL ASSETS	\$ 809,446.73	\$ 191.35	\$ 55.27	\$ 6,251,851.06	\$ 708,456.66	\$ 7,770,001.07
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to State						
of Michigan	\$ 131,126.87	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 131,126.87
Accounts payable	1,519.14	0.00	0.00	0.00	0.00	1,519.14
Bonds payable	18,400.00	0.00	0.00	0.00	0.00	18,400.00
Restitution payable	12,504.60	0.00	0.00	0.00	0.00	12,504.60
Undistributed taxes	610,576.20	191.35	0.00	0.00	0.00	610,767.55
Due to other units	1,807.98	0.00	55.27	0.00	0.00	1,863.25
Undistributed collections payable	0.00	0.00	0.00	6,251,851.06	704,768.83	6,956,619.89
Other current liabilities	33,511.94	0.00	0.00	0.00	3,687.83	37,199.77
TOTAL LIABILITIES	\$ 809,446.73	\$ 191.35	\$ 55.27	\$ 6,251,851.06	\$ 708,456.66	\$ 7,770,001.07

**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

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, 2019, 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 27, 2019.

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*.

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.

Clark, Schaefer, Hackett & Co.

East Lansing, Michigan
July 30, 2020

